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Low-income housing and inclusive urban regeneration? Private sector initiatives in the inner city of Johannesburg

McManus, Sophie

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Low-income housing and inclusive urban regeneration? Private sector initiatives in the inner city of Johannesburg

Sophie McManus

A dissertation submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, Johannesburg, in fulfillment of the requirements for the degree of Master of Science in Town and Regional Planning.

Sophie McManus

School of Architecture and Planning.

1470063

Supervisor: Sarah Charlton

Submitted: October 2017

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"Development is a process of continually improvising in a context that makes injecting improvisations into ever day life feasible. Cities…create that context. Nothing else does." –Jane Jacobs in Beall and Fox, 2009, pg. 78.

Declaration

I declare that this thesis is my own unaided work. It is being submitted to the Degree of Master of Science to the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination to any other University.

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Abstract

Inner city Johannesburg suffers from what has been coined a “housing crisis” where demand for low-income housing is unable to keep up with supply. While there have been many strides made with different financing models and typologies, the price range of many publicly and privately delivered low-income housing is still too expensive for many inner city residents who are forced to resort to illegally occupying abandoned buildings. The nature of property development forces property developers to be cost-recovery driven; creating a burden that gets placed directly on the tenants’ rentals. These two imperatives converge contentiously when regeneration projects are met with barriers including high numbers of occupied “bad buildings” and “hijacked buildings”, with residents that would require alternative accommodation in order for the building to be refurbished, and may not necessarily be absorbed back into the refurbished building once completed. However, some private developers are showing signs of experimentation and innovation in financing mechanisms and models that are facilitating low-income housing delivery at a rental much lower than many other private developers. Interestingly, these same private developers are also producing the spaces around their buildings for their lower income tenants through urban regeneration initiatives. Through a case study methodology, the research asks how and why private developers are engaging in low-income housing delivery and what the significance of this is for a more inclusive form of urban regeneration in inner city Johannesburg.

Plagiarism Declaration:

I, Sophie McManus, *am a student registered for the degree* of Master of Town and Regional Planning *in the year 2017. I hereby declare the following:*

I am aware that plagiarism (the use of someone else's work without permission and/or without acknowledging the original sources) is wrong. I confirm that the work submitted for assessment for the partial completion of the above degree is my own unaided work except where I have stated explicitly otherwise. I have followed the required conventions in referencing thoughts, ideas, and information of others. I understand that the University of the Witwatersrand may take legal disciplinary action against me if there is a finding that this is not my unaided work or that I have failed to acknowledge the source of the ideas or words in my own work.

Dedication

This dissertation is dedicated to

My mom, Susan, who always pushed me to chase my dreams and taught me anything is possible if I believe in myself.

My step-dad, Michael, who supported me in South Africa when everything was falling apart.

My dad, Larry, for always making sure to call me and wish me happy birthday even when he wasn't doing well. I miss you Daddy. Rest in Peace.

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Table 1 List of interviewees

Abbreviations

AFD	Agence Français de Développement
AFHCO	Africa Housing Company
AH	Atkinson House
COJ	City of Johannesburg
CBD	Central Business District
CID	City Improvement Districts
GDS	Growth and Development Strategy
ICHIP	Inner City Housing Implementation Plan
ICPS	Inner City Property Scheme
ICRC	Inner City Regeneration Charter
JDA	Johannesburg Development Agency
Joshco	Johannesburg Social Housing Company
JPOMA	Johannesburg Property Owners and Managers Association
PP	Platinum Place
SACN	South African Cities Network
SDG	Sustainable Development Goals
SDF	Spatial Development Framework
SERI	Socio-Economic Rights Institute
TUHF	Trust for Urban Housing Finance
UDZ	Urban Development Zone

CHAPTER 1: INTRODUCTION, BACKGROUND AND OVERVIEW OF THE STUDY

Part 1: Introduction

The City of Johannesburg is currently reviewing the most recent inner city housing strategy, which could have meaningful implications for low-income housing delivery in the inner city. However, despite promising language in the Inner City Housing Implementation Plan (ICHIP, 2016, currently undergoing approval), there are still critical challenges in lawfully providing sustainable and affordable accommodation to individuals with very low-income. Part of this challenge is in defining terms such as "very low-income" housing, "low-income" housing, "sustainable" housing, "affordable" housing which vary in meaning and usage, and other terms used to describe housing for the urban poor. Other challenges exist around the considerable pressure in the inner-city to both deliver housing to the urban poor and to regenerate and attract investment, which is in direct response to the current urban management and building stock challenges.

These two imperatives converge contentiously when regeneration projects are met with barriers including high numbers of occupied "bad buildings"[1] and "hijacked buildings"[2], with residents that would require alternative accommodation[3] in order for the building to be refurbished, and may not necessarily be absorbed back into the

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[1] Bad buildings can be understood as either occupied or vacant buildings that have become "dysfunctional" and "fail to meet the requirements of municipal, provincial or national legislation and by-laws in ways that threaten the health and safety of occupants, neighboring buildings and the environment" (Zack et al, 2009: 9) However, this term is somewhat contested by some because of the negative connotation and criminalization of occupiers that this term projects into City urban regeneration policy documents and initiatives (Tissington, 2013). For the purpose of this paper and out of convenience, the term 'bad building' will be utilized to describe buildings deemed "dysfunctional" as discussed above.

[2] Hijacked buildings are bad buildings (see definition above) that have been taken over by illegal self-appointed landlords and "slumlords" that extract rent from occupants (Zack et al, 2009). Hijacked buildings, although illegal, provide very cheap accommodation for the City's poorest populations.

[3] Requiring alternative accommodation refers to jurisprudence of evictees who will face homelessness unless alternative accommodation is provided. As a result of court cases around this issue, the onus falls on the City or municipality to provide emergency accommodation. Alternative accommodation is meant to be temporary until more permanent accommodation can be provided.

refurbished building once completed. Yet, there are indications of the formal private sector experimenting in delivering housing to the urban poor and linking this with urban regeneration imperatives. This is intriguing because both public and private sector commonly struggle to provide housing at a cheap enough monthly rent for the lowest income group, and housing for the urban poor and urban regeneration are often framed to be competing or mutually exclusive rather than being part of the same objective.

This research asks how and why formal private sector developers are engaging in very low-income housing delivery, and how this is contributing to the City's vision for a more inclusive inner city that places adequate and affordable housing at the crux of spatial equity and transformation. Firstly, I provide the reader with a brief overview of what the study set out to do against inner city Johannesburg's current backdrop. Key to this is the perception of inner city Johannesburg as a place of opportunity, and how this puts strain on the built environment and delivery of affordable housing for the lowest income brackets. Next, I set the scene as to what some of the biggest challenges have been for the City of Johannesburg and other private actors in addressing housing issues, highlighting the stalemate between the City, private sector, and jurisprudence around evictions of occupied bad buildings. Despite this impasse, there are signs of formal private sector attempting to deal with low-income housing delivery within the urban regeneration imperative of the City, provoking investigation to reveal how and why formal private sector actors are engaging in very low-income housing delivery in this context.

The concepts surfaced in the theoretical discussion form a conceptual framework of inclusive urban regeneration to understand the nature of private sector housing initiatives. Specifically, I discuss the roots and evolution of urban regeneration, and the different debates around its outcomes to show shifting trends in urban regeneration that could explain the nature of the housing and urban regeneration initiatives in the study area. The conceptual framework presented within this proposal addresses the nature of the initiatives, the private sector motives to pursue these initiatives, and the mechanisms employed to overcome previous limitations and challenges. After putting forth a conceptual framework, I lay out my methodology and other epistemological details of the study. This section goes into how I conducted the study and detailing and justifying the case study approach. The next section

contains both my findings and analysis from the interviews. From my analysis, main findings are drawn out to conclude the paper.

Part 2: Background

2.1 The backdrop for the study

Historically, Johannesburg has modeled itself and aspired to be comparable to some of the most well known metropolitan areas in the modernized world (Bremner, 2000). This aspiration of "world-class" status still influences the Johannesburg of today, and the City of Johannesburg pronounces this aspiration in many policy documents of the "world-class African city" as the vision for the future of Johannesburg (COJ GDS, 2011; COJ ICRC 2007). International and national pressure for urban competitiveness and poverty alleviation has compounded this aspiration, but the City faces serious challenges to creating an environment that fosters a world-class status (Huchzermeyer, 2011).

Inner city Johannesburg has historically been a financial urban powerhouse in South Africa, with roots of this growth stemming from the discovery of gold (Bremner, 2000). Subsequently, the City experienced "waves of economic activity" that attracted massive amounts of business, banking, urbanization and international attention (Bremner, 2000: 185). Under the apartheid regime, the City center was the epicenter of commerce and economic growth, although spatially segregated from and restricted to black Africans (Mosselson, 2016). According to Beavon (1997) the most obvious "indicator of…dominance of Johannesburg's service activities" was the plethora of "good quality office space" found in and surrounding the CBD, more office space than the Durban, Cape Town and Pretoria combined (Beavon, 1997: 160) Through until the mid 1970s, most of Johannesburg's service industry was located in the CBD, including the Johannesburg Stock Exchange (JSE) (Beavon, 1997). But despite economic success, this was largely built on the apartheid regime and for the benefit of white middle-upper class citizens. As Beavon notes, there was "a less attractive, deprived and deeply disturbing side that remained 'hidden' from many of Johannesburg's white citizen" (Beavon, 1997: 161). Apartheid limited access to the inner city by "[diverting] black African labour away from the metropolitan core" and "[containing] black Africans into the 'homelands'" with the objective of "halting the urbanization of black Africans" (Harrison & Todes, 2015: 151). This was largely

successful spatially, until overcrowding in townships, poor living conditions and overall social and political opposition began to break through the walls that apartheid built around the white population.

Much of the apartheid spatial patterns were based on the "separate but equal" principle, but looking at the physical and economic conditions of townships and locations indicate that black South Africans and white South Africans were treated severely unequally (Beavon, 1997). As early as the 1980s, the inner city was seemingly a "space that was systematically slipping beyond the control of both national and local government" as housing shortages in townships forced "pent-up black housing demand" to spill over into the inner city, subsidies for white homeownership, white and capital flight from the inner city, and increasingly a shift in demand to suburban lifestyle and decentralized office space and services, similar to that of North America (Beall, Crankshaw, & Parnell, 2002: 112). But different to North American cities that experience population decline, the official end of apartheid created the perfect incentive and opportunity for black Africans to migrate to the inner city, mostly of lower income and lower levels of education than previous residents, and were looking for opportunity and employment in the inner city under the promises of the new government (Harrison & Todes, 2015).

In the late 1980s, early 1990s, the large influx of people put significant pressure on the inner city's built environment with low-income families crowding into small apartments to afford cheaper rent. Some argue that landlord-tenant relationships and "managerial styles" of landlords played a role in "determining whether or not racial desegregation" was an precursor to or "accompanied by physical decline of apartment buildings (Beall, Crankshaw, & Parnell, 2002:112). Poor management or "opportunistic landlords" would exploit the oversaturated demand for housing at the lowest income brackets (Mosselson, 2016: 4). Exploitation was often in the form of excessive rental costs or neglectful property management, which led to rent boycotts, vandalism, and abandonment of units. In some cases, illegal "slumlords" would take over abandoned buildings and offer cheap rent, while completely neglecting important property management practices, buildings codes and rates payments. Lack of clear coordination by the City on this issue contributed to the deterioration of the building stock and subsequently led to bad buildings being commonplace, a practice now entrenched in current property relations that the inner city is still grappling with

(Beall, Crankshaw, & Parnell: 2002). Redlining by financial institutions compounded the declining property market, and became especially severe in the early days after apartheid ended. Crime, drugs, and overall urban and economic decline completely overwhelmed the new government, basically "[giving] up all control over and efforts to maintain" the inner city (Mosselson, 2016: 4).

2.2 Housing and urban management in the Johannesburg context

Johannesburg suffers from what has been coined "the housing crisis" whereby "there is a large unmet demand for low-income housing[4], particularly in [the] inner city" (Mayson & Charlton 2015: 344). South Africans and other African immigrants perceive the inner city of Johannesburg as a place of opportunity, with many migrating to the inner city for economic opportunities. This places a significant strain on the built environment to provide shelter for this growing population. Despite efforts from private developers, other non-state actors, and the City, there remains a large proportion of the inner city population that is forced to resort to substandard living conditions: "the foothold that the Inner City offers to poorest households…is in many instances precarious" (Zack *et al*, 2016b: 27).

Further, there is also a "weak supply [of accommodation] at the higher levels[5]" which can lead to both overpricing and downward raiding[6] of low-income units (Zack *et al*,

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[4] This paper employs market analysis from SERI (2013) and ICHIP (2016), and desktop research from AFHCO's website to specify income brackets and monthly rentals that constitute "low income housing" and "very low-income housing". In this paper Low-income housing is defined as housing that is targeting households earning below R7500 monthly income, with very low-income housing being defined as housing that is targeting households earning a monthly income of R3500 and below. Of specific interest and focus of this study is the R1600 – R3200 monthly income bracket and rental housing that is capturing this market (how this bracket chosen is discussed in more detail in the methodology section). Affordable monthly rental is defined as no more that 30% of income (inclusive of services) which is about R480 – R1000 monthly rental per unit for this income bracket. AFHCO's current portfolio is offering studio apartments and some rooms just outside of this monthly rental, which is still relatively low compared to other private developers' units. Further, if these studios are shared, this could capture some of the demand for very low-income housing. Monthly incomes outside of R7500 has been identified as somewhat of a threshold that housing providers, including social housing institutions, cannot quite reach at scale for permanent inner city rental accommodation.

[5] Monthly income brackets that would be more likely to afford social housing with a formal income of R3500 – R7000 monthly household income.

[6] Downward raiding refers to Lemanski's (2014) work – "a process whereby emerging indigenous middle-classes, unable to afford rising land costs in established parts of the city, purchase ('raid') property in low-income, often informal or state-subsidized areas" (Lemanski, 2014: 2944).

2016b: 13). Private developers such as AFHCO[7] and social housing institutions such as Joshco[8] and Madulammoho have attempted to provide housing for the lower income brackets, in a few cases with prices as low as R200 per month for very limited amounts of transitional housing and R300 per month for communal housing, but the number of units available is extremely limited with most of the buildings/units being fully occupied and vacancies only lasting for a few hours at a time (Tissington, 2013).

With services factored in to the overall costs of the unit, many of the state-supported social housing units still require a monthly income that is not easily attainable for a large proportion of households. The affordability of these units coupled with an insufficient supply of inner city rental housing, makes downward raiding commonplace, it has been identified that there is "almost a limitless demand for rented units of R1800 per month and up" (Tissington, 2013: 55). This leaves a large proportion of families earning below R3500 monthly income in a position of vulnerability and substandard or informal living conditions with "little option but to further crowd into buildings in poor conditions" (Zack *et al*, 2016b: 28). While it has been recognized that the informal option fills a gap for very low-income families, it often comes at a price of illegally crowding people into a space or by subletting spaces and formal private developers aren't quite able to meet the same level of affordability that the informal set-up can provide (Tissington, 2013). While there may exist buildings that could be refurbished to provide low-income housing, getting the prices right for the lowest income bracket is extremely difficult to do at scale and in compliance with City regulations.

This affordability challenge is compounded by the prevalence of 'bad' buildings and hijacked buildings with slumlords or self-appointed owners that offer cheap low-quality accommodation to those in desperate need (Zack *et al*, 2016b: 27). This points to a larger issue of poor urban management and a difficulty unlocking unoccupied building stock. In response to poor urban management, private developers and other actors have localized urban management to be dealt with by City Improvement Districts (CIDs). The CID model embraces the participation and collaboration of

[7] Africa Housing Company

[8] Johannesburg Social Housing Company

private sector in delivering services such as security and cleaning, while improving "public spaces…to enhance resident and pedestrian experiences, attract visitors and investors, and optimize a city's competitive potential" is more through infrastructure projects driven by the City (SACN, 2016: 45). The privatization of certain urban management needs has been both applauded and criticized in Johannesburg. On the one side, the CID model has had positive impacts on revitalizing neighborhoods and relieves some of the strain on state resources and capacity to deliver services. However, there are also concerns that private sector involvement creates trade-offs between the needs and interests of private actors and needs and interests of residents and other users, and that these spaces have the potential to be exclusionary (SACN, 2016). While this debate is valid and demands unpacking, the larger urban management issue requires attention both in reaction to the current "urban problem" and as a preventative measure for further decline (SACN, 2016). The point has been made that one must be extremely aware and careful to not frame the urban problem in a way that places the urban poor as part of the problem that needs to be fixed or cleaned up (SACN, 2016). This can be quite difficult when discussing occupied bad buildings or hijacked buildings. The nature and state of these buildings and the "blight" they cause in neighborhoods often create a narrative of needing to "clean" up the streets and make places "safe", often implying that the people living in the buildings (i.e. urban poor) are part of the blight that need to be cleaned up.

While reclaiming these buildings from slumlords and the occupants has proven to be tumultuous and controversial, often times leading to evictions or displacement, it could be a crucial part of addressing low-income housing delivery at the lowest income brackets. However, the laborious process of reclaiming occupied bad buildings or hijacked buildings for the purpose of developing very low-income housing deters private sector investment and developers from engaging with these spaces as an option for development (Zack *et al*, 2016b). As it stands, the City doesn't have a strategy for dealing with occupants of bad buildings or hijacked buildings.

As Section 26 of constitution has been interpreted by constitutional courts relating to evictions, the City has an "obligation to provide alternative accommodation to evictees" if occupants are faced with eviction and deemed to be "in a crisis situation or otherwise in desperate need of accommodation" (SERI, 2016: 51; Tissington, 2011: 45*).* In some ways, this places an immediate burden on the City to both "unlock

transitional housing[9]" and ensure "more permanent accommodation" that will preempt future evictions (Zack *et al,* 2016b: 13). In the Blue Moonlight case, occupants of a privately owned but formally disused 'bad' building were issued an eviction notice by the owner and litigated with the City for almost 6 years before being granted temporary accommodation in order to prevent homelessness. These and other cases such as *Olivia Roads* shed light on the complications associated with occupied 'bad' buildings especially in the face of urban regeneration initiatives aimed at widespread private sector investment.

Rubin (2013) argues that litigation on eviction cases such as Grootboom, Olivia Roads and Blue Moonlight "capture the tension between interests of local government and urban regeneration on the one hand, and those of inner city inhabitants maintaining their livelihoods" (Coggin and Pieterse, 2011 quoted in Rubin, 2013: 11). The constitutional court hasn't necessarily developed "substantive…positive obligations" on the state for upholding people's socio-economic rights, but they have enforced the process of realizing the constitutional right to housing, and enforcing against "negative features of the housing right" (Rubin, 2013: 11). This means that "meaningful engagement" is a key feature in realizing this right in the context of evictions and relocation (Rubin, 2013; SERI, 2013).

But a major set back in Johannesburg is the City's capacity to provide this alternative shelter, both because of "bad buildings" that have serious arrears, making them very difficult and unattractive to invest in, and the process of changing ownership especially when owners have abandoned the buildings is extremely difficult (Zack *et al,* 2009). There have been calls by private developers and housing providers for the City to address the stock of unoccupied 'bad' buildings that are "ideally suited for low-cost housing" and to develop a municipal rental subsidy that could assist with delivering housing to the poor but this has not happened yet (Tissington, 2013: 58).

In conjunction with this 'bad' building complex, the City has adopted a neoliberal "property-based" agenda for urban regeneration (Mosselson, 2016:4). As a means to

[9] Unlocking transitional housing refers to buildings that currently are "suitable and available for residential development" owned by COJ or purchased on property market that could be redeveloped or refurbished for temporary housing for evictees (Zack *et al,* 2016: 58).

combat urban decay, the City has adopted "free-market strategies" and prioritizing "investor-friendly policies" aimed at attracting private investors to refurbish inner city buildings and for middle-class families to occupy them (SACN, 2016: 19; Mosselson, 2016). However, this has come under criticism for instigating gentrification and displacement in a society that needs exactly the opposite (Brodie, 2014; Winkler, 2009; Mosselson, 2016). The focus of regeneration initiatives has been to make the City competitive, which has been criticized for being pursued at the expense of "social and spatial justice" and treating poverty alleviation as an afterthought (SACN, 2016: 20). At the same time, in other policy documents, the City of Johannesburg sets an "inclusive city" agenda, and the compatibility of these two agendas isn't clear.

There are a few private developers that have taken the plunge into inner city very low-income housing delivery and are taking somewhat of an "area based approach" to urban development in the meantime. However, not much is known about why they are linking this to urban regeneration, or how they are delivering housing to the urban poor. It is also not known whether they have encountered occupied buildings, and what strategies they are using to overcome decades of challenges with affordability. It is unclear just how affordable these units are and what market is able to access them or is intended to access them. Whether these initiatives are inclusive in a way that is appropriate for the challenges in the inner city is yet to be determined. Research is needed to unpack these initiatives to understand their role in urban regeneration in the inner city. The purpose of this study is to understand how this is being implemented, why, and what this means for overall urban regeneration in inner city Johannesburg.

2.3 Rationale for the study

Currently, there is much research and literature that discusses urban regeneration trends in South Africa and the issues around low income housing delivery at the lowest end of the income spectrum in the inner city. As discussed, the urban management challenge is compounded by a "new normality in property relations" requiring governments to "respect, protect, promote and fulfill" the housing rights of occupants facing evictions from 'bad' buildings, demanding that evictions "that might lead to homelessness… are [to be] treated differently" and require municipalities to provide alternative accommodation (Tissington, 2011:42; SERI, 2016: 25). The imperative to solve this issue is at odds with the urban regeneration imperative aimed

at private sector investors to improve urban management poses a serious challenge and stalemate to low-income housing delivery and urban regeneration.

It is widely accepted that there is a need for a state-led inner city intervention to address bad buildings, the "vicious property cycle", urban decay and the stock of very low-income housing, but doing this inclusively with current mechanisms present a major challenge to both public and private sector (Zack *et al*, 2009: 8). There is pressure from the City, pressure from developers, pressure from NGOs, residents, socio-economic rights organizations and even some international pressure to address both urban regeneration and well-located inner city low-income housing that is inclusive of all income brackets (Zack *et al*, 2016c; COJ, 2011; COJ, 2013; Zack *et al,* 2009). Achieving the right level of affordability to reach the lowest income brackets presents a major challenge to any entity attempting to deliver affordable accommodation. Even in the successes of social housing, the "percentage of social housing units built to accommodate lower-income households is negligible" compared to the scale of demand (Tissington, 2010: 50). While there is acknowledgement of the limitations, and some research on alternative mechanisms for delivery for the City, there is less focus on what the alternatives could be before the state is in a position to carry an intervention out at scale, and what type of mechanisms are being employed and why.

Part 3: Overview of the Study

This section provides a brief overview of the study, including the objectives, research question and a brief overview of the methodology. The objectives of this study have been broken up into two categories. On the one side, the study aims to understand what the specific mechanisms are behind the financing, development and cost recovery model that AFHCO was able to orchestrate. This includes how AFHCO was able to mitigate risk. Subsequently, this objective also looks at why AFHCO decided to pursue this model and engage in low-income housing delivery, given that the profits are most likely low, and the affordability levels of low-income tenants are low and in some cases, quite unstable. The second objective aims to identify how these two projects relate to the over all urban regeneration and transformation vision for inner city Johannesburg as a more inclusive and equitable urban environment. This

objective aims to unpack the significance of very low-income accommodation in a more inclusive form of urban regeneration in inner city Johannesburg. After discussion the objectives, I briefly lay out the research question and sub questions, and discuss broadly how I carried out this research. I finish this section off with a brief discussion on my main findings.

3.1 Objectives

(1.) Identify, through a case study, how and why private sector is linking urban regeneration together with very low-income housing

The first objective is to examine through a case study with interviews how and why a formal private sector developers is linking urban regeneration initiatives together with low-income housing delivery in the inner city, and what the nature of this low-income housing is. Where the City has identified low-income housing delivery as an integral component to urban regeneration, the implementation of this vision by the City is only evident to a limited degree. However, there are signs of private sector developers that are attempting to push forward with urban regeneration, and are including low-income housing into their initiatives.

In the inner city specifically, delivery of low-income housing has not been enough to meet the demand, especially at the lowest income brackets. Formal private sector developers struggle more so than public sector to strike the balance between the need for affordability in low-income housing and the added pressure to make profits on top of recovering costs. Therefore, it is quite rare for a formal private developer to go down-market enough in housing delivery for the lowest income group to have access to these units. The case study selected for this study is a developer that has been involved in inner city low-income housing delivery. The first objective of this study is to understand what mechanisms are being employed to achieve this, and the motives behind engaging in delivering low-income housing.

(2.) Explore the significance of very low-income housing in private sector led urban regeneration initiatives in inner city Johannesburg

The second objective of this study is to explore the significance of very low-income housing-led urban regeneration. Urban regeneration is often in response to some level of urban decline, poverty, crime, urban sprawl and more recently, the international trend of promoting sustainable development and cities as spaces for change (Zheng *et*

al, 2014; Visser, 2002; Clark, 2005; Billingham, 2015). Given the goals set by the City of Johannesburg of being an "inclusive" city coupled with stagnation of solutions to 'bad' buildings, this objective explores the role that new private sector initiatives play in very low-income housing delivery and urban regeneration goals of the City.

The convergence of the inner-city's urban planning and management issues and its social issues both on the ground and in policy creates significant pressure on the City to address both issues through urban regeneration and low-income housing in the inner city. For example, the City has developed a number of plans that envision extensive and more inclusive urban regeneration and on some level recognize the specific importance of low-income housing in the inner city and more broadly, "greater spatial equity" (Todes, 2012: 162). It seems that the private sector is displaying an uptake of this imperative, but a major piece missing to this puzzle is if these new private sector initiatives are an opportunity for very low-income housing to be a beneficiary of urban regeneration.

3.2 Research question and methodology

This research addresses the following research question: What is the significance of formal, private developer-led very low-income accommodation initiatives for inclusive urban regeneration in the inner city of Johannesburg? A case study of AFHCO's low-income accommodation initiatives and urban regeneration in inner city Johannesburg. Below are the relevant sub questions used in this study.

1. How and why are private sector developers pursuing the delivery of very low-income accommodation?

2. In what way does this link to urban regeneration initiatives?

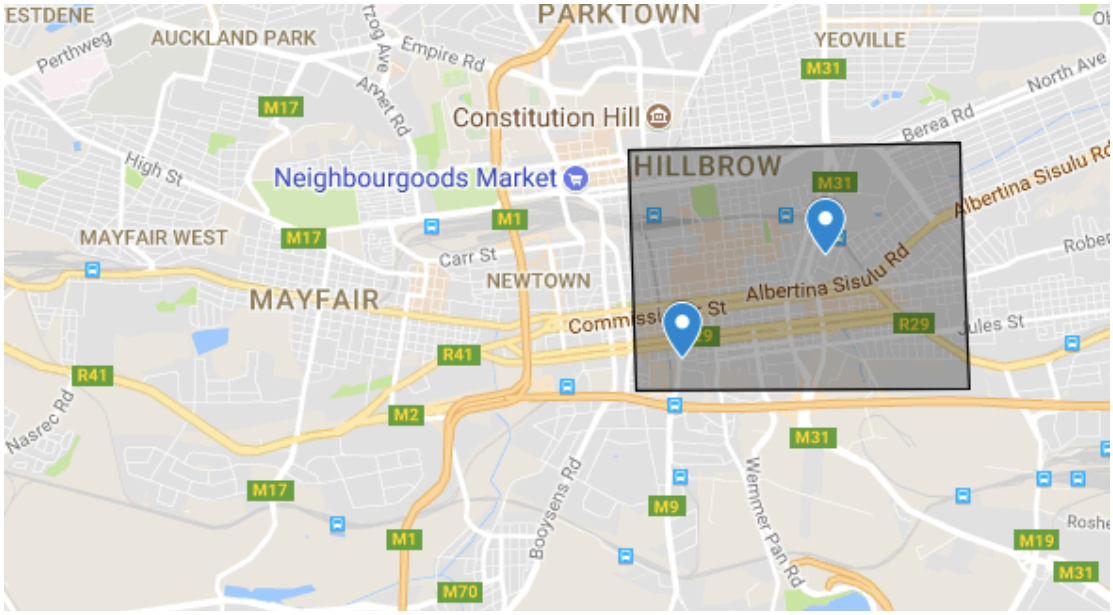
3. To what extent does this suggest a more inclusive form of urban regeneration in inner city Johannesburg?

The intention of this research is to determine and analyze what the case study of private sector engagement in very low-income housing delivery and urban regeneration means for low-income housing delivery and urban regeneration for the inner city. A case study methodology enables an in depth focus and the use of multiple sources of information and data. It acknowledges that within the identified problem and context, the boundaries are not clearly evident and renders deep

inspection and analysis only achievable through the case study methodology (Sarantakos, 2005).

The research examines the nature of a non-state initiative engaging in low-income housing delivery. The case study consists of firstly desktop research on the organization (AFHCO) and its relevant initiatives. This includes media coverage, marketing materials, and observation of the study area. Any relevant and available data collection regarding capital costs, subsidies, unit prices, and demographic data will also be collected. Secondly, semi- structured interviews with purposive sampling of organization leaders and a range of other key informants were the main source of data collection. A major limitation to the study (discussed in more detail in the methodology section) is in not taking into account the full range of relevant parties (e.g. residents living in AFHCO's buildings).

The focus area (Figure 1) is in and around the eastern end of the Johannesburg CBD, an area that has been identified across many plans as one of the focus areas for alleviating poverty, addressing the prevalence of and issues around 'bad buildings' and unlawful evictions, and high demand for low-income housing delivery. This area has been subject of some very contentious and complicated issues such as forceful evictions, protests and violence relating to these evictions and also in response to development in Maboneng. For example, in September 2015, there was an incident of the Red Ants unlawfully evicting 450 men, women and children out of a building just



(Figure 1: Map of focus area)

moments before a fire broke out in the building (ARPL 3013, 2015). Close by is the privately developed Maboneng, and represents a juxtaposition of "islands of development" in the middle of poverty and deprivation. The case study is of a private sector or non-state entity that has or is embarking on low-income housing initiatives within a larger urban regeneration context in and around this area.

3.3 The case study of AFHCO as evidenced through their two initiatives

The Africa Housing Company[10], or AFHCO for short, describes itself one of the oldest private developers and investors in the post-apartheid Johannesburg inner city. They identify as Johannesburg's "leading developer and investor in affordable housing and commercial property" and identify their engagement with inner city regeneration as an imperative. They manage over 5000 affordable commercial and residential units in the inner city. Of specific interest is their Atkinson House, and Platinum Place properties that they claim to be an "affordable housing breakthrough" that is equipped with communal spaces and geared towards incomes of less than R5000 a month, with rent to be as low as R1400 per unit. While most of the units in their portfolio are geared toward higher affordability (e.g. 13 properties in the R3500 – R4000 monthly rent versus 3 properties in the R1000 – R2000 monthly rent) it appears that on some level they are interested and willing to try to reach this lower income market. AFHCO also engages in what they call "social responsibility" which appears to be working towards uplifting the communities and schools in which they are working, engaging in public space management and retail space. The Central Improvement Districts, a conglomerate of property owners that pool resources for "supplementary and complementary services…normally provided by the Local Authority" is of interest as a potential signal of AFHCO engaging with urban regeneration.

3.4 Conclusion

The challenge that the inner city poses for both public and private sector to deliver low-income housing is that the population of people that are in the most need of housing are the most difficult to access because their level of affordability is much lower than either public or private sector can go. The City has yet to develop a

[10] http://www.afhco.co.za/properties/residential/

response to low-income housing that "confronts the more structural causes of poverty" in the inner city and the "demand and supply gap" for the poorest populations (Tissington, 2013: 13).

Headlines in newspaper articles, airplane magazines, blogs and online news paint a picture of a changing urban landscape in the inner city. These stories communicate hope and transformation in some cases, while others cast doubt and skepticism, saying that regeneration can't benefit the poor. Is it possible that there is truth and validity to both convictions, or is the urban renaissance sweeping across the inner-city really a zero sum game of winners and losers? In order for new outcomes of inclusiveness to be realized, especially in housing, then new lenses and ways of understanding spaces must begin to emerge. Plurality, contestation of traditional ways of understanding spaces, acceptance of "non-linear dynamics" and negotiated context specific framings are critical components that inform the implementation of an integrated approach to inclusiveness (Peyroux *et al,* 2014: 9). While seemingly philosophical, and conceptual, this research is an endeavor to uncover the narratives of key actors in the private sector, the City, and academics that tell this urban regeneration story of inner city Johannesburg.

The paper concludes with three main findings: Firstly, financing still continues to play an influential role in urban regeneration, and needs to be made more inclusive for real inclusive urban regeneration to take place. Secondly, while the decision-making framework in policy papers and private sector rhetoric indicates or shows signs of a more inclusive mindset, in practice, there are serious limitations at play. For public sector, the current mechanisms and capacity don't allow for more inclusive urban regeneration, and documents like ICHIP that have laid out a comprehensive plan for more inclusive forms of development and urban regeneration require major restructuring and capacity. For private sector, the rhetoric around building up neighborhoods and "slum to a home" *sounds* like they are being more inclusive by tapping into a consumer base that has normally been excluded by the market, but this population is actually very limited, and other rhetoric around "clean and safe" spaces point to potentially more exclusion for people who are perceived in a certain way. The last point is community engagement and participation for the purpose of creating a shared enterprise is limited from AFHCO specifically looking at AH and PP, and generally is treated more as the responsibility of the City rather than of developers.

While this isn't necessarily "bad urbanism", unless private sector actively engages with the City to access the voices of "community members" their voices aren't heard. Empowering local community and treating them as co-owners of space is a crucial element of inclusive urban regeneration, and as it stands, they are treated more as consumers than co-owners.

CHAPTER 2: LITERATURE REVIEW OF KEY URBAN REGENERATION CONCEPTS AND FORMING AN INCLUSIVE URBAN REGENERATION FRAMEWORK:

Overview of the chapter

The next two chapters contain a literature review pertaining to the evolution of urban regeneration, planning and urban principles both in the Global North and then subsequently, the spread of these to the Global South. The purpose of this overview is to describe how planning and urban regeneration have been inextricably linked, with urban regeneration being the "action plan" for unintended consequences of planning practices. The first part of this chapter, Part 1, discusses some of the key themes in urban regeneration, city building and planning, laying out the different debates and linkages to low-income housing. Part 1 concludes by highlighting the shortcomings of traditional urban regeneration and planning theory and practice, especially for developing countries. While having mixed results for both developed and developing countries, and in light of the financial crisis in the 1980s, a new neoliberal frontier began approaching which slashed the role of the state in urban regeneration implementation, and privatized many elements of urban regeneration. Further, in reaction to urban decline associated with financial crisis, a new city vision began to emerge simultaneously – the "revanchist" city. From this city vision, new types of decision-making and urban governance took shape, with cities prioritizing market and investment interests over those of poorer residents, and began to treat the urban poor as part of the blight that needed sanitizing, often leading to gentrification and displacement. But decades after cities in the Global North have been "regenerated" the general urban landscape is still very unequal, calling for new urban principles and frameworks for decision making. It is out of this need that the conceptual framework of more inclusive and sustainable urban regeneration emerges. Part 2 looks at new frameworks for urban regeneration, highlighting different practices and ways of engaging with communities that could potentially translate into a more inclusive form of urban regeneration.

In Chapter 3, the literature review moves onto specific historical and contextual discussions, dealing more directly with the study area. In Part 3, I first lay out the Western urban regeneration history as a reaction to the Industrial Revolution, highlighting how urban regeneration principles developed and spread to many parts of

the world, including developing countries, including South Africa. A brief history on South Africa is also provided. Part 4 moves onto discuss the Johannesburg trajectory, starting with major factors leading up to urban decline, and the ways in which this has impacted on low-income housing supply in the inner city. The chapter finishes with present day urban regeneration efforts and how low-income housing is playing a role in these initiatives, and highlights the factors that need to be considered when understanding the extent to which these initiatives are a more inclusive form of urban regeneration.

Part 1: Key concepts and debates in urban development and planning

The first part of this literature review will present and discuss the key concepts relevant urbanization and the study of urban regeneration more broadly. There are also important debates specifically related to urban regeneration that shed light on some of the challenges cities face with implementing urban regeneration. This discussion is not exhaustive of all concepts related to urban regeneration, but is rather chiefly focused on concepts that are relevant to this study, and to ensure subsequent discussions (i.e. on industrialization and development theory) are understood.

1.1 Urban Regeneration

Urban regeneration has been widely discussed in academia and policy internationally to describe the many dimensions of changing urban landscapes and responses to urban decay. While being coined under a number of terms such as urban renewal, urban regeneration, urban redevelopment and urban rehabilitation, urban regeneration is a broad conceptual framework of related terms and strategies that describe dimensions of the same process. In Zheng *et al*'s (2014) review of recent urban renewal literature, a definition of urban regeneration is presented as a vision and action based comprehensive strategy and process "aimed at resolving the multi-faceted problems of deprived urban areas to improve their economic, physical, social and environmental conditions" (Zheng *et al*, 2014: 272). Offering a very basic definition, urban regeneration is also defined as "the process of slum-clearance and physical redevelopment of an urban area" especially when discussed in reference to North American, British and European cities (Couch *et al,* 2011: 3). While these definitions are extremely limited framing and understanding of the concept, they shed light on

one fundamental truth to urban regeneration: while often carried out in varying degrees of public and private involvement, urban regeneration arises in response to negative unintended economic, social and physical consequences of planning systems. However, not all urban regeneration initiatives or processes are meant to be reactionary; in some cases urban regeneration is a pro-active tool or process to "avoid an emerging problem" such as homelessness, crime, or economic downturn (Roberts, 2017: 9). Further, urban regeneration isn't always about dealing only with existing neighborhoods or urban areas, but is sometimes a process for the "establishment of new settlements" either within an urban area, or "remote from existing towns and cities (Roberts *et al*, 2017:9). Roberts (2017) captures these different dimensions of the urban regeneration process in their definition of urban regeneration, the definition adopted and utilized for this study:

> *"comprehensive and integrated vision and action which seeks to resolve urban problems and bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change or offers opportunities for improvement" – (Roberts, 2017: 18).*

Zheng (2014) and Roberts (2017) raise a few key principles in their definitions that indicate the complexities and dynamism of the urban regeneration process. Firstly, urban regeneration is comprehensive and integrated, meaning that a multifaceted approach, cutting across both physical and spatial dimensions of a town or city, and the social dimensions of a town or city. There are further dimensions that also need to be taken into account, such as the political environment and the economic environment. Secondly, they identify that urban regeneration is both a vision-based process and an action-based process. This means that defining the future vision of a neighborhood or entire city is required (ideally) to inform the action required to make that vision happen. The action-plan to achieve this should, as mentioned, be integrated and multi-faceted both in strategy and capacity. The next point is where Zheng (2014) and Roberts (2017) slightly differ – while they both acknowledge urban regeneration as a process to respond to or react against urban problems (such as urban decay associated with deprivation), only Roberts (2017) seems to acknowledge that urban regeneration can also be pro-active, a tool for avoiding or curtailing certain urban problems all together. Further, Zheng (2014) alludes to urban regeneration as a process for addressing challenges in already existing urban areas, whereas Roberts

(2017) mentions that urban regeneration can also be applied to new areas, or to new opportunities. This idea of "new" places will be discussed in further detail in the discussion on gentrification. Both author's agree on the last point, that urban regeneration is aimed at improving more than just the physical dimension of urban areas, but must also address social, economic, and environmental dimensions of an urban area undergoing the process of urban regeneration, and must have a long-lasting positive impact.

Keeping the above definition in mind, it is important to note that urban regeneration doesn't happen in a vacuum and often has multiple and competing stakeholders involved. The concept of urban regeneration, as laid out above, can be described in a very cursory manner, but the practice or the process of urban regeneration as it is applied to different neighborhoods or as a broader city level initiative is much more complex and needs to be unpacked within broader development themes. The discussion that follows will discuss some of these development themes and paradigms and discuss some of the specific city building debates that have emerged out of these themes.

1.2 (Post) Modernism and the (post) modern city

Modernism is a development (economic and social) theory that emerged in the late 19th to early 20th century scholarly discussions and social trends (M. Huchzermeyer, Housing lecture, 10 February, 2016). Modernism was discussed by a range of scholars including sociologists and economists in various ways, but the general development concept is based on a few principles: all nations pass through the same stages in a linear direction when transitioning from "traditional" to "modern" society; secondly, the ideal modern society and city was largely based on Western cities; and lastly, that increasing profits and production (i.e. capitalism) was the way in which to achieve "modernity" (Martinussen,1997; Blomstrom & Hettne, 1984; Barnett, 1988). The process of passing through these stages is called "modernization" (M. Huchzermeyer, Housing lecture, 10 February, 2016).

In relation to cities, both during the time of the modernism trend through what has become now "post-modernism", there were and continue to be certain planning and design principles that emulate the "modern" city of the era (UN Habitat, 2009). Modernist ideals in master planning made the assumption that social relationships and

power structures could be constructed according to the physical design of the city, leading to different planning tools such as the "master plan" and land-use zoning (UN Habitat, 2009).

Modern city principles varied depending on the geography (Europe, USA, UK) but can be discussed generally nonetheless. With lessons learned throughout the Industrial Revolution and spread of capitalism (discussed more in-depth in part 3), modernist urban principles saw the city as a clean, well-managed and maintained controlled environment that left no room for unplanned spaces for slums or shacks to occupy (UN Habitat, 2009). This left populations or neighborhoods that didn't fit into this "ideal" completely out of the picture, or physically placed somewhere else. In the UK, the modern city took the form of the "Garden City" movement which saw city life as undesirable and a breakdown of traditional "village life" (UN Habitat, 2009: 49). Planners advocated for bringing more green spaces, single-family homes, and managing the growth of a city. Both Europe's and the US begin to prioritize lower density cities, with more on controlling the urban space through transport corridors, mono-functional zones and open-spaces. Integral to the changing landscape of the modern city is the introduction of the car, which made it possible to live outside of the city center, and "access…urban functions" when necessary, paving the way for trend of decentralization of cities and the birth of the proliferation of suburbs (UN Habitat, 2009: 49).

Looking to what is now called post-modern development, or a way to make sense of the aftermath of industrialization and rapid growth, one can observe how post-modern cities have coped with decentralization, de-industrialization, and changing lifestyle preferences for a changing social structure. With the neo-liberal paradigm still present in policy and practice, cities have become more and more privatized and governance systems more entrepreneurial, spaces and services become produced and regulated by private entities with capital interests, and consumed by those who can afford to consume and by those who fit the standards of what the ideal "consumer" looks like (Murray, 2004). As Murray (2004) states: "semi-private organizations assume a great deal of control over the form, shape, culture and atmosphere of the congregating spaces that they supply and oversee" (Murray, 2004: 29).

The privatization of spaces and services has been carried out through various urban management and urban regeneration practices. What type of places has privatized urban regeneration created that make up post-modern cities today? Murray (2004) argues that privatized 'city building' has produced a proliferation of "fortified enclaves" mainly in areas surrounding cities where middle class citizens, as being identified as the most desirable consumer, are sold the promises of a protected lifestyle and luxury commodities from the "real or imagined" threats, from "impoverished spaces" and the people that live in them (Murray, 2004:9). This type of city building is carried out under the auspice of the neo-liberal paradigm and the "vision of the entrepreneurial city" through "revanchist urbanism where the defense of lifestyle and privilege is governed by the spatial logic of exclusion, intolerance and insularity" (Murray, 2004:13). Murray's (2004) last point on post-modernism in city building highlights how aspiring "world-class cities" or third world cities adopt and emulate many of the same features and principles in post-modern cities (Murray, 2004). But the consequences of post-modern principles in urban development in historically marginalized cities and societies proves problematic, with amplified poverty at the bottom end of society, a larger percentage of society excluded from property markets, in need of government services and support, and who don't fit the profile of the "ideal consumer" for the commoditized city.

1.3 The neoliberal paradigm in planning and urban development

The neoliberal paradigm has and continues to be heavily promoted, employed and criticized by a range of development scholars and policy makers. While there is no single prototype of neoliberalism, and there are many varying degrees, applications and interpretations of neoliberalism, there are common themes that characterize neoliberal policy frameworks (Sager, 2011). In Sager's (2011) literature study of neoliberal urban planning policies, he lays out a number of defining characteristics of neoliberal policy, especially as it relates to urban planning. Broadly speaking, neoliberal rhetoric prioritizes free market forces over government intervention, efficiency and economic freedom over government regulation and central government (Sager, 2011). In planning, this means more planning implementation being carried out by property developers and investors, less regulation in property rights, more privatization of services, commodifying debt through mortgages, and especially in developing countries, requiring a somewhat entrepreneurial state to both respond to

"market pressures" and "enable" the right environment for cost recovery in development projects (Sager, 2011; Heurkens, Homba & Adams, 2015; Tasan-Kok, 2010; Beall & Fox, 2009).

Contradictions between neoliberal doctrine and practices of so-called neoliberal states highlight the murkiness of this term, especially given the vast range of global contexts these policies operate within. Ferguson (2010) makes the point that neoliberal practices in Western Europe and North America are "fundamentally different" to neoliberal practices in Africa (Ferguson, 2010: 173). He calls the "hasty application" of neoliberal ideas in African countries and governments a mistake purely for the purpose of "battering open the Third World markets" in the 1980s and 1990s (Ferguson, 2010: 173). Sager (2011) argues neoliberalism "as a framing device" is useful because neo-liberalism is simply a "revival and renewal of laissez-faire economic liberalism pressing for reform of the welfare states" and characterizes neoliberalism to be more fluid and simplistic, rather than complex and murky (Sager, 2011: 149). In this sense, it is clear that in some cases, neoliberalism is talked about as a set of economic practices with a historical linkage to the 1980s and 1990s, whereas others will discuss neoliberalism as a framework for understanding the sentiment or principles of an economic system, rather than a set of practices to be applied. One is deterministic and action based, while the other is a tool for analysis.

In planning and urban development, neoliberal rhetoric, policies and practice often end up being operationalized by what Weber calls (2002) "extracting value from the urban space." In other words, the nature of value in the built environment for a space for urban land governance and private sector interests (use value vs. exchange value[11]), both the development and management thereof demands cooperation and competition between the state and private sector, which poses a tricky balancing act for both public planners and private investors (Weber, 2002; Heurkens, Homba & Adams, 2015). Land is often framed as an "instrument for spatial transformation", but in reality is treated more for it's exchange value or economic value rather than its social value, or use value (SACN, 2016). Transformation through land and spatial

[11] The theme of use value and exchange value is a common thread pulled through the entire discussion to highlight the inherent tension between the financial value and the social meaning or significance of urban land and the built environment.

justice is only achieved when use value is considered more important than exchange value (SACN, 2016).

The reality of investing in the built environment forces planners to think and plan along real-estate market principles requiring "knowledge about what creates real estate value and seeking to turn this knowledge to the advantage of local communities" (Heurkins, Hobma, & Adams, 2015: 3). This requires a decision-making environment conducive for equally juggling the use value imperatives and exchange value imperatives, lending decision making around the built environment to be shaped by the extent to which these two imperatives are balanced. In built environment development, the value of a structure is determined by both the cost of its improvement and its location (Weber, 2002). The cost of its building or improvement is determined on the ability to collect rentals from a space to reinvest back into maintenance, and mitigate the depreciating value of the building overtime (Weber, 2002). Value is normally determined by a range of specialists, but can also be influenced by "political influence and class resistance" and "within each locale, [there is] a lattice of state and non-state institutions" that "influence the value in the built environment" (Weber, 2002: 523). States then are forced to "juggle contradictory imperatives: to maintain or create the conditions in which capital accumulation is possible, while at the same time managing the potential political repercussions" (Weber, 2002: 523). Under the neoliberal paradigm, governments lean towards entrepreneurial decision making in city building and urban regeneration (Murray, 2004).

1.4 Property development, urban regeneration & entrepreneurial governance

The concept of entrepreneurial governance is helpful in understanding the decision-making environment that often emerges under neoliberal type governance when public and private sector work together in planning and urban regeneration. In entrepreneurial governance systems, planners are often interacting within market forces, rather than working against market forces. This means that planning practice also is operating within the *market of the built environment*, which is shaped by real estate, infrastructure, and public space. Entrepreneurial governance highlights the "rollback" of the state or municipality as the implementer of urban development, positioning itself as "an active negotiating party" in urban development (Tasan-Kok, 2010:129). Very much aligned with the neo-liberal paradigm, in practice, this means

that municipalities tend to be more pro-growth, and cities to be run with a business-like mentality and strategies such as public-private partnerships and "alliances to achieve urban competitiveness" (Sager, 2011: 154).

Pulling from the discussion on extracting value from the built environment, creating the enabling environment for property development or property-led urban regeneration, especially when in response to urban decay, is an entrepreneurial practice that is elevated to play an important role in the growth of a city's economy both in the built environment while also playing a role in overall urban development (Beall & Fox, 2009). In this sense, urban regeneration is much more of a "comprehensive development process" beyond "physical alternation" but can also be "translated into social and economic contexts" (Medhipour & Nia, 2013).

But fundamental to entrepreneurial governance is often sacrificing some use value for added exchange value of a building or a space, both of which have their own sets of trade-offs. Entrepreneurial governance and property-led urban regeneration come under heavy criticism for not always being able to deliver products that are accessible to an entire spectrum of users, and often caters to a specific consumer base, especially when growth or increased values of the built environment is the objective (MacLeod, 2002; Sager, 2011; Raco, 2003, Billingham, 2015). Not to say that all property development should cater to all users, but problems arise when the overall decision-making context for property development values exchange value over use value. The literature points out that rather than the process of property-led urban regeneration or gentrification[12] being problematic, it is the prioritization of exchange value over use value at the expense of poorer population's access to spaces that produces unintended negative consequences associated with these terms, such as social exclusion, spatial differentiation, and displacement (Weber, 2002; Zheng *et al,* 2014; Alpopi & Manole, 2013).

1.5 Critique of entrepreneurial governance and the revanchist city

MacLeod's (2002) rendition of entrepreneurial Glasgow paints a very negative picture of what the pursuit of entrepreneurial cities entails. In his discussion, entrepreneurial urban governance is the vehicle for pursuing a "revanchist" city agenda (MacLeod,

[12] To be discussed in greater detail in section 1.6.

2002). Smith (1996) [13] discusses in depth what is meant by a revanchist city, specifically talking about the experiences in New York City. In his conception, a revanchist city agenda is "a reaction against the supposed 'theft' of the city…reaction against minorities, the working class, homeless people, the unemployed…a reassertion of many of the same oppressions and prescriptions that created the problem in the first place" (Smith, 1996: 207-208). What is the urban problem he is alluding to? *"Crime and violence, drugs and unemployment, immigration and depravity…terror felt by the middle and ruling-class whites who are suddenly stuck in place by a ravaged property market, the threat and reality of unemployment, the decimation of social services, and the emergence of minority and immigrant groups, as well as women, as powerful urban actors"* (Smith, 1996: 207-208). These problems emerge from the "same oppressions" that Smith is alluding to: prioritizing business interests and private sector investment, especially in relation to urban development and management over that of social cohesion and equality (Smith, 2002; Raco, 2003; Smith 1996; MacLeod, 2002). Both MacLeod (2002) and Smith (1996) acknowledge the issues that arise out of exclusionary structures and decision-making frameworks as it relates to city building and planning. While Smith's conception of the revanchist city describes elements of city visions and governance agendas and changing social and class dynamics, MacLeod (2002) discusses more specifically the relationship between private sector and public sector and the tendency for government to make business decisions under a neo-liberal governance paradigm. The two discussions together draw a path highlighting the ways in which larger development paradigms influence how governance agendas and city visions get interpreted and operationalized on the ground.

The planning strategies that emerged out of this agenda were largely framed around security measures for monitoring "acceptable" ways of being in a space, including CCTV, gated communities, high-rents, expensive retail spaces, privatization of public spaces, business improvement districts, and ultimately using urban design and planning as "a mechanism to attract certain social groups back to devalorised city

[13] Smith (1996) and MacLeod (2002) are not discussed in chronological order. The thinking behind this was to first introduce the idea of entrepreneurial governance (MacLeod, 2002) and then bring in Smith's (1996) discussion on revanchist city for more depth, especially because together, the two authors offer an interesting perspective.

spaces" (MacLeod, 2002; Biddulph, 2011: 66). The pursuit of the revanchist agenda and the process of solidifying its hold on inner cities ultimately took the shape of gentrification, disguised in language of fighting crime, drugs, urban decay, and unemployment (MacLeod, 2002).

1.6 The urban regeneration and gentrification debate

While gentrification didn't begin with the revanchist agenda, the proliferation of the term and its practices solidified with the revanchist agenda, which was mainly in reaction to urban decline associated with de-industrialization, decentralization and the subsequent rehabilitation, restructuring and redevelopment of inner city neighborhoods (Smith, 1996). Rehabilitation, restructuring and redevelopment took the form of "consumption-based, property-led forms of economic regeneration" …and ultimately a focus on "identifying and satisfying the 'needs' of potential investors, rather than those of local community" (Raco, 2003: 1870). This meant also satisfying the needs and desires of potential new residents or consumers of the space. From a production side, this meant "creating safe, aesthetically pleasing spaces [and] removal of 'social pollutants' – those individuals and groups whose (co)presence may threaten the…quality of an urban space" (Raco, 2003: 1870). This differentiation between those who produce the space (i.e. investors and property developers) and those who consume the space (i.e. new residents, middle-class families, target market) is important as it has shaped the nature of the debate around gentrification in understanding what this process entails and what the tradeoffs are.

Gentrification can be defined as the process of adding value through capital investment (mainly in the form of property development) to an urban space with the intention of increasing "appeal" or attracting "more affluent" consumers to continue to drive up the value of the space or neighborhood, and ensure a return on investment. As more affluent consumers increase the property values and retailers flock to cash in on a new consumer base, previous residents (often less affluent than the newcomers) are slowly unable to afford their surrounding commodities, which generally results in displacement and exclusion of the less affluent (Smith, 1996; Smith 2002; Raco, 2003; Lim *et al*, 2013: 193). Gentrification is framed as a "class-based" process of urban regeneration that caters to higher income, more affluent middle-class families as a means to increase capital flows and overall economic development (Smith, 1996; Billingham, 2015: 93). But the process of gentrification is extremely complex and it

demands an acute understanding of intersection of multiple levels of power relations, class conflicts, and the built environment with the specificities of context and time-period both locally and globally. Thus, it is no surprise that literature, debate and research has continuously attempted to unpack gentrification, its causes and consequences, and either defend or denounce it as an urban development strategy.

Broadly speaking, the early gentrification debate was dominated by two main schools of thought – those who saw gentrification as being produced by gentrifiers (i.e. consumers) and those who believed that gentrification was produced by the production of space (i.e. political and economic conditions under which space is created) (Billingham, 2015; Smith, 1996; Weber, 2002, SACN, 2016: 15). Consumption side explanations of gentrification emphasized "who moves in and who moves out" – the tastes and desires of the "gentrifiers" dictated "neighborhood change" (Smith, 1996: 38). The alternative to consumption based explanations is production side explanations looks at the role of financial institutions and investors in "selectively providing capital for rebuilding", the role of the state in "encouraging gentrification" and ultimately, the "producers" of space (Smith, 1996: 38-40).

While the two dispositions are still evident in the literature, more recent literature attempts to broaden this framing "beyond the production-consumption binary" by recognizing that the boundary between these two concepts is blurry and "there is ultimately complementarity in these two approaches" (Visser, 2002: 420). In SACN's *Beyond Gentrification* report (2016) this same sentiment is expressed, noting that gentrification and regeneration are often used interchangeably, but in fact there are very clear-cut differences between these two terms and processes (SACN, 2016). Going back to the earlier definition of urban regeneration as a process of slum clearances and physical change of an area, it is important here to clearly define what is meant by urban regeneration and how it differs from gentrification. As previously mentioned, urban regeneration is often in response to some sort of unintended consequence of planning such as urban decay, or lack of appropriate planning for events such as economic crises. Urban regeneration is a process of investing resources (i.e. financial, human, political) into a space for the purpose of physical, social and economic transformation. Gentrification is the process of investing capital into a space with the intention of increasing property values, which ends up impacting the socio-economic demographic of the area, most commonly leading to some form of

displacement (SACN, 2016). However, others argue that the boundaries around what is gentrification and what isn't are blurry, and question whether urban regeneration and gentrification are so distinctly separate.

Billingham (2015) claims that gentrification literature continues to "limit the application" and definition of gentrification as a process reserved for global cities that, in some way or another, increases the cost of housing at the neighborhood level and ultimately "contributing to the displacement of lower income residents" who no longer can afford the cost of living in the neighborhood (Billingham, 2015: 77). Lemanski (2014) agrees that gentrification has a limited understanding specific to experiences in global north, and argues that there are processes happening in developing countries that are similar to gentrification but their differences demand alternative framing and understanding. In this sense, Lemanski (2014) frames gentrification-like processes as "downward raiding" whereby "indigenous middle-classes" decide to purchase property in "informal or state-subsidised areas" in response to increasing land costs (Lemanski, 2014: 2944). Lemanki notes that there are a plurality of processes that happen across contexts and it is important to understand how these theories are produced in a certain context (i.e. gentrification as Anglo-American theory), sometimes producing a "hybrid" process (Lemanski, 2014).

According to Lim *et al,* both urban regeneration and gentrification are "important aspects of the same phenomenon" (Lim *et al*, 2013: 193). Urban regeneration induced gentrification can be expanded to go beyond residential upgrading to include commercial, industrial, public space and retail (Lim *et al,* 2013; Billingham, 2015). There is also a sense that gentrification is a very specific Anglo-American process and that broad applications to other contexts should rather highlight "gentrification-like processes" within their given context, rather than assuming that gentrification is taking place (Lim *et al,* 2013). Ultimately, this research understands gentrification to be a process that sometimes takes place within the urban regeneration process that has both positive and negative impacts on individuals and the local economy depending on the extent of gentrification and the extent to which the negative effects are planned for and mitigated.

However, this is not to say that gentrification is always an appropriate strategy, and should largely be taken into account in conjunction with other more socially oriented

strategies. When gentrification goes unchecked and there are not strategies within or collaboration with either state-led planning initiatives, or urban regeneration initiatives, the negative effects of gentrification will most likely outweigh the benefits. Urban regeneration that prioritizes free-market strategies for urban development and transformation rather without social policies in place to mitigate negative consequences sets in motion the gentrification process, especially when urban regeneration of this nature goes unchecked and without collaboration or intervention from the state (SACN, 2016). In other words, urban regeneration that prioritizes exchange (i.e. market) value of urban spaces and built environment rather then their use (i.e. social) value runs the risk of instigating gentrification. Exchange value and use value will be discussed in more detail section (number)

Property-led urban regeneration, in the same way, can have positive and negative effects, which may overlap with those of gentrification, but property-led urban regeneration does not equate or cause gentrification. The extent to which property-led urban regeneration will produce gentrification is related to the extent to which the exchange value of a neighborhood is prioritized over the use value. Looking at privately developed affordable housing, or in other words, property that is developed more for the purpose of use value (i.e. making something more affordable for lower-income households because shelter is important to livelihood building) rather than exchange value, highlights how gentrification isn't necessarily an inevitable outcome of property-led urban regeneration. The demand for affordable housing illustrates the need for urban governance and development to balance use value and exchange value in pursuing the vision or image of a city. Whether use value and exchange value is balanced adequately to avoid displacement and exclusion is largely directed by the overall paradigm or political framework for decision making and visioning for the city. Zheng *et al* (2014) relate this to the different needs and demands of the "spatial-constructional" system and the social system of cities, which are operating between two subsystems of "town planning and social subsystem" and the tension exists in dealing with both of these subsystems equally and adequately for the "beneficiaries of the whole system" (Zheng *et al,* 2014: 273).

1.7 Understanding the role of affordable housing in urban regeneration

Broadly speaking and from international literature, affordable housing refers to housing that is "provided at sub-market prices to households on low-incomes" (Oxley,

2004: 151). Affordable or low-income housing in and of itself doesn't require any specific policy or specific mechanisms, but rather is achieved by various financing and policy arrangements, at different scales, and at different affordability levels. All of the components of delivering or providing low-income housing are completely dependent on the nature of the demand (i.e. household income levels) and the financing mechanisms available for the cost of construction.

In the US, UK and Europe, the provision of affordable housing has been carried out mostly through planning policies and practice (Oxley, 2004). While this link seems implicit, it must be recognized that housing provision requires, to a certain degree, interaction and cooperation with planning. Planning ultimately is land use governance, which has implications for where investors can invest and build residential, retail and commercial space. In urban areas, these functions are often in close proximity to one another, or often in the same building (i.e. mixed use). Because shelter (i.e. residential, commercial, retail) provides a means to income generation, location and proximity to opportunity is extremely important to ensuring a return on investments. Location decisions are to some extent determined by planning (i.e. zoning) and land value. Affordable housing automatically assumes less of a return on investment for a developer, and in order to avoid too many tradeoffs (i.e. poor location, poor building structure) affordable housing is made financially viable and attractive through subsidies, tax incentives and financial conditions (Oxley, 2004). As more and more governments rely on private capital to develop spaces, governance and regulation around how the development process (from luxury high end to affordable) is done is necessary, and because this also requires "transfer of land rents", planning often becomes the government function that regulates and builds policy around this process (Tasan-Kok: 2010: 129).

From a planning perspective, it has been widely recognized that low-income affordable housing is a necessity to avoid previous urban challenges associated with rapid urbanization and population increases such as slums, extreme pressure on the built environment and health infrastructure such as water and sanitation (as discussed in Part 1). Left unchecked, these urban challenges ultimately hinder the overall progress of a state or city, and depreciate the value or attractiveness for future investment. At the same time, while there is an urban management imperative for affordable housing, there is also a developmental imperative. Development theorists

concur “people are best able to pursue urban livelihoods when they have access to an established domestic unit that provides adequate shelter and security of tenure” highlighting the importance of not only considering, for example, what the financial value of a house is, but also the value that shelter and tenure provide. (Beall & Fox, 2009: 126).

The difficulty for policy makers lies in defining what “adequate” is, and how to ensure consistent “tenure” to low-income households in a property market that favors increasing value over time (i.e. returns on profits) (Beall & Fox, 2009). In the US, UK and Europe, there have been many attempts to deliver adequate, affordable and secure yet financially viable housing through many different policy mechanisms such as Social Housing, Inclusive Development Zones, housing subsidies, and community land trusts, and often tacking on affordable housing to large scale urban regeneration projects. But the extent to which planning for affordable housing alone deals with issues of marginalization, exclusion, and displacement is questionable. Especially in developing countries where the urban challenges are heightened by poor infrastructure, rapid population growth and resource scarce governments, planning has largely failed to address the need for affordable housing, evidenced by the proliferation of slums across many cities in developing countries. While providing housing for the potentially displaced is better than no housing available, there are still issues in creating exclusive differentiated spaces in the name of planning and urban regeneration.

1.8 Concluding comments

As mentioned at the end of the previous section, the principles that determine the decision making process between use value and exchange value in planning and urban development initiatives and visions are largely related to global paradigms and local political framework (UN Habitat, 2009; Watson, 2009; Beall & Fox, 2009). Currently, the role of cities and their particular needs and constraints are being elevated by the UN Sustainable Development Goals (Parnell, 2016). Across the board in urban literature, rapid urbanization in developing countries and the implications this will and could potentially have is of great global concern. Cities are faced with pressure of having a global outlook while also balancing local needs and challenges (Parnell, 2016). To date, previous urban frameworks of neoliberalism, revanchist cities, and gentrification do not adequately address the needs of the urban poor, and especially

are questionable frameworks for local governments policies and decision-making in developing countries. Moving past these frameworks, Part 2 proposes new frameworks for assessing and understanding changing urban landscapes in developing countries aimed at dealing specifically with issues of exclusion, inequality and displacement, and ultimately principles for decision making in urban regeneration.

Part 2: New frameworks for more inclusive urban landscapes

As previously discussed, the decision making framework and visioning for a city is largely what will shape the ability of stakeholders driving urban regeneration to strike an appropriate balance between use value and exchange value in property-led urban regeneration. Part 1 discusses the controversy of neoliberal, revanchist and gentrification frameworks for striking the balance adequately, concluding that these frameworks tend to favor exchange value over use. In a highly unequal society with high levels of urban poor, these frameworks are associated with increasing marginalization and spatial inequalities. With increasing populations, levels of inequality and poverty, and the role of cities becoming more and more elevated, once again there is a need and demand for new urban paradigms and frameworks. Out of failed planning and urban development come new approaches to urban regeneration. How do we make cities more inclusive, responsive, and sustainable? While cities share common features and histories, each city demands a particular set of considerations. More and more, pluralism in ideology, approach and processes is being favored over the limited scope of neo-liberalism, master planning and Western ideals. In recognizing this shift away from dogmatic decision-making, the intersection of urban regeneration and planning is shifting as well. Below, I present a range of alternative planning approaches and mechanisms for more inclusive decision-making frameworks, and thus more inclusive urban regeneration outcomes. This section concludes with the inclusive-regeneration framework employed for this study.

2.1 Integrative planning

An integrative approach addresses the disproportionate attention on the economic aspect of urban regeneration and aims to develop strategies to regenerate the social and environmental dimensions of urban regeneration. Integrative or integrated (used interchangeably) planning practices require “technical, analytical and communicative

skills" on top of understanding of the various stakeholders and forces at play (UN Habitat, 2009:195). Integrated planning is more flexible, encourages dialogue amongst all stakeholders, promotes a common vision of development, and clear delineation between responsibilities of actors (Alpope & Manoli, 2013). However, this does not insinuate that the economic dimension of urban regeneration does not play a role – integration also means integrating the "relevant market" (i.e. land and property) into planning practices (Alexander, 2016: 96). Urban regeneration of this nature employs multiple "ensembles of instruments and urban procedures" and does away with "previous system rigidity" and deficiencies. At the crux of this is a "multidisciplinary diagnosis" and knowledge of the "urban and social tissue" to create a catered program that can "strengthen social cohesion and "[improve] the quality of life for residents" (Alpope & Manoli, 2013: 181). New interpretations of the urban space, interactive governance and linking the granularity of social interactions to the physical environment are at the forefront of an integrated urban regeneration approach (Peyroux *et al*, 2014). Further, integrative planning is meant to capture the need to be multisectoral, linking together different government departments to work towards a holistic vision for a neighborhood that goes beyond just physical development, to include good access to services, opportunities, and facilities (Harrison, Todes, & Watson, 2007). Broadly speaking, the UN Habitat Report on the Human Settlements (2009) clearly elevates how planning through an integrative approach is achieved:

> *"Urban planning is undertaken most effectively in partnership with civil society and the market, and through institutional structures that facilitate the integrative abilities of planning, bringing together decision-making around infrastructure, public services, natural systems and the formal and informal economy in spatially coherent and developmental ways" – UN Habitat, 2009, 205*

Decision-making in urban planning is most effective when done through an integrative approach, but even more central to an integrative approach are the principles guiding the approach. Effective integrative planning would require private and public sector to engage in both property and land markets collaboratively to achieve a clear set of objectives. These objectives must carefully weigh the use value and exchange value of planning and urban regeneration initiatives. In order to avoid previous outcomes of increased marginalization, inequality and poverty, it is crucial

for guiding principles of integrated planning to be framed around a sustainable and inclusive approach to decision making in urban regeneration.

2.2 Sustainable and inclusive urban regeneration

Inclusive development tackles both the social and environmental dimensions of development. The definition of "inclusive" adopted for this study is derived from one developed by Gupta *et al* (2015) from the University of Amsterdam's Governance and Inclusive Development team. They define inclusive development as:

"Development that includes marginalized people, sectors and countries in social, political and economic processes for increased human well-being, social and environmental sustainability, and empowerment. Inclusive development is an adaptive learning process, which responds to change and new risks of exclusion and marginalization" (Gupta *et al*, 2015: 546).

Adding to this, SACN's *Beyond Gentrification* report (SACN, 2016) frames inclusivity in the urban context as related specifically to the dimensions of affordability, accessibility and diversity of urban spaces and the built environment. In this framing, affordability "relates to cost of living, income and economic opportunity"; accessibility relates to access to transportation "public space, goods and services, political participation, freedom to move through spaces…and access for varying abilities and opportunities" and diversity is meant to include diversity amongst people in race, political views, gender, religion and culture (SACN, 2016: 22). In this sense, if urban regeneration is meant to be inclusive, it is necessary to have mechanisms in place that would preclude affordability, accessibility and diversity. Diversity also refers to diverse typologies and living arrangements for a broad spectrum of users (Charlton & Mayson, 2015).

In Charlton and Mayson's (2015) study on how differences in formal and informal rooms and spaces in inner city buildings contribute to livelihood strategies for residents. Their study found that diversity in typologies and in tenure options is "invaluable" to tenants being able to adapt their living conditions to changing life situations (Mayson & Charlton, 2015). Diversity then takes on a double meaning to mean the production of diverse spaces and that can accommodate a diverse user base. Mehdipour and Nia (2012) look at urban regeneration as being linked to urban

sustainability, which they argue has a "triple bottom line" of "meeting community and social needs, the necessity of economic and career generation, and [meeting] new physical and environmental demands" (Mehdipour & Nia, 2012: 180).

In order for urban regeneration to be sustainable, there are a number of features that must each be considered both in isolation, and in relation to the over all sustainability of a given context. These features include quality housing and housing provision, urban design, social structure, economic structure, governance and urban planning (Stouten, 2010). Under this definition, sustainability goes beyond just environmental sustainability, and sustainable urban regeneration is seen as a "response to the opportunities and challenges" presented by the dynamic and complex context of the city, and deals with issues around "social equity, economic viability, and environmental stewardship" (Mehdipour & Nia, 2012: 180).

Inclusiveness and sustainability in urban regeneration goes beyond breaking down exclusions, but is a driving principle that shapes the nature of the entire vision of urban development. This is especially relevant to societies suffering from both extreme poverty and inequality (Gupta *et al*, 2015). Urban regeneration that aims to be "inclusive" is often faced with the challenge of a desire to be inclusive but lack the resources necessary to "replace the inequalities of flawed development strategies" and implement programs that "break with legacies of the past" (Deakin, 2011: 247).

To identify and address constraints impacting inclusiveness, Deakin (2011; 2012) argues that a rigorous community-based approach is a necessary component to ensure the social realities of communities rather than ideals are the foundation of the programs and strategies employed in urban regeneration and that the understanding of the realities is based on a "diagnosis of the inequalities" in the community (Deakin, 2011: 247). This process requires collaboration and community participation in the visioning process to build consensus and the sense of a "shared enterprise" in urban regeneration (Deakin, 2011: 249). Deakin sees community based urban-regeneration and this idea of regeneration as a "shared enterprise" as a crucial component of inclusive urban regeneration. These components are embedded in the larger ideology of inclusive development that prioritizes increased power, knowledge and wellbeing in marginalized populations and sustainability, good governance and participation in the process of implementing inclusive development (Gupta *et al*, 2015). This is

achieved through an integrated planning approach that integrates principles of sustainable and inclusive urban development with policies and practices and decision-making.

2.3 Operationalizing an Inclusive Urban Regeneration Framework

Drawing on the above discussion, a framework for inclusive urban regeneration framework emerges that is relevant for this study. Inclusive urban regeneration is the larger framework that encompasses many dimensions of urban development, and is grounded in contemporary and holistic understandings of the urban space and urban processes. Inclusive urban regeneration addresses the social and environmental dimensions of development, which would subsequently affect economic development, as opposed to traditional urban regeneration that prioritizes economic development or economic value added first (Gupta *et al*, 2015; Zheng *et al,* 2014; Lim *et al,* 2014; Sager, 2011). This is an important distinction because it alludes to the motivations behind urban regeneration and low-income housing initiatives..

Empowering the local:

Inclusive urban regeneration is an area-based approach that prioritizes empowerment of current residents in an area targeted for regeneration (Gupta *et al*, 2015, Deakin, 2011). Empowerment covers inclusive and community-based approaches to participation and engagement of community stakeholders such as collaborative diagnosing of realities of the community rather than ideals to inform programs, consensus and cohesion building practices that foster a "shared enterprise" mentality, increased power and ownership in residents, and interactive governance that embraces plurality and mitigates risk of exclusion and marginalization (Gupta *et al*, 2015, Deakin, 2012; Deakin 2011;). This also covers the full inclusion of those who are both decision-makers and implementers of urban regeneration in both visioning and problem identification. The concept of "shared enterprise" goes beyond just communities to include the buy-in of both public and private sector.

Through an integrative planning approach:

The integrative planning approach to urban regeneration prioritizes the intersection of the political, economic, physical and social environment, and positions these as dynamic dimensions that continuously interact and impact each other (Zack *et al*, 2016b; Zack *et al*, 2016c; Peyroux *et al*, 2014; Alpope & Manoli, 2013). The

intention of integrative planning in urban regeneration is to improve the quality of life, increase social cohesion of inhabitants and overcome the limitations of previous urban processes (Zack *et al*, 2016b; Zack *et al*, 2016c; Peyroux *et al*, 2014; Alpope & Manoli, 2013). This is done through collaboration and cooperation with all stakeholders, across government departments, and across all sectors. Concepts of entrepreneurial governance sit within the integrative process, as the State makes efforts to leverage opportunities and collaborate with both private sector and the citizens towards a common vision.

Integrative approaches or mechanisms could take the form of innovative design of the built environment such as communal rooms and shared facilities, shelter and public space; project packaging and financing such as cross subsidization, private-public partnerships; direct city lending, community investment programme, community development financing institutions (CDFIs), credit and loan provider schemes, and pooled financing schemes; a number of urban development and planning techniques such as mixed development, inclusionary zoning, community land trusts, community wealth building, rent regulation; embracing and supporting entrepreneurial urban management (i.e. informal recycling collectors); and specialized delivery and facilitative programs (SACN, 2016; Zack *et al*, 2016b; Deakin, 2012; Deakin 2011; Mosselson, 2016; Mayson & Charlton, 2015).

The integrative approach looks at how housing is integrated into the overall urban environment and lifestyle of urban residents. This means integration of housing solutions with solutions for the state of basic infrastructure; usage, access and proximity to public space and recreational facilities, schools, health facilities; and a social services network that provides a support system for the poor population, and the extent to which the "pedestrian level" is a priority and walkability between "surrounding land uses and movement networks" (Zack *et al,* 2016c: 30; City of Johannesburg, 2013; SACN, 2016).

To create a more inclusive and sustainable urban environment:

As mentioned above, where urban regeneration seeks to instigate change in a declining or low-income area, there is distinction between strategies to attract new, more affluent residents into an area and a strategy to addresses the needs and demand of current residents in the area. This distinction alludes to differing sets of motives for

pursuing the initiative. For example, attracting new residents is pursued to increase the value of an area by attract new, and wealthier residents from other areas. (Lim *et al*, 2013; Billingham, 2015; Tissington, 2013; Zheng *et al*, 2014; Sager, 2011; Smith & Williams, 1986). A more inclusive approach to urban regeneration instead aims at uplifting the current households in a neighborhood in a way that caters to their lifestyle and needs, and incorporates the potential negative implications investment may have on this environment into the planning and implementation. Further, issues such as affordability, accessibility and diversity are essential measurements for practical application of inclusive urban regeneration (SACN, 2016). This requires a sustainability outlook for urban management and upkeep that ensures the quality and use value of a neighborhood continues to serve the current residents' needs and lifestyle, and that can easily adapt to the changes in needs and lifestyle. This means that considering income levels as it relates to affordability of housing is a crucial component of understanding the nature of the housing demand. Further, flexibility in both typology and tenure is also important to people with low-monthly income. Location is important here as well, as many people choose a place to live based on the proximity to employment opportunities and the cost of transportation to these opportunities. Location is also related to proximity of open or public spaces, and quality services.

Moving now to the Johannesburg context, the next chapter will lay out how urban regeneration has transpired in Johannesburg. Firstly, I set the scene of the historical trajectory of urban regeneration and planning globally and in South Africa (Part 3). Then, the last section of this chapter (Part 4) will lay out how urban regeneration in inner city Johannesburg has come to be, and how this trajectory has set in place a number of different structural challenges in the inner city, one of which is access to affordable housing for a large proportion of the population.

Chapter 3: Historical and Contextual Literature Review

Part 3: Understanding the trajectory of urban regeneration and South African context

In order to understand the relationship between urban regeneration, planning and low-income housing in inner city Johannesburg, it is important to understand where urban principles have evolved from and the way in which these principles shaped both urban development more broadly in policy and practice. Considering that much of the literature and epistemology of many urban concepts and principles are grounded in Western urban experiences and literature, and that globalization has often meant the proliferation of Western ideals, it is important to look at how development theory has evolved and spread through industrialization and globalization, how Western urban regeneration practices have transpired, how this is talked about in urban regeneration and gentrification literature, and then how these concepts have been dealt with in the context of developing countries.

The following section outlines how planning and urban regeneration has evolved and been shaped by global urban principles and reactions to the unintended consequences of the application of these. By understanding where urban principles and their applications have failed or produced unintended/intended negative byproducts in the past, and what responses have emerged out of these failures, the discussion surfaces key patterns in urban regeneration that have spread to much of the developing world through colonialism. Understanding how these take shape in the context of rapidly urbanizing ex-colonies is crucial in justifying new frameworks for urban development.

3.1 Industrialization, development theory and the birth of the modern city

The Industrial Revolution began in the late 18th century in Great Britain, spreading to northern Europe and much of the western world through the 19th century, and was marked by new modes of production and manufacturing of goods, changing labor and social dynamics associated with wage labor, and shifting lifestyle options, principles and experiences (Barnett, 1988). Much of the scholarly theorizing that came out of this period was in an attempt to make sense of the "radical changes" in the economy brought on by the rise and spread of capitalism (Barnett, 1988: 6). Of this period, the common "development" thinking was that development was measured through

economic prowess and capital accumulation, by increasing "riches" through production and the ability to freely trade these goods (Larrain, 1989: 29). In this sense, there was not much thought put into the development of society beyond as a productive labor force and acknowledging class divisions between laborers, capitalists and land-owners (Larrain, 1989). Development through capital accumulation, imperialism and colonialism in Europe and the UK is largely "taken for granted" (Larrain, 1989:15). Disregard for social development was especially evident in British and European colonies, where cheap labor and raw materials were exploited through overt colonial rule and imperialist thinking (Barnett, 1988; Larrain, 1989). From the late 18th century through the mid 20th century, capitalism would largely be built on the back of exploited African labor, with obscene working conditions, and debilitating capital outflows from the colonies to the European or British states.

European and British cities were extremely influential spaces during the Industrial Revolution, acting as knowledge and innovation powerhouses that lead to widespread dissemination of technology and ideas, and provided access to a range of opportunities and amenities (Beall & Fox, 2009). It was thought that cities were the space of opportunity for the ultimate "healthy, creative and productive" lifestyle for the bourgeoisie, capitalists and the growing elitist class benefiting greatly from the capitalist system (UN Habitat, 2009: 15;). But as capitalism began to spread globally to access more markets and thus require more production, cities experienced unprecedented population growth putting extreme pressure on public health, housing, sanitation, transport and other public services, as rapid population growth in cities was largely unplanned for. The "human consequences [of rapid population growth in cities] were severe" (Beall & Fox, 2009: 47). It is out of this context that sociology and the sociology of development emerged, paving the way for development theories to emerge and shaping the way cities are planned, developed and understood (Barnett, 1988).

Initially, planning was done somewhat informally by "visionaries" of the time, an era of "planners without planning" or without the profession as we know it today (UN Habitat, 2009: 15). But ultimately, planning become a tool to cope with the by products of industrial urbanization. In many cases, due to widespread disease, planning was used as a tool to separate those infected "with contagious disease" from those not infected (UN Habitat, 2009: 49). In this context, planning and urban renewal

was most often a government-led initiative and mainly in the form of slum clearances, social housing or some form of state housing to deal with poor health and living conditions, over population and housing shortages (Stouten, 2010; UN Habitat, 2009). This form of planning and urban development carried on throughout the 19th and 20th century, through the Great Depression and World War II.

Post World War II reconstruction of cities highlighted a more formalized technical role for planning in policy and urban development with the emergence of master plans and maps to design the articulation of a "modern" city (Jenkins, Smith and Wang, 2007; Watson, 2009). Post-war urban regeneration and planning were closely linked and largely based on idealistic and elitist "modernist" conceptions of urbanity, which often "planned out" or used planning as a tool to plan a city free of urban problems rather than dealing with problems directly (UN Habitat, 2009; Watson, 2009; Norris et al, 2014; Jenkins, Smith and Wang, 2007; Parnell & Crankshaw, 2014). The use of mono-functional zones, preference for private vehicles for transportation and free-flowing traffic, and the "City Beautiful movement" all shaped how modern cities were articulated across North America, Europe and Britain (UN Habitat, 2009: 50).

By the 1960s, slum clearances moved more towards "refurbishing existing dwellings and …improving social services" (Norris *et al*, 2014: 1842). The post-war period from about 1950 – 1960 is marked by a strong push for modern ideals which ultimate saw "state-driven industrial expansion" as the key to economic growth, driven by a class of "enlightened political elites" and development was largely seen as a "linear process" (Beall and Fox, 2009: 10). Because urban development was largely a government function, urban regeneration and planning were closely linked, and it wasn't until the neoliberal paradigm that critiqued the effectiveness of government in driving development where urban regeneration became more privatized and linked more directly with land and property markets.

In light of economic crisis, and persistent development challenges in what become known as the "Third world", the era of government-led planning interventions came under criticism as a new "intellectual agenda" gained traction that called for rolling back of the state's role: a "new enterprise culture…privatization, deregulation" opening up a new "Anglo-American era" of neo-liberalism (Beall & Fox, 2009; UN Habitat, 2009:16). Broadly speaking, neo-liberal thinking and critique of state-led

development was largely in reaction to two different, but related ideas. Firstly, state-led urban development and planning was seen as largely unsuccessful and unsustainable as economic recession hit in the late 1970s and massive de-industrialization and urban decline set in. Secondly, the "linear" development of international colonies hadn't taken off as expected and the "trickle down" that modernist ideals promised hadn't been realized (Beall & Fox, 2009). Neoliberalism solidified its international grip with the crash in oil prices, and two major neoliberal political leaders being elected into power in two of the most influential countries at the time (i.e. Ronal Reagan and Margaret Thatcher) (Beall & Fox, 2009).

Once again, planning and urban regeneration principles shifted as the role of the state in planning was questioned. Provision of public and affordable housing shifted from the state as a provider to the state being an enabler of the private market. Emphasis was placed on attracting private sector to the property market, often in the form of incentives or tax breaks, to be the providers of housing. This has implications across many sectors but critically broke the "bond" between planning and the state provision of housing. Thus, under neoliberal urban principles, planning and urban regeneration slowly transitioned out of the state's hands, and into the free-market, more specifically, the property-market (Norris et al, 2014; UN Habitat, 2009).

3.2 Global governance and the spread of modern city principles

Modernist urban principles are critiqued for not being an appropriate framework for "rapidly growing, and largely poor and informal cities" and for producing spatially and socially marginalized populations (Watson, 2009: 175; DuPlessis, 2014). The shortcomings of modernist principles in rapidly urbanizing countries are most evident in assumptions about how people will move, how people will earn an income, how people use land, and building regulations that often aren't designed to accommodate lower-income earners (Watson, 2009). For developing countries, it is questionable whether this framework was ever appropriate considering the original application was meant for Western societies and for urban governance with capital-rich economies and industries, and does away with indigenous planning practices (Watson, 2009). Modernist planning tools and principles applied in rapidly urbanizing and developing countries is linked to high levels of inequality, poverty, and segregation (The State of Planning in Africa, 2013; Du Plessis, 2014).

Modernist urban development in emerging or developing cities had the tendency to create highly differentiated socio-spatial groups with wealthier populations as beneficiaries of luxury, up-market residential and commercial development zones and poorer populations increasingly being pushed by gentrification to enclaves of decline, urban mismanagement, and poor living conditions (UN Habitat, 2009; The State of Planning in Africa, 2013.)

In the same way modernist ideals spread globally, neoliberalism swiftly followed suit, replacing one paradigm with another. International institutions established out of the post World War II need for international cooperation and flow of capital, responded by pushing developing countries to also "downsize the role of the state" and overall, reform and restructure both government and the market for the purpose of creating "more competitive, internationally integrated markets that would attract private sector investment" (Beall & Fox, 2009: 15; Huchzermeyer, 2011; UN Habitat, 2009). However, concurrently with neoliberal ideology, much of the modern city urban principles and master planning tools lingered behind, especially in ex-colonies and developing countries (UN Habitat, 2009; Beall & Fox 2009; Watson, 2009).

Especially in post-independent countries or ex-colonies, colonial era planning systems and approaches remained present, evidenced by the use of tools such as spatial development frameworks and master planning, and planning principles (The State of Planning in Africa, 2013). The combination of planning to be a modern competitive city in the global neoliberal economy, coupled with the positionality of a rapidly urbanizing developing country created a very particular set of pressures and constrains. As discussed previously, governance of this system often means that while the state is responsible for the vision of a city and ensuring both economic and social development, the actual implementation and development of this vision is often commoditized or privatized, which fundamentally creates a tension between what is socially needed from the built environment and what fiscally can be extracted from the built environment (Weber, 2002). This creates a very difficult decision making environment between what the exchange value is in a space versus what the use value is to the entire spectrum of users. Getting this right means striking an extremely tough balance in a neo-liberal context that values exchange over use.

3.3 The South African context

Before delving into the Johannesburg context, it is important to look at how planning in a newly democratic South Africa emerged and how this has shaped planning, urban regeneration and housing in inner city Johannesburg. By and large, South African cities developed through a combination of "Western capitalism and colonial ordering" (Todes & Harrison, 2015: 151). Planning during "high apartheid" was very similar to "sanitization" and planning trends in Europe and North America such as decentralized office and commercial space, "inefficient patterns" of separate land use zones, "modernist principles" and "low-density suburbanization" (Harrison, Todes & Watson, 2007: 30; Todes & Harrison, 2015: 151; DuPlessis, 2014). During the 1960s and 1970s, planning was chiefly for the benefit of "white working and middle [class]" households and areas, and administering and regulating these ordinances was "key role" for provincial government (Harrison, Todes & Watson, 2007:30). At the crux of the apartheid planning system was spatial separation between races with "black townships" being separated "adequately" both by distance and buffer zones from "white areas" and from the central business districts (CBDs) (Williams, 2000: 167, Mosselson, 2017). The planning system during this time was mainly in the interest of property markets and local business, and largely mirrored "international trends" of "strategic and forward planning" (Harrison, Todes & Watson, 2007: 35).

But by the mid 1980s, much of the international and a growing national population out rightly opposed apartheid in South Africa, and the apartheid state was increasingly loosing its grip (Harrison, Todes & Watson, 2007, Mosselson, 2017). More and more, black South Africans demanded space in the urban areas leading to "mushrooming squatter settlements", forcing government to accept that "urbanization of black South Africans was inevitable" and needed to be dealt with accordingly (Harrison, Todes, & Watson, 2007: 33).

3.4 End of apartheid and overcoming racial segregation

The legacy of the "racially-contrived planning frameworks" of apartheid underpinned many of the challenges that planning in post-apartheid South Africa aimed to deal with (Williams, 2000: 168; DuPlessis, 2014). New national government was faced with stark inequality, unemployment and poverty in previously black areas, and increasingly in cities as well. Legislation, frameworks and development policies that came out of this new government such as the Reconstruction and Development Plan

(RDP) were directly aimed at dealing with "the historical antecedents/practices underlying the current planning initiatives to create a more equitable dispensation" or in other words, deal directly with the legacy that spatial apartheid left behind (Williams, 2000: 168; DuPlessis, 2014). Planning in post-apartheid South Africa focused on "strategic spatial planning" and "macro-level urban restructuring" that required municipalities to develop certain planning tools such as Spatial Development Frameworks (SDF) to "manage urban growth and change" in municipalities (Todes *et al,* 2009: 416). Post-apartheid spatial planning promoted density, compactness and integration in response to the urban sprawl and differentiated spaces under apartheid (Todes & Harrison, 2015). The logic behind this was that by integrating the cities with transport nodes, well-located housing, and improved services, the SDFs could "extend access to urban opportunities for those previously excluded" (Todes & Harrison, 2015: 152).

3.5 Transformation and development

By and large, the new national planning narrative for post-apartheid South Africa was and continues to be largely grounded in the concept of transformation, and people-centered development and initially was seen as a predominantly state-driven responsibility (Williams, 2000). Especially at the end of apartheid, planning was seen as a "developmental practice contributing to urban social transformation" (Harrison, Todes, & Watson, 2007: 40). But governance structures both in national and local government made "the developmental approach" to planning very difficult to operationalize and produced differing results across the country. Transformation at the scale necessary to breakdown the spatial patterns of entrenched apartheid legacy would require a clear policy framework at the national level, but much of the development planning and practice was dealt with at the local level through the SDFs, especially after 2000 when the demarcation of municipal boundaries changed and certain functions were now allocated to municipal government. There are many critics of the effectiveness of the SDF as a planning tool for cities, stating SDF doesn't successfully link to land-use decisions and vice versa. Further, until the recent national legislation dealing directly with national spatial planning and land use management, land-use decisions are made on remaining apartheid era "provincial ordinances" (Todes *et al*, 2009: 416; Nel, 2016). Some municipalities have made attempts to "ground" these tools by exploring the role of local planning frameworks,

such as the precinct plan in Johannesburg indicating a more area-based planning approach to deal with the specific local urban challenges and shift away from broad master planning practices (Todes *et al*, 2009).

In response to persisting urban challenges and slow transformation, coupled with international trends towards neoliberal governance ideology, a process of "loosening of the state" has ensued, especially in urban areas, according to Todes and Harrison (2015). This has resulted in more privatized planning outputs and processes and urban management strategies, private-sector driven property and housing development, and even neoliberal "trickle down" policies that prioritize certain city services to be owned and delivered through public-private companies (Mosselson, 2017). This creates a scenario where development planning and urban regeneration is largely based on attracting "back" private capital and wealthier tenants into the inner city (Mosselson, 2017). DuPlessis (2014) highlights seven overarching planning challenges persist in hindering positive and transformational urban spatial planning outcomes These challenges include poor coordination within government, lack of physical and socio-economic integration, understanding and planning for the trade-offs between pursuing economic growth at the expense of social development, poor integration between spatial planning and infrastructure development and capital investments, planning for sustainability, dealing appropriately with informality, and monitoring and measuring the performance of spatial planning (DuPlessis, 2014). The discussion below highlights Johannesburg's challenges with development planning and urban regeneration as it relates specifically to low-income housing, pulling through the specific challenges such as poor coordination and tension between pursuing economic growth at the expense of social development.

Part 4: Setting the scene of Johannesburg urban regeneration and low-income housing

Johannesburg plays an interesting role as a city in a developing country, especially considering its colonial history. While the discussion on the roots, evolution and spread of Western urban regeneration ideology highlights the spread of planning and urban regeneration through colonialism, Johannesburg and South Africa experienced a somewhat different trajectory than other ex-colonies which gained independence before the economic recession, post-industrial decline and the Cold War, as it only gained independence and established democracy in 1994. As an independent,

democratic city, Johannesburg re-entered the global economy in the early-mid 90s when neoliberal economic governance had already solidified its grip on much of the Western and developing world. This historical detail is important to understanding a few key points about the nature and causes of South Africa's urban decline, the nature of the City's responses to urban decline, and the reasons urban decline persists in many parts of the inner city.

A few main points are important to understanding Johannesburg's urban landscape today. Firstly, while apartheid spatially segregated the City to be only of use for the minority white population, this population was disproportionately wealthier and in control of more land and capital than the majority black population (Crankshaw & White, 1995; Morris, 1999). Secondly, while many Western post-industrial cities experienced population decline in the 80s and 90s in cities in conjunction with economic recession, Johannesburg experienced white and capital flight from the inner city but with population increase with the end of apartheid, creating an extremely pressurized urban environment and management system coupled with a new democratic government (Crankshaw, Beall & Parnell, 2002; Garner, 2011).

Thirdly, under this extreme pressure, and demographic and racial shift, banks and financial institutions began redlining the inner city, refusing to lend money for refurbishment and property development in the inner city, thus solidifying an already declining urban environment. This paved a clear path for neighborhood decline and an extremely dysfunctional property market, with virtually no ability to manage the supply of the built environment or infrastructure and a relatively disproportionate demand for affordable and adequate housing, a culture of slum-lording and hijacking ran rampant (Morris, 1999; Zack *et al,* 2009).

With the first democratic elections and change in government underway, Johannesburg posed extremely difficult set of deeply entrenched urban challenges for a new government to address. Lastly, private capital and entrepreneurial property developers recognized a major gap in the market for well located, adequate and cheap housing, this particular set of issues left a perfect vacuum to buy cheap buildings in the inner city, and refurbish them for the purpose of affordable housing. It is from this market demand that the bedrock of inner city Johannesburg's urban regeneration has largely been based on the availability of capital and privately driven property-led

urban regeneration. As the same time, there were a few key government-led interventions and initiatives that have also paved the way for urban regeneration in the inner city. These included establishing the Central Johannesburg Partnership (CJP), the Johannesburg Development Agency (JDA), and Johannesburg Housing Company (Harrison, Todes & Watson, 2007). There are a number of other financing institutions that have also popped up as a result of the need for capital to find housing developments such as Trust for Urban Housing Finance, and the National Housing Finance Corporation. In a sense, urban regeneration in Johannesburg has been largely based on partnerships with private sector through schemes like Business Improvement Districts (BIDs) or City Improvement Districts (CIDs), emulating and learning from the American experience of urban decline and regeneration (Beall, Crankshaw, & Parnell, 2002). This hybrid model of both government intervention and welfare-state type rhetoric, alongside a need for private and capital investment to push many of the visions and plans forward for inner city urban regeneration creates a complicated context to navigate both for the City and private property developers.

4.1 The historical trajectory of urban regeneration, planning and affordable housing in Johannesburg

Before the official end of apartheid and the first democratic elections took place, racial and demographic change had already started in some neighborhoods in inner city Johannesburg. Throughout the 1980s and 1990s, as more black South Africans moved into the city, businesses and capital simultaneously moved out to the suburbs in the north, creating a situation of capital flight from the inner city accompanied with a significant shift in "class composition of the residential population" (Mosselson, 2017; Crankshaw & White, 1995: 623). Important to note also is the role of the automobile in this exodus - previous white inner city residents were wealthier and could afford private cars and suburban houses, making the urban to suburban transition seamless and more attractive (Crankshaw & White, 1995).

Landlords, now faced with the pressure of vacancy and a declining consumer reacted by overcrowding buildings and subdividing units, setting the path for accelerated decay (Crankshaw & White, 1995; Mosselson, 2017) . As conditions inside and outside buildings quickly deteriorated, landlords and owners abandoned their buildings, paving the way for slumlords and exploitative "criminal syndicates"

(Mosselson, 2017: 479). By 1994, the inner city had succumbed to poverty, crime, and urban decay (Mosselson, 2017).

Hillbrow is often spoken about in the literature as one of the first points of entry for new migrants (South African and foreign) into the inner city. Alan Morris discusses extensively the neighborhood change that took place beginning in the 1980s, and argues that redlining by financial institutions as early as the 1980s played a significant role in the pending urban decline. Banks and lending institutions essentially refused to "grant bonds…and finance" in neighborhoods that were experiencing racial transition (Morris, 1999:151). While financial institutions "rejected the contention" that neighborhoods (e.g. Hillbrow) were being redlined, the evidence against this claim is clear. The response from financial institutions was that the market was too risky, property values are declining, "lack of law and order…and deterioration", worry about "bond boycotts prevalent in [the] townships could spill over" into the inner city, and virtually coming up with "every excuse in the book" not to invest in inner city neighborhoods (Morris, 1999: 151-152).

Essentially, redlining is "often the nail in the coffin" for decline in a neighborhood (Morris, 1999: 150). In Hillbrow, redlining destroyed the property market by making it impossible for buyers and sellers (mainly for sectional title buildings) to do business (Morris, 1999). Owners of flats weren't able to sell to those interested in buying in the inner city because the banks were either outright not lending, or they put such stringent conditions on the financing (i.e. only granting 70% of the value of the flat, requiring purchasers to have a large amount of upfront capital) that it virtually made it impossible for the property market to drive any form of income and capital flow (Morris, 1999).

By 1998, big financial institutions were "unambiguously" redlining Hillbrow (Morris, 1999: 156). Interestingly, in his book *Bleakness & Light* written in 1999, Alan Morris predicted the catastrophic impacts that redlining would have on neighborhood decline and the property market. At the same time financial institutions were redlining neighborhoods undergoing racial change, the rest of the world was experiencing economic decline especially in property markets due to declining demand post-industrial buildings, and more demand of suburban lifestyle linked to the automobile (Crankshaw, Beall & Parnell, 2002; Garner, 2011; Czegledy, 2003). In Johannesburg,

foreign investors had already pulled out investments and hadn't been operating in the City for sometime due to international sanctions placed on the apartheid regime (Garner, 2011). But more and more, domestic investors, businesses and residents began to move away from the CBD both in response to rising crime rates, but also changing lifestyle, or what Czegledy calls a "twinned process of urban decline and exponential suburban growth" (Czegledy, 2003: 27).

Former inner city residents began moving out to the northern suburbs, attracted to the safer and nicer suburban spaces, decentralized lifestyle, cheaper rents and ease the automobile provided in navigating between work, home, and leisure. At the same time, commercial businesses and large corporations also moved their offices to the northern suburbs, partly due to a shortage of parking available, and lack of adequate public transportation for their employees (Crankshaw, Beall, & Parnell, 2002; Goga, 2003; Beavon & Larsen, 2014). Retailers also followed suit, as more and more shopping malls were being built outside the inner city in the northern suburbs (Crankshaw, Beall, & Parnell, 2002).

Different to post-industrial cities, while vacancy increased, so did demand but the demand was from lower-income, mostly black households looking for cheap accommodation. Desperate to fill vacant flats, landlords crowded their flats with numbers to make-up for decreased purchasing power of lower income tenants and loss of cash flow. Poorly managed buildings from absentee landlords and overcrowding, coupled with redlining of investment truly created the perfect conditions for rapid inner city decline (Garner, 2011). However, the nature of this decline is starkly different than that of Western post-industrial cities, which experienced both property value decline *and* population decline in inner cities (Garner, 2011).

From the turn of the Millennium, the City began to slowly climb out of inner city decline. In 2001, a few crucial institutions and policy frameworks were developed that paved the way for the next decade of inner city regeneration (Garner, 2011). A crucial actor in state-led urban regeneration is the Johannesburg Development Agency (JDA), which was essentially "[mandated] to implement capital projects that would achieve urban regeneration goals in declining areas of the city" (Garner, 2011: 24; Harrison, Todes, & Watson, 2007). Many policy documents were drawn up and institutional arrangements restructured in the years following the establishment of the JDA

including the establishment of Inner City Task Team, the Inner City Regeneration Charter, and a "ring-fenced" capital budget and operating budget for urban regeneration and management (Garner, 2011: 24). In the publication *Johannesburg Ten Ahead* (Garner, 2011), the achievements out of this arrangement and various policy documents are outlined, ranging from the construction of Ghandi Square, investments in public space and an increase in commercial, residential and retail investments.

The establishment of Urban Development Zones (UDZs) is said to have played a "prominent role" in attracting and securing over R2million private capital per year since 2005, and not only from the prominent private developers but also including the participation and contributions of small developers (Garner, 2011: 28). For housing, this investment has mainly been in the form of private developers with access to capital buying cheap buildings, completely refurbishing the entire building, and repurposing for affordable rentals. While this has played a significant role in kick starting the property market, especially for property-led urban regeneration, the affordability of private rentals does not meet the demand for the majority of inner city residents. Garner (2011) outlines many achievements of capital contributions and project-based achievements in the *Johannesburg Ten Ahead* publication, but one can't help but be skeptical considering the publication was commissioned by the JDA and looking to the Johannesburg now from different perspectives paints a less positive picture of both the City and private sector in their urban regeneration achievements, and makes the achievements outlined in this publication seem slightly overstated.

4.2 Current urban regeneration, planning and affordable housing in Johannesburg

Inner city Johannesburg is still recognized as a gateway for opportunity across all income brackets, attracting a extremely vast range of users. Today, the history of neighborhood decline and poor urban management is still extremely evident as many of the buildings in the inner city were completely abandoned by previous owners, or hijacked by criminals and desperate families looking for housing. Many buildings in the inner city remain occupied illegally, with no access to municipal services, no concept of building maintenance or management, and extremely poor and dangerous conditions. While there has been some recovery of the property market, bad buildings are an indication that the property market is, to some extent, still recovering. In

response, the City has set an "inclusive city" agenda ensuring accessibility to "the broadest range of urban users" (COJ, 2013: 60). At the City level, policy documents allude to an intention or desire to employ an integrated approach to urban regeneration to foster inclusiveness, indicating a shift away from free market and property driven principles in theory. For example, the Inner City Transformation Roadmap (2013) identifies the characteristics of an inclusive environment. These include adequate[14] shelter for the population currently living in the study area; diversity in typologies and affordability; state of basic infrastructure such as roads, sewage, and public space; usage, access and proximity to public space and recreational facilities, schools, health facilities; and a social services network that provides a support system for the poor population (COJ, 2013: ix). But some are critical of these "intentions" as "merely being tacked onto an economic growth agenda that presumes a trickle down will alleviate poverty" or perhaps not being realistic for the capacity and resource constraints of the municipality, especially given the extent of short-term needs of access to shelter and services by many urban habitants (SACN, 2016: 20). Affordability and access to services in inner city Johannesburg are arguably one of the most crucial components of realizing the goals and visions of the inclusive environment (SACN, 2016).

As mentioned, Johannesburg suffers from a debilitating housing crisis that relates back to both apartheid-era planning and segregation, and the spatial inequalities the apartheid legacy has left behind. Capacity constraints on the City, insufficient building stock, and extreme pressure on the built form makes the provision of housing very difficult for the City to address. In many ways, capacity constraints coupled with a "competitive city" agenda that sees the private sector as a leading investor in urban regeneration initiatives has opened up the opportunity for property-led urban regeneration mostly carried out by private developers (Hoogendoorn & Gregory, 2016). Contributing to a gap in the market for private sector is lack of national policy that deals directly with urban land redistribution and reform (SACN, 2016). While there is concern this could lead to negative impacts of gentrification, there is also a

[14] Adequate housing is defined in terms of the SERI Resource Guide to Housing in South Africa (Tissington, 2011). Adequacy includes: location, shelter, affordability, services, space, physical security, security of tenure, and availability.

sense that something must be done, and increasing value in building stock and urban space is a welcome change. In Johannesburg, adequate, affordable and diverse housing has been widely documented as necessary at the lowest income brackets and delivery of this at scale would undoubtedly have significance for overall quality of life for residents (Zack *et al,* 2009; Todes, 2012; City of Johannesburg, 2013; Tissington, 2013; Mayson & Charlton, 2015; Zack *et al,* 2016; Mosselson, 2016; SACN, 2016).

Hoogendoorn and Gregory's (2016) study on the impact of *InstaMeets*[15] and *Instawalks*[16] and the burgeoning "creative class" illustrate how the City's agenda to appear attractive translates into changed perceptions but also potentially gentrification and negative impacts for inclusive forms of urban regeneration. In this study, the creative class is comprised of mainly affluent youth visiting the inner city on a guided tour to snap photos of regenerated spaces such as Maboneng, or Braamfontein. While seemingly harmless, Hoogendoom and Gregory (2016) argue that the strategies employed to attract the creative class are largely "place-making" and "initiatives which explicitly focus on tourism rather than supporting the production of the arts" and that "creative city strategies also lead to unaffordable housing and gentrification" (Hoogendoom & Gregory, 2016: 402). In other words, attracting the creative class is a strategy for attracting more affluent potential consumers, and place-making is the strategy for attracting the creative class, producing spaces that are attractive to wealthier consumers, rather than those already currently living in these neighborhoods. The City of Johannesburg demonstrates an agenda of attracting a creative class in the Inner City Regeneration Charter's imperative to "rebrand" Johannesburg as the "cultural capital" and further creating the enabling environment for private investors to create destination-like areas and "arts precincts" (SACN, 2016: 20). As a destination-precinct with trendy art stores, retail, luxury accommodation, and expensive food shops, private sector precinct-wide regeneration

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[15] Defined in the study as "a global phenomenon that can be defined as the organization of social gatherings in localities both rural and urban through the social media application of Instagram." (Hoogendoom & Gregory, 2016: 400).

[16] A "form of InstaMeets…any number of individuals who are organized by private individuals, corporate organizations or key role players in the Instagram community to take part in walks in different urban and rural spaces" (Hoogendoom & Gregory, 2016: 400)

projects like Maboneng are a perfect example of how place-making for the purpose of attracting a creative class has elements of gentrification and exclusion embedded in the design and motivations behind this type of urban development.

Weber (2002) highlights the pressure of cost recovery in urban regeneration as part of the nature of investment in the built environment. This is evident in Johannesburg in that public and private sector are continuing to prioritize options for formal low-income housing for the population with formal and stable income to ensure cost recovery and the building's maintenance and operation (Tissington, 2013). The City is aware of the challenge in reaching the lowest income group and recognizes the need to address bad buildings in conjunction with a very low-income housing strategy, but as the Inner City Transformation Roadmap states, "the challenge for the City is to promote regeneration and upgrading in ways that are not exclusionary" (COJ, 2013: iv). In this sense, housing in the inner city is both a barrier to and an opportunity for transforming Johannesburg into the inclusive city envisioned in the City plans.

While 'bad buildings[17]' or under utilized buildings could serve as an opportunity to develop, more and more these opportunities are posing challenges especially when it comes to an occupied bad building and the constraints around evictions and displacement. Urban regeneration and low-income housing is not a new trend for Johannesburg, and despite efforts in programs such as the Social Housing Programme, communal housing and other subsidies aimed at providing cheap rentals, exclusion of the lowest income brackets is common as the formal market is unable to provide for their needs, and the scale of demand from the entire low-income group is far more than the supply.

While programs such as the Social Housing Programme and state support for social housing institutions (SHIs) have played a significant role in providing low-income housing to those families whose affordability (between R3500 – 7000 monthly income) is still too low for the "free market", the availability of social housing units is scarce because demand for affordable housing is so high (Mosselson, 2016: 6). While there are private developers aiming to deliver lower-income housing that is quite similar to social housing both in amenity and cost, the cost of rental is slightly higher

[17] Refer back to Chapter 1 for more detailed explanation on bad buildings and evictions.

than that of social housing, given the cost of private capital and the need to make profits. Right now, the subsidies available through government aren't helpful in assisting with the operational costs of the buildings, which something like a rental subsidy would assist with. In the 2011 census, more than half of the households in the inner city earned less than R3200 per month, meaning that more than half of households wouldn't be able to afford social housing. In addition the jump from the temporary or communal housing options to more permanent social housing is too large to bridge (Tissington, 2013). Tissington (2013) relates this to a gap in the "social housing continuum" with the very small amounts of temporary or communal housing for those earning R0-2500 per month and social housing for those earning R3500-R7500 per month (Tissington, 2013:33). This gap in the formal market for long-term affordable housing at scale for the R0-3500 monthly income is manifested in prevalence of bad buildings, which are more or less vertical informal settlements (Tissington 2013: 33).

Viewing the private sector to constitute a spectrum of "non-state" suppliers, 'bad' buildings offer informal housing in the inner city, and represent a form of private sector meeting affordability. This is indicated in the prevalence of very low-income families resorting to this type of housing. In many cases, dwellers choose this type of accommodation for location to employment opportunities and affordability. As Mayson and Charlton (2015) note, informal dwelling is most often the "first step…to entry into the 'urban system' as the most affordable and flexible accommodation type" (Mayson & Charlton, 2015: 352). Their findings from a study on end-user experiences in informal dwellings confirm that people choose to live under very poor but cheap conditions because there is no other option to them available in the inner city, the "circumstances [do] not enable much choice" (Mayson & Charlton, 2015: 352). Documents like ICHIP are calling for more innovation around replicating these informal models to get people out of poor living conditions. But while these informal situations and typologies are serving a purpose, they are also treated as unsightly, unmanageable and more or less as blight (SACN, 2016). While their physical state may in fact make urban spaces less desirable to certain consumers, treating these informal dwellings as blight runs the risk of fast-tracked gentrification and displacement if not handled carefully. Especially in spaces that have been identified as attractive for place-making strategies, or attracting a more affluent consumer, the

occupants of bad buildings are liable to either be swept away, or potentially valorized as part of the inner city Johannesburg urban experience (Hoogendoom & Gregory, 2016). Compounding this reality, the City does not have a working and sustainable mechanism or plan to address informal occupants in city buildings that could be repurposed for inner city housing.

An interesting dynamic that has recently come into the mix is new types of formal private sector led urban regeneration initiatives evident in the inner city that seemingly attempt to address the challenges the City (state) and the city as a context has been grappling with in terms of affordable housing solutions for the poorest populations. These housing innovations include cross-subsidizing, communal rooms with shared facilities, and innovative financing and project packaging models (Zack *et al*, 2016b: 15). Gaining much attention in media as the "next evolution of private sector development" (Brodie, 2014*),* pioneering unchartered territory, leading the way in the inner city renaissance and claiming to fill a gap with an "affordable housing [breakthrough]" (Afhco.org), developing innovations for urban challenges, and targeting low-income communities, this trend of formal private sector low-income housing delivery within urban regeneration initiatives is the point of entry for this study. Mosselson (2016) attributes this new trend in private sector led low-income housing delivery to a "new disposition" in the inner city of Johannesburg:

"There is thus a new disposition towards the inner city and appreciation for the role it plays in post-apartheid South Africa, which is being nurtured by finance agencies. Housing providers' dispositions are, therefore, reflective of the contemporary democratic dispensation and socio-political context they are embedded in" (Mosselson, 2016: 9).

As discussed, both in literature and in practice, the constraint of cost recovery and the drive for profit make "urban regeneration" and private sector "low-income housing delivery" for the most needy population almost paradoxical. In order for this trend to produce more than "islands of growth in the middle of poverty and deprivation" and "benefit the city as a whole" (Burkhardt, 2015) private sector led urban regeneration must have an overall inclusive and integrated urban regeneration narrative and approach that makes a clear linkage between urban regeneration and low-income housing delivery that is realistic for the inner city realities and context. Mosselson's

(2016) assertion of a "new disposition" of housing providers in the inner city then could be indicating an opportunity for new outcomes in urban regeneration and low-income housing delivery for the lowest income brackets.

4.3 Applying the framework to inner city Johannesburg: the case study

As mentioned in many policy documents and by many scholars, a major challenge in the inner city is access to affordable and adequate formal permanent shelter for the lowest income brackets. There are two main reasons for this challenge: on the one hand, there is an inadequate supply of housing at all levels which means that opportunities for housing at the lowest income brackets are limited. On the other hand, there are many barriers to entry[18] to low-income formal housing including lack of affordability for this lowest income bracket, constraints for formal private sector developers to be able to reach the lowest income bracket's affordability levels, and constraints because of legislative complications placed on the City around occupants of bad buildings (Zack *et al,* 2009; Todes, 2012; City of Johannesburg, 2013; Tissington, 2013; Mayson & Charlton, 2015; Zack *et al,* 2016b; Zack *et al,* 2016c; Mosselson, 2016; SACN, 2016).

The objective of the inclusive urban regeneration framework is to empower the local through an integrative planning process to create a more inclusive and sustainable urban environment. The objective is broken up into 3 distinct parts, each of which has been discussed above. The impetus for developing this framework has also been discussed, highlighting the evolution of modernism, and urban regeneration and unintended negative consequences of previous urban ideals and planning that are driving the call for new ways of approaching urban development, especially in rapidly urbanizing regions with high levels of inequality. The framework of inclusive urban regeneration builds a spectrum for exploring whether the inner-city low-income housing initiatives in the private sector led urban regeneration initiatives are contributing to a more inclusive urban environment in the inner city of Johannesburg. Further, this framework provides a point of reference to explore constraints and opportunities in ensuring inclusiveness in future developments. This case study is an

[18] A term used to refer to the barriers or challenges that will keep an applicant from being able to qualify for this typology of housing. Barriers to entry also means, in this sense, ways in which people are excluded.

opportunity to apply this framework in a way that could inform the full process of future area-based or precinct based planning and housing provision.

CHAPTER 4: METHODOLOGY

This research uses a case study of a private developer who has developed two low-income housing projects. The case study looks at the specifics of these two projects and the motivations of the private developer in pursuing these projects. The case study offered the opportunity to gain an in-depth perspective on a number of dynamics in both private developer led low-income housing and inner-city Johannesburg urban regeneration.

Part 1: Why case study?

There are many definitions and conceptualizations of the role of a case study in qualitative research, and case studies have been the topic of both confusion and debate across many disciplines. Some argue that case studies "[defy] description" because the use of case studies is so widespread and diverse (Elman *et al*, 2016: 376). The diverse nature of case studies across many disciplines and fields of research is viewed as a strength and a weakness in the literature. Critics of case study methodology say the weakness is in the small sample size, thus making generalization, as well as objectivity impossible because the researcher is more likely to use their own biases rather than a defined tool to interpret data (Stoeker, 1991). But other scholars respond by saying that case studies aren't a method but a strategy, and that there are fundamental distinctions that set this strategy apart from classic research methods, thus rendering comparison to experimental design more of a misunderstanding than a critique (Yin, 1981).

More contemporary writing on case studies address many of the critiques, and aim to debunk many of the "myths" or misconceptions about the role of case studies in qualitative research. VanWhynsburgh and Khan (2007) articulate quite nicely the different elements of a case study definition, how previous critiques and myths can be debunked, and why case studies are a useful approach for research of phenomena with multiple rationalities, dimensions, and conditions to be considered. VanWhynsburg and Khan go onto lay out seven features of a prototype case study, arguing that these elements are somewhat of guiding principles for structuring a case study. Based on these seven elements and their review of case study definitions, it is clear that the

nature of my research question demanded the case study approach be employed to deal with the complexities of the phenomenon I was investigating.

The most salient elements of the case study model that justify its application for this research is in its ability to introduce "nuance and complexity into the understanding of a given topic" and the way in which a case study captures the "iterative flows between 'case of' and its larger context" (VanWhynsburgh and Khan, 2007: 6). The strength of a case study approach is that it is heuristic in nature, and the process of "carefully [delineating]…the phenomenon", identifying the unit of analysis and collecting evidence to illuminate multiple dimensions, understanding and complexities that constrained or more limited methods aren't able to uncover (VanWhynsburg and Khan, 2007:2).

Low-income housing in South Africa is a historically charged topic and has been the focus of academic research for decades, generating a massive output of literature and data of all different sorts. There are limitless angles that housing literature has taken and can continue to take. But while there is incessant research and investigation done in housing, there remain real literature and knowledge gaps, and a need for contemporary narratives and framings of the different housing crises in different contexts. For example, there isn't national policy that deals directly with housing in South Africa's inner cities. Further, suburban development is mostly greenfield development, unless it is informal settlement upgrading, neither of which shed light on the specificities of the inner-city challenges for low-income housing delivery. The City of Johannesburg, as the South Africa's largest city, experiences a massive challenge of unmet demand for low-income rental housing, which is especially problematic in the inner city (Tissington, 2013: 31). No other city in South Africa experiences this challenge at the scale that exists in the inner city of Johannesburg. Therefore, to understand the nature of the urban housing crisis in inner city Johannesburg, there must be a careful delineation of what challenges are specific to inner-city Johannesburg. Atkinson House and Platinum Place, are privately developed inner-city low income housing units at a price that hasn't previously been achieved (or vary rarely) by private developers sets their existence out as a *case* in a given context that must be understood both in isolation and within its context to illuminate *why* this is an anomaly in a very complex system. There is no other approach, other

than a case study approach, that treats the context in which the phenomenon is occurring with such weight.

Part 2: Collecting data:

In order to achieve an in-depth level of investigation, I relied on the use of semi-structured in-depth interviews with a range of different key informants. I carefully selected my participants by prioritizing contemporary academic writers whose objective is to shed new light on urban development taking place in inner city Johannesburg, and reject mainstream arguments that urban development and gentrification are inevitable, and identified key informants that have worked directly in the context for many years and understand both the challenges and the dynamics underpinning those challenges (see Table 1: Interviewees by category). Important to note, all informants were anonymised as per my own choice. I wanted to ensure that respondents felt comfortable and candid to discuss some of these challenging issues, especially since many of the respondents work together on a daily basis. If their identities were revealed in this study, or if they were concerned their identities would be revealed, that could have had negative repercussions both for the respondents and the study.

The eleven interviewees were carefully chosen based on their experience and involvement in urban regeneration projects in the inner city; inner city planning policy and practice both strategically and at the neighborhood level; housing demand and supply in the inner city and the particular challenges around bad buildings and the tension between public sector and private sector on this; specific knowledge of AFHCO, PP and AH; specific knowledge of other private developers' initiatives especially relating to low income housing, demonstrated concern and awareness of the term "inclusive" especially as it relates to the inner city and specific knowledge of the partnership between AFD and AFHCO. However, while the informants collectively generate in-depth insight into more inclusive forms of urban regeneration and low income housing in the inner city, their perspectives and positionalities are also quite different, texturing the data collected with the necessary differentiation of perspectives.

Organization	Categorization	Date Interviewed	Relevant Experience
University of Witwatersrand	Academic	November 2016	Extensive research/PhD in inner city regeneration and informal housing
SACN	Academic	November 2016	Various positions in government departments including Nat'l Dept. of Human Settlements.
Independent	Academic	May 2017	Expert. Extensive professional planning experience both with government and within government, extensive knowledge and written contribution to inner city housing and development challenges.
Johannesburg Development Agency 1	City	January 2017	Intensive experience working with private sector on government led urban regeneration projects at neighborhood level.
Johannesburg Development Agency 2	City	January 2017	Extensive experience in planning and urban regeneration both in public and private sector.
Department of Housing	City	January 2017	Extensive experience on national housing research for government.
City of Johannesburg Metro Planning, City Transformation and Spatial Planning	City	December 2016	Worked on research, analysis and advising for Spatial Development Planning, and City Transformation and Spatial Planning Directorate, working on Inclusionary Housing Policy.
JPOMA	Private	January 2016	12 years experience working with AFHCO, several years working with JPOMA, manager of 2 CIDS
AFHCO 1	Private	December 2016	Extensive experience working with AFHCO and various other private developers. Town planner by training.
AFHCO 2	Private	February 2017	20+ years experience in property development, manager of several CIDS.
AFD	Private	January 2017	Project Manager for AH and PP

(Table 1: Interviewees by category)

For example, while the three academic informants were able to offer valuable conceptual insight into how certain terms are framed, defined and debated in the inner city, independently their backgrounds are quite different. One of the academic informants conducted their PhD in social housing and other forms of low-income housing in the inner city, the role low-income housing plays in a more inclusive form of urban regeneration, and was able to offer insight into the different debates between around private sector motives for low-income housing based on first-hand accounts and interviews. Another academic perspective had extensive experience working in government on national housing policy, and currently works on commissioning research to understand what makes cities more inclusive from an urban regeneration and planning policy perspective, so was able to offer valuable insight into how the

City is talking about and planning for more inclusive urban regeneration while also offering an outside perspective on this. The last academic has decades of planning policy and practice experience, has worked with and in government and has worked extensively on many reports (i.e. ICHIP, bad buildings report) for government planning and policy around urban regeneration and housing.

Another example of shared but different experience is in the two interviews with the Johannesburg Development Agency. While both informants work for the JDA and under the mandate of the JDA, both have different background and roles within the agency. One of the informants has decades of experience working across many City departments and within private sector on urban regeneration, planning, and management strategies while the other informant is a young professional but has had very intense experience with the JDA working with private developers and facilitating collaboration with them on urban regeneration projects, and has also worked extensively on ICHIP.

Another important point is the significance of the organizations that many of the informants belong to. For example, one of the academic informants works for the South African Cities Network, the NGO that commissioned the *Beyond Gentrification* report. Another informant works for JPOMA, which acts as a collective voice for private developers (JPOMA members), many of which have been in the urban regeneration and property development business for 20 years, and who also manages a few CIDS, and works very closely with AFHCO. Thus, while the number of interviews in this study may appear to be small, the collective knowledge from the informants is both widespread and in-depth, presenting a narrative that qualitatively answers the research question with insights and details from multiple perspectives.

2.1 Purposive sampling

Data was collected from a range of experts and key informants. Informants can be broken up into 3 different groups: private sector, public sector, and academic/research oriented informants. These included 3 informants either directly or indirectly involved with Platinum Place and Atkinson House, the project's partner AFD, 2 academics who have studied and conducted interviews on urban regeneration in the inner-city (one from GCRO and one from SACN), 4 city officials, including 1 from the Housing

Department, 2 from JDA, and 1 from Development Planning who is working on the Inclusionary Housing Policy.

2.2 Private sector interviews

My initial interaction with AFHCO was with a building manager of Platinum Place. We met up at the AFHCO offices and walked through the neighborhood over to Platinum Place. He took me through the building, showing me the model room, communal bathrooms, electricity top-up stations, shower facilities (i.e. timed showers) spaza shop and mail facilities. I thought this would be a good opportunity to ask some questions informally in preparation for my two other interviews I would be conducting at a later stage. I asked about the spectrum of household monthly incomes, how much turnover the building experienced, and a bit about what is known about the lived experience of families in the buildings. We also spent some time discussing the hijacked building across the street. Upon exiting the building, as we walked down the street we discussed some of the dynamics in the area including issues around the street being congested with taxis, and not much open space available for leisure. He also pointed out other hijacked/bad buildings in the area close by. Next to the hijacked building was another building redeveloped by the developer Ithemba (see cover photo). The contrast between the two adjacent buildings was striking: a polished, painted clean inner city building literally up against an abandoned, dilapidated building, both being occupied in different ways but Johannesburg's inner city "customers." After returning to the office, he showed me some photos of what Platinum Place looked like before and after development.

I conducted two interviews with two different AFHCO informants about 6 weeks apart. I felt that there was some key information I needed to collect from AFHCO to understand more about the projects and AFHCO as an actor in this space that would inform subsequent interviews.. I was happy to have interviewed this informant early on because it not only helped me understand some fundamental dynamics of the case study and study area, but also helped me think through my interviews that would follow. My second interview with AFCHO was my second to last interview overall, which I intentionally saved for the end of my data collection because I knew I'd only have a short amount of time with this person and felt there was in-depth information I needed to collect from other informants before I interviewed this informant to understand the dynamics underpinning the AFHCO projects so that there was no time

wasted in the interview on background information. I was lucky enough to have access to notes from two previous presentations this informant did, so I was able to pull in some of that insight into the interview. In anticipating that this informant may be very pressed for time, I identified two main themes that I needed to address, with follow up or probe questions I could use if we had time. The two main questions were broken up into two categories which dealt with the "how" and the "why" part of the research question, and then secondly addressing the "what does this mean for a more inclusive form of urban regeneration" part of the research question. We ended up having enough time to cover about 90 per cent of what I planned, but as with all of the interviews, I could have gone on for much longer.

My last interaction with AFHCO was after the interviews had been conducted. I met up with the first interviewee to do one last tour of the buildings and the surrounding areas. This wasn't initially part of my plan, but as I began to analyze my transcripts, I felt that I spent a lot of time talking to the informants, and not enough time observing the area. We spent about 2 hours between Platinum Place and Atkinson House, where I was able to walk around the surrounding area, take photos, ask questions, and observe. This was useful to come at the end of my data collection as I had my interviews, literature review and some of my analysis completed at this point so I had an idea of some of the inclusive urban regeneration design principles and barriers that had come out of the interviews.

On average, these interviews lasted about an hour, except for the walk-about, which lasted about 2 hours. It was obvious that AFHCO has been asked to do many interviews, so I was very grateful to have been able to engage with them on so many occasions. There were even some occasions that I followed up directly with a phone call and found crucial information. AFHCO was extremely open and willing to be scrutinized which I am very appreciative of.

Another private sector informant was with the Johannesburg Property Owners and Managers Association (JPOMA). I thought this was a good perspective to have as it could act as a somewhat collective voice of property developers who are engaging with what they call "affordable" housing in the inner city. Further it could provide insight into how private sector collectively views their role in inner city urban regeneration. In hindsight, this interview was very informative for the challenges

property developers face in dealing with council such as issues around municipal services. It also provided great insight into how JPOMA members relate to each other, and also where JPOMA positions itself in the overall property market for emerging developers.

I considered my interview with AFD as a private sector interview because although they are a French government agency, in the South Africa context, they operate in a similar way to a private financial institution. This was an important interview to understand why a financial institution would fund low-income housing, but to also understand the conditions that AFHCO had to agree to for the conditional loan and how those were constructed. AFD's principles were a crucial part of the funding being available to AFHCO, and I wanted to understand what those principles were and how AFHCO and AFD decided to partner.

2.3 Public sector interviews

My interaction and interviews with the City began with an interview with Planning. One of the reasons for this interview was in learning more about the pending Inclusionary Housing policy that is currently being developed. This interviewee had worked extensively on this policy and had in-depth knowledge as to what the debates are, what the process is for engaging the private sector, and what the next steps will be. I felt it was important to understand the role that Planning was taking in the Inclusionary Housing policy and how this policy was being ideated and discussed because it has implications for how private sector will address further housing delivery. Part of understanding if Atkinson House and Platinum Place are significant for a more inclusive form of urban regeneration in inner city Johannesburg is in understanding whether this model is replicable for other private developers. The Inclusionary Housing policy could impact whether or not AFHCO and others like AFHCO will be able to replicate this model further. It was also important to understand how the City is defining "inclusionary" in creating a shared understanding of what inclusive urban regeneration really means in practice.

My second set of interviews with the City was with Johannesburg Development Agency (JDA). The purpose of interviewing JDA was to understand how urban regeneration is conceptualized by the City, and how the City interacts with private sector in developing the inner city. I interviewed two officials from the JDA, both

who worked together on many initiatives but also had specific expertise and experience in different aspects of the development process. JDA's initiatives are area-based and mostly around infrastructure or public space development. JDA aims to transform the space-economy and works within private sector initiatives or incorporates private sector initiatives into their projects. I thought it was important to understand how JDA interacts with private sector, and whether JDA and AFHCO had worked together on AH and PP and in general.

My last interaction with the City was with an official in the housing department. The role of this official in housing is around research and policy, specifically around alternative accommodation in the inner city, eviction litigation, illegal problem properties, and their view on private sector delivery of accommodation. Their insight is valuable to understand the constraints on the housing department that prevent it from being able to solve many of the challenges for delivering low-income housing. It is also important to have a number of different perspectives from the City because there are different opinions as to what the role of the City is regarding low-income housing in the inner city.

2.4 Academic/Research oriented interviews

I interviewed three academic/research-oriented informants. All of these informants have previously conducted research and produced work regarding inner city regeneration and low-income housing, some having worked in the field for decades. I thought it was important to interview them because their perspectives could position this study into a broader academic conversation and help ground the theoretical framework in local specificities and dynamics surrounding planning, inner city housing and regeneration in inner city Johannesburg. Academics often both outside and within public and private sector perspectives, and thus have a unique ability to see the various actors, stakeholders and agendas coming into play. Further, academics are often familiar with current literature related to their field, and can draw analysis and critical perspectives from both a literature/conceptual perspective and a practical perspective. Through these interviews I was able to draw out their critical insights both from their own research and experiences in the field.

Part 3: Boundedness

One of the elements of the prototype case study VanWhynsburg and Khan discuss is the concept of boundedness. Boundedness is meant to describe the spatial and

temporal boundaries of a case study. According to VanWhynsburg and Khan (2007), recognizing boundedness or "time and place brings context to the structures and relationships that are of interest" allowing for a more in-depth and focused delineation of "what is inside and outside of the case" (VanWhynsburg and Khan, 2007: 4). The boundedness of this case study has prioritized the following elements: (1) inner-city Johannesburg; (2) formal; (3) private developer-led; (4) low-income; (5) rental units/housing; (6) engagement/involvement in activities outside of housing delivery such as public space revitalization. Boundedness also assumes that there are dimensions that are excluded from the study. In this case study, the perspective of the residents in the building and in the surrounding area was not investigated. Also, perspectives from other actors within the low-income housing space such as financing institutions and social housing institutions weren't investigated. These boundaries allowed for an in-depth investigation into a specific case within a complex context without exogenous elements clouding the analysis, especially concerning the role of privately developed low-income housing in inner city Johannesburg.

3.1 Inner city Johannesburg

A major defining factor in studying the Johannesburg inner-city context was that there is such a large unmet demand for affordable rental housing for lower-income households and while there have been efforts made by the City to meet this demand, these effort have been heavily criticized for being insufficient in reaching low-income households at the scale necessary. With limited City-led low-income rental housing delivery at scale, some private developers have stepped in in an attempt to deliver units at a more down-market monthly rental than previously achieved by private developers. This is especially specific to inner city Johannesburg, and has made recent headlines highlighting the peculiarity of privately developed low-income rental housing in the inner city. My initial interest in Johannesburg inner city was sparked by a newspaper article covering the story of Maboneng and Propertuity, and in finding out about Bjala, a social enterprise organization innovating and experimenting with mission-driven low-income housing development coupled in Jeppestown.

3.2 Formal & private developer-led

The definition of "private developer" in this study is meant to encompass all developers that are not the City. This includes informal landlords, small-scale landlords, and even slumlords. The reason behind this is based on Chloe Malavolti's

recognition that a contributing factor to the unmet demand of affordable housing in the inner-city is in the way the City deals with and understands informality (Malavolti, 2015). This definition is meant to differentiate between public (City) supported housing (such as through social housing policy, CRU) and privately funded housing on both the informal and formal market. The informal housing market serves a large proportion of the population that both the private sector and the City are unable to provide affordable housing for. The City has made attempts to absorb this population through supporting programs such as Social Housing but not at the scale that is necessary to solve the inner-city housing crisis. However, formal private developers are attempting to absorb some of this market, which is the point of entry for this study, and the reasoning behind focusing solely on a formal private developer. The study attempts to understand how this is happening, and why.

3.3 How the income bracket was chosen

One of the key parameters that directed this research was in identifying the specific income bracket that would qualify as "low-income" for this study. The definition of "low-income" varies across different perspectives and policy documents. It is understood that the spectrum of household incomes ranges from as low as R0 monthly income. There are a number of subsidy programs aimed at specific income groups, and many of these were taken into account to define the low-income parameters for this study. The parameters were set taking into consideration income groups social housing aims to address, income brackets that other subsidy programs such as the CRU are trying to address, City based subsidies such as the indigent package and the incomes that have been identified as the "threshold" that private sector struggles to reach or go below. With these considerations, low-income was defined as a monthly household income between R3200 and R5000. The other term that required defining was the term "affordable" which is defined according to the Social Housing Regulations which says that rental should cost no more than 30% of a household's gross monthly income. There are obviously many households that earn much less then R3200 per month, but these income groups are unattainable by *formal* private sector at the moment, and do not make business sense for *formal* private developers to pursue. It is understood in this study that informal housing is considered private sector, but that the focus of this study is on *formal* private developers providing *formal* low-income housing.

3.4 Why AFHCO?

The case study focuses on two buildings delivered by AFHCO in two different locations. These buildings were chosen because of the location, rental price of the units and the income bracket of targeted occupants. While a few other private developers have successfully delivered fairly low income housing, AFHCO is one of the only private developers that have delivered low-income rental units at this rental price level. Social Housing has to an extent delivered to this in and even somewhat lower, but Social Housing Institutions are not for profit, so they don't come up against the same financial modeling constraints as private developers. Further, AFHCO has gone beyond just the delivery of rental units, and has also engaged in upgrading of public space such as the End Street Park. AFHCO has also built and continues to support a school that is aimed at providing quality education for low-income families in the area.

Part 4: How was data analyzed?

Prior to analyzing the interviews, in the development of my interview questions, I focused on three main categories of questions aligned with my sub-questions. The categories were: "how was AH and PP developed?"; "why did AFHCO develop AH and PP?"; and "what is the significance of AH and PP for a more inclusive form of urban regeneration in inner city Johannesburg?" By aligning my interview questions into these three categories, I was able to also easily connect interviewee responses to the different components of my research questions. Going into the analysis, I used the above questions as guides to ensure that I stayed focused, and that I could differentiate between interesting points, and data that answered my research question. Initially, I created a table with the different subquestions as tabs across the bottom, with columns for "subquestion"; "answer"; "subpoints"; "link to literature"; "findings"; and "quotes" and I used the electronic version of the transcription to fill this in, but I found this extremely time consuming and difficult to navigate so I switched to working with hardcopy transcripts and filing system. This proved much more efficient and also allowed me to compare across transcripts more easily. I used three different colors of highlighters to differentiate between the different sub questions, and black pen to circle important words and make notes in the margins of the interviews. I populated a word document bullet point outline as I went through the interviews to capture the overarching themes or points that were emerging.

In using my subquestions as guides for analyzing the transcripts, I realized that the nature of the data linked to each subquestion required a different procedure that didn't follow a traditional "coding" process. For example, the first subquestion asks *how* something was done. Specifically, this subquestion aimed at identifying the specific mechanisms and strategies AFHCO used to deliver AH and PP. These responses were more one-dimensional, descriptive, and technical rather than thematic compared to, for example, asking about AFHCO's motivations which varied depending on who was responding. Therefore, the responses regarding *how* AH and PP were built weren't coded for themes, but rather pieced together to capture the descriptive and technical strategies and mechanisms AFHCO used to deliver AH and PP.

The next two subquestions allowed for more traditional thematic coding., with themes emerging such as but not limited to use value and exchange value; market-driven narrative and developmental narrative; residents as consumers; or barriers in the production of space. The second subquestion asked about AFHCO's motivations behind AH and PP, while the third subquestion asked what the significance is of AH and PP for a more inclusive form of urban regeneration in inner city Johannesburg. After bulleting the framework, interviews were analyzed again, this time with direct quotes pulled from interviews into the outline. After this exercise, subthemes were consolidated where necessary.

Part 5: Limitations

There are a number of limitations to this study, mostly around the voices and perspectives that weren't investigated. Firstly, the voices of residents weren't investigated which could have given more insight into why they chose to live in AH and PP and to what extent they had or had not been involved in the development of the accommodation or other neighborhood initiatives, and also what the lived experience is of the tenants. Further, their voices could have provided more insight into what the surrounding area offers and whether having access to housing has helped them in any way. It also would have been helpful to know where they moved from, or whether they previously had access to formal housing. Related to this, there wasn't a collective voice of "the community" and the community subgroups such as informal traders, retailers, street cleaners, and foreign nationals. This presents a limitation in that the theoretical framework places a lot of significance on not only understanding the "community" but the actual needs of the wider community,

especially those who aren't able to access formal accommodation. The notion of community in this sense is also somewhat problematic because it makes many assumptions about homogeneity when in reality the dynamics are very complex. Another voice that was not investigated is that of NGOs, socio-economic rights organizations, and litigants. While some information was gathered from documents and research papers, their voice isn't significantly represented. These different voices could have provided insight into how AFHCO and the two initiatives are perceived in the wider community. Much of the information regarding AFHCO came from the organization itself.

Another major limitation to the study is that I didn't go into depth in investigating social housing, its permutations and intricacies in Johannesburg and the extent to which social housing has been able to successfully deliver low-income housing and how this is achieved. While recognizing social housing and social housing institutions play a relevant role in the low-income housing context, my focus was on profitable delivery of low-income housing, so the social housing mechanisms were not fully investigated.

CHAPTER 5: FINDINGS

How and why AFHCO developed Atkinson House and Platinum Place

This chapter lays out the in-depth findings from the data collection process of this study. The findings section is broken up into two chapters related to different sub-questions. Chapter 5 discusses how and why AFHCO developed AH and PP, while the next chapter (Chapter 6) deals with the significance of these initiatives and AFHCO's approach for a more inclusive form of urban regeneration. The first part in Chapter 5 discusses in-depth how AFHCO was able to develop Platinum Place and Atkinson house. This part looks specifically at the mechanisms AFHCO used for financing the build and maintenance of the two sites, the role of conditions on both the financing and potential tenants, and how specific design elements allowed for a viable costing model for the two projects. Part two unpacks the motivations behind a private developer (AFHCO) engaging in low-income housing delivery in the inner city. This section highlights two narratives that describe the motivations; the first narrative being around market-related principles and tapping into a new market of tenants that other private developers are struggling to access, and the second narrative being around a developmental concern that sees families and people in need of well-located, decent and affordable shelter which currently isn't extensively available at the lower ends. This narrative comes largely from the perspective of AFHCO which sees itself as a key player in regenerating the inner city by providing people with decent shelter and assisting families in moving from a slum to a home. However, overarching these two narratives is a pragmatic decision making process that weighs both the market and developmental costs and benefits, and also being shaped by the nature of financing privately developed low-income housing.

Part 1: Mechanisms behind Atkinson House and Platinum Place: conditional loan and ensuring financial viability:

For the delivery of Platinum Place (PP) and Atkinson House (AH), the main components and mechanisms that allowed AFHCO to deliver low-income rental housing were in cutting down on operational costs and on upfront capital costs. The cost of the loan is a line item in the operating cost per unit, so by accessing cheaper money through AFD, this allowed AFHCO to charge cheaper rentals. They cut

upfront capital cost by installing communal bathrooms, which require less piping during building. This feature also had implications for operational costs as the communal bathrooms decrease the cost of heating electricity, and require less water. Communal bathrooms also allowed for smaller units to be built. While the use of the communal bathrooms in a high-rise building isn't necessarily a design innovation, used by other housing delivery actors such as social housing institutions, it is an innovation for a private developer to use as a means to cut down on both capital and operational costs. The design innovation was more around the timed shower cards that allowed for 35 showers per month per person (living in the smaller units) and then pricing out each shower over and above the 35 to be worth R2. This innovation made it easier for AFHCO to regulate the cost of water considering the high cost of municipal services that can affect rentals, while also providing each tenant equal access to a hot shower on a regular basis.

1.1 "Subsidizing" operational & capital costs

AFHCO first approached the French Development Agency (AFD) with the idea for Atkinson House (AH) and Platinum Place (PP). Both AH and PP were completed in partnership with AFD. AFD is an entity of the French government that finances development oriented projects in developing countries. The loan financing that AFD provides is developmental in that it is often subsidized by the French government and French tax-payers money with the purpose of developing less developed countries in various ways, which is why there is a strong push to prove environmental and social impact for AFD funded projects. They sometimes engage with private companies, but have a separate, more commercially oriented entity that deals directly with more commercial companies. However, in instances when a private sector project isn't viable with commercial funding but has a developmental principle and potential impact, AFD is able to provide a subsidy-like funding to make the project viable. This is what the financing model was between AFHCO and AFD, with AFD providing AFHCO with 12-year fixed, low-interest (6.8%) conditional loan to refurbish PP and AH.

The structure of the financing (i.e. fixed interest) between AFHCO and AFD was a crucial element in creating the right model for AFHCO to be able to deliver low-income housing at a cost per unit and monthly rental lower than they've gone before (Private 1, Dec 2016; Private 3, Feb 2017). In a sense, AFHCO received a subsidy-

like financing in that it was a fixed-interest rate, ensuring stability and protecting against unexpected hikes in prime interest rates; and in the attractive interest rates AFD set on the loan, making the overall cost of financing cheaper than privately borrowed money. At the time the financing was provided, the prime interest rate was at 8.25% and AFD set an interest rate of 6.8% on the loan. With inflation, current interest rates have increased to 10.5%, while the interest rate of the conditional loan remains at 6.8%.

Another important dimension in the financial modeling is in the ability to purchase in bulk (Private 1, Dec 2016). AH and PP were large buildings, making it possible to build enough units to make the costing viable (+-500 units each). Having entered the market early puts AFHCO in an advantageous position in terms of having extensive experience developing buildings, having a large portfolio to be able to develop large buildings with hundreds of units, access to financing, recognizing and understanding market dynamics, and having the money to be able to take risks as an innovator in property development. Buying in bulk allows for the operational costs of a building to be spread out across more units, and was a crucial element in the ensuring AH and PP were financially viable.


(Figure 2. 11sqm unit demo room)


(Figure 3. Other side of room, sink).

The design of the building and the units also played a significant role in developing a project that was financially viable for AFHCO (Private 1, Dec 2016; Private 3, Feb 2017). Both Atkinson House and Platinum Place have smaller unit sizes (11sqm) that can be shared by 2 adults (Figure 2 and 3). The units do not have a bathroom or a stove, and are designed with communal bathrooms which has allowed for both less piping to be used for water and bathroom facilities, and more control over water usage

with pre-loaded shower cards (Figure 4 and 5). The reason behind having smaller units and communal bathrooms is for the financial viability of the project – smaller units means more units per building and more tenants to spread the operational costs across (Private 1, Dec 2016; Private 3, Feb 2017). With communal bathrooms and smaller units, there is less piping needed to run hot water to each unit. This decreases both development capital costs, and ongoing costs. The communal showers save about 40% of the heating electricity costs because there is a central heating pump for the whole building, which decrease the operational costs, thus allowing for lower rentals. Another important design element was in having a variety of typologies for a mixture of different income groups and monthly rentals. The different typologies include 70% of the smaller units with communal bathrooms, and 30% larger units at a higher monthly rental for higher-earning households. This allows some of the risk bad debt with lower-earning households and other operational costs to be offset and mitigated by the higher monthly rentals.



(Figure 4. Recharge station for showers. R2 per shower)



(Figure 5. Shower timer in communal bathrooms)

These same design elements also had implications for the upfront cost, as the communal bathrooms required less piping than, for example, a bathroom in each unit. Other strategies to cut down on upfront costs were in AFHCO's valuation of the building. In AFHCO's financial modeling of the two projects, they listed the buildings below the book value when costing out the project for AFD funding (Private 3, Feb 2017). While the buildings were in AFHCO's books at R21million, AFHCO listed them at R16 million for the projects, devaluing the building to make the project viable. According to AFHCO, the reasoning behind this was: "we wrote off R5 million, because at R16 million the project worked, at R21 million the project didn't work. So we created it. Let's take the knock from the building, put the building at a price that works" (Private 3, Feb 2017).

In other words, during their valuation of the two buildings for the purpose of applying for the loan from AFD, AFHCO valued the buildings R5 million less than what they valued the buildings in their own books to make the project viable. If AFHCO had been building for their normal target income bracket (slightly above that of AH and PP), they could have kept their valuation at R21million, meaning that the total value of the building post-refurbishment would have been more than what it currently is. Their investment into the refurbishment of the building is the same, however the value after refurbishment is valued less than what the value actually is because they valued the building (as is) less than what its worth, absorbing the 5million rand difference in their own capital. If they had asked AFD for the funding with their book value of the building, they would have had to charge higher rents to recover costs, which AFD wouldn't have agreed to. If they weren't relying on AFD funding and modeled the financials on their book value, perhaps they could have charged higher rentals and potentially made a higher profit. This indicates that the cost of buildings plays a role in private sector being able to engage in low-income housing delivery. On other occasions, increasing costs of inner city buildings was mentioned as being a future impediment for current property developers to be able to afford to develop low-income housing, and a barrier to entry for new developers in the property market, further highlighting how the cost of the building and valuation of buildings is a critical dimension of privately developed low-income housing. If property prices in the inner city continue to rise, the market will become increasingly difficult to operate in, especially for smaller developers.

1.2 Conditions and exclusions

The financing provided by AFD had a number of conditions attached to it. AFD is first and foremost a development financing institution and have a range of sectors they finance as well as sectors they aren't able to fund. For example, they promote energy efficiency and environmental sustainability and would not fund something that would compromise these two principles such as a coal power plant (Private 4, Jan 2017). AFD does not engage with implementation, and usually operates by financing project support for states, funding some municipalities and public companies (COJ, Eskom, and even some financial institutions like DBSA). As mentioned, AFD is funded by French tax payers, so there is a moral obligation to prove that money spent

in a developing country does indeed go towards development. With AFHCO, this obligation was operationalized in enforcing developmentally minded conditions.

The conditions AFD set dealt with the income brackets that would be accessing the majority of the units. This meant that the majority of the units must be able to serve low-income families. In AH and PP, 30% of the units were to be rented out to anybody on the higher income end and meant to be for families without income constraints. The remaining 70% of the units were targeted to reach households earning a maximum of R4500 monthly income for single occupancy and maximum of R7500 combined household income for double occupancy. These income conditions were based on and assessed against the income conditions for national RDP policy (maximum of R3500 monthly income per person) and the City of Johannesburg "indigent package" or Expanded Social Package Programme (Private 1, Dec 2016; Private 3, Feb 2017; Private 4; Jan 2017). At launch, rentals were listed at R1400 for smaller units that were designed to be able to accommodate double occupancy if needed, setting shared rental at R700 per person, not inclusive of electricity. Interestingly, since launch, these prices have increased to R1500 – R1600 for a unit, which is still relatively low, but could be difficult for people right on the cusp of being able to afford R700 monthly rental. There were some situations that required some flexibility such as a single mother earning R5000 but with small children. Technically, she would not have qualified for the smaller/cheaper units, but her situation was brought to AFD by AFHCO to make the case that this situation requires some flexibility (Private 1, Dec 2016).

Other conditions that AFD set were on the location of the buildings. Some of AFD's urban development principles are densification of spaces and addressing issues of urban sprawl, unemployment, and lack of access to infrastructure. For AFD, AH and PP were justifiable because they are located in the inner city close to jobs and infrastructure (Private 4, Jan 2017).

There were also conditions and exclusions that AFHCO placed on prospective tenants to ensure that their costing model remained viable. Beyond just income conditions (as discussed above), AFHCO also uses a stringent vetting process for potential tenants. These included producing bank statements, proof of income, proof of legal residency or citizenship, and ability to not merely make rent, but affordability in terms of overall

cost of living to include groceries and other basic needs. In this sense, the vetting process and requirements of potential tenants acted as both a condition for potential tenants, and an exclusion for tenants that don't meet the stated requirements. The purpose of these conditions is mostly concerned with ensuring and maintaining financial viability and mitigating risk of bad debts from financially unstable tenants.

AFHCO also set conditions and exclusions around how communal services and spaces were used, what is included (and excluded) in the monthly rental, and the monthly rental price. For example, according to AFHCO, the reason why the smaller units weren't fitted with stoves is related to the capital cost, but also in the fact that as an affordable and lower-income "product", they felt the unit shouldn't be fitted with the same luxuries as their standard product in other buildings (Private 3, Feb 2017). Another condition AFHCO enforced was on how many showers were included in the rental as a means to keep cost of services low and regulate the use of the communal space (i.e. bathroom) and the communal services (i.e. hot water) (Private 3, Feb 2017). The conditions around monthly rental prices were also set by AFHCO, considering things like operational costs of the building, what is considered "affordable", what their profit margins are, and what the maximum monthly income is for single and double occupancy. In the interviews, there was some indication that while these rental prices are indeed low, AFHCO isn't going as "low" as it could, and could be charging cheaper rentals (Academic 3, May 2017). Further, since the initial launch, the monthly rentals have increased creating exclusions for tenants who, for example, are no longer able to afford the rental with the increase (Academic 3, May 2017; Private 1, Dec 2016).

Lastly, AFHCO set "conditions" regarding what amenities are available to the tenants and the type of environment they envisioned for their tenants. For example, in AH there aren't very many parks or play areas for children, so AFHCO built a child's area and playground in a courtyard like area in the center of the building. In PP, tenants were scared to walk to the Shoprite at night to pick up small items, so AFHCO put in a small shop inside the building for tenants. Further, AFHCO revitalized and manages the End Street Park right across from the Shoprite, the main retail option for groceries for PP tenants, and also employs private security and cleaning services in and around the area.

There are also exclusions that AFHCO demonstrates when dealing with the environment and conditions they want their investments to exist in. Firstly, PP was a hijacked building previously, and AFHCO went through the process of evicting the tenants of the building. These tenants were, in principle, given first preference to the newly built units in PP but only if they were able to meet the conditions as discussed above. There is a sense that not many of these previous occupants were accommodated after PP was built (Private 1, Dec 2016). Further, there is a hijacked decaying building right across the street that AFHCO is trying to purchase for redevelopment but also because it is an eyesore. Essentially, the role of AFHCO's conditions and exclusions are in ensuring longevity of their investments by creating an attractive space and neighborhood for their tenants, and by ensuring their model stays financially viable by mitigating risk of bad debt from financially unstable tenants.

Overall, the main components and mechanisms that made AH and PP were in the financial modeling that functioned to essentially "subsidize" operational costs and cut down on some upfront capital costs, and in the conditions and exclusions enforced on the projects. The financing model allowed AFHCO to purchase large buildings, which they coupled with certain design features (i.e. size of unit, communal spaces) that made it possible to fit enough units into the building to spread out the operational costs further. Related to this is the mixed typology to offset some of the operational costs by having a small number of larger units with higher monthly rentals. The conditions such as minimum and maximum monthly household income, strict conditions and vetting of potential tenants, and conditions as to how communal amenities are used also play a role in the financial viability of AH and PP. The conditions and exclusions AFHCO demonstrates regarding amenities ensures longevity and attractiveness of their units. Lastly, the agreement to the conditions that AFD put on AFHCO in terms of income brackets served and location give the projects a developmental objective as well, while at the same time unlocking "cheap" finance. But while this developmental objective is evident, there are some who argue this concern is an added benefit rather than the main objective (Academic 1, Nov 2016). Part of the research question aimed to determine why a private developer would develop low-income accommodation. The discussion in Part 2 lays out the findings of this part of the research question.

Part 2: The debate around motives for private sector low-income housing

"So we went in here with the belief we could make some money and at the same time we could help to start changing the city…and if you didn't address public open spaces around your building and the social issues that tenants needed to deal with you were never going to attract the tenants that you wanted" –(Private 3, Feb 2017).

The quote above broadly summarizes the agenda of AFHCO, especially in developing buildings like AH and PP. The findings suggest that there is a dual agenda for private developers of (a.) market opportunities in property development for low-income housing, and (b.) a desire to have social impact on the inner city to both secure their investments, and to play a role in creating a more inclusive, better functioning urban environment for all by "[addressing] public open spaces" around their building and "the social issues that tenants needed to deal with." But some argue that these agendas can't be contrasted against each other, and that in fact the agenda is more fluid, with both market-imperatives and developmental concerns being part of an overall pragmatic profit-driven agenda in response to very real economic and developmental challenges and pressures that AFHCO faced that prompted the building of AH and PP (Academic 3, May 2017). The findings suggest that this pragmatic understanding of private developers', and specifically AFHCO's motivation behind delivering low-income housing is useful in positioning both the developmental concerns and market-driven motivations in AFHCO's overall decision-making landscape for AH and PP.

2.1 The "market-oriented" narrative

The findings suggest that narratives and motivations around market incentives are both in relation to market opportunities and market threats, and then also incentives from the state. To give a brief overview of this section, majority of interviewees recognized the strong market and profit incentive behind successfully delivering low-income housing to an income bracket that is normally quite difficult to reach by private sector. While the opportunity is one dimension, there were also threats to the market because the income bracket that most private developers were targeting began to get saturated. Further, hijacked buildings, bad buildings, and urban decay also pose

a threat to the longevity of already existing investments. On top of the threats and opportunities, the City also targeted private sector through policies such as the Urban Development Zones (UDZs), and urging private developers to invest in vacant abandoned buildings. At the same time, poor urban management poses a threat to private developers' investments, incentivizing, although inadvertently, private sector to take certain urban management responsibilities into their own hands to protect their investments.

2.1a Market opportunities

In the interviews, the "*big opportunity*" that is recognized alludes to the demographic shifts that took place in the inner city in the decades following the end of apartheid, leaving high levels of vacancy, decreased purchasing power and affordability levels and the significant demand for affordable accommodation at that time (Private 1, Dec 2016; Private 3, Feb 2017). AFHCO initially entered the affordable rental housing market 20 years ago when many businesses and investors left the city at the end of apartheid. The founders of AFHCO recognized and anticipated that there would be inner city challenges with the transition of power and that rebuilding for transformation was going to be necessary. During this time, AFHCO specialized in buying cheap abandoned buildings to be turned into affordable housing, and emphasized both buying buildings cheap and keeping the rentals low - "*we needed to buy the properties cheap so we could provide the rentals low… we had to get those rentals down as far as possible so we could fill buildings as quickly as possible"* (Private 3, Feb 2017).

The current market opportunities were described broadly in the interviews as being characterized by significant demand for low-income housing in the inner-city for the income brackets of about R5000 and below, with the highest demand being from households earning below R3200 monthly income (Private 1, Dec 2016; Private 3, Feb 2017; Private 2, Jan 2017; City 2, Jan. 2017). This places demand for rentals highest at about R0 – R1000 monthly rental per person (Tissington, 2013). While AH and PP aren't necessarily targeting the poorest of the poor, the units attract families or individuals that are earning a monthly income between R3000 – R5000, which is slightly above the indigent population referred to in the City's Expanded Social Package Programme (Private 1, Dec 2016; Private 3, Feb 2017). Smaller units are

starting with rentals around R1500 – R1600 and go up to R2200 per month. This means that monthly rentals for shared occupancy would start at R750 monthly rental per person, which is significant considering the highest demand is for monthly rentals below R1000. According to both ICHIP and SERI (Tissington, 2013; Zack *et al*, 2016), rentals for households earning R3750 and below, which is more than half the households in inner city Johannesburg, are not widely available at scale and relative to the "insatiable" demand at this level (Tissington, 2013: 50). This income bracket is at the higher end of the total housing demand, but is just below that of what is normally absorbed by social housing. In this sense, AFHCO appears to be responding to a market demand by providing units that can be rented at R700 – R800 per person sharing.

In interviews, it is also clear that the development of AH and PP was driven by an opportunity to tap into a market and demand that most private developers aren't able or willing to access (Private 1, Dec 2016; Private 3, Feb 2017). Because supply at this level is scarce, families are forced to live in informal dwellings in bad buildings, some of which are hijacked buildings. Hijacked buildings are buildings run by exploitative slumlords, and from AFHCO's experience with hijacked buildings, the monthly rentals aren't necessarily less than what the formal sector is providing (Academic 3, May 2017; Private 1, Dec 2016). However, provision of services and security in hijacked buildings are virtually nonexistent, and occupants are often subject to dangerous health conditions, violence and overall poor living conditions. Further, hijacked buildings are occupying spaces that could be redeveloped by private sector as low-income housing and also hold up revenue the City could collect if they were formally owned and managed. By building AH and PP, AFHCO was both responding to a gap in the market for a housing product at similar price to a poorly managed and serviced building (production-side demand) and tapping into a market that many private developers can't or aren't willing to access (consumption-side demand). In this sense, AFHCO demonstrates both production-driven motivations and consumption-driven motivations in that one motivation is concerned with the product and the other motivation is concerned with the potential consumers (Smith, 1996; SACN, 2016).

In terms of ensuring the longevity of their product and cost recovery of their investment, AFHCO demonstrates and leverages the link between housing and urban

regeneration by creating spaces for their tenants to "be" rather than just live, adding to the attractiveness of their product by providing ease of access to important amenities such as retail, transportation and public space. To do this, AFHCO engages in other activities outside of delivering rental units to ensure that their able to attract and retain low-income families by providing a safe neighborhood with affordable retail, schools, and public spaces for recreation and leisure. AFHCO describes these other elements as creating a "home" that people want to stay in (Private 1, Dec 2016; Private 2, Jan 2017; Private 3, Feb 2017). In other words, consistent occupancy rates directly impact AFHCO's ability to make profit on their investment, meaning that it is in their best interest to provide a desirable environment to their tenants that goes beyond just the walls of their unit.

For example, in the area surrounding both PP and AH, there are plans or discussions between the City and AFHCO to turn the streets into pedestrian streets for better walkability and safety when commuting on foot (Private 1, Dec 2016; Private 3, Feb 2017; City 2, Jan 2017). Currently, the PP location has a very busy taxi rank right next door, which causes a lot of congestion. However, this is also a good access point for people who commute into the city, so there is good accessibility to employment for residents. People also feel that the crime is high around PP, so AFHCO has put in a spaza shop on the ground floor inside the building to make it easier for people to access small items at night without having to leave the building (Private 1, Dec 2016). Otherwise, residents are very close by to the Shoprite down on End Street for their groceries and everyday needs. This is also in one of AFHCO's buildings. Across from the Shoprite is the End Street Park, which is a public space that AFHCO has revitalized and now manages. However, despite AFHCO hiring private security guards to monitor the park, End Street Park has quite high crime (Private 1, Dec 2016).

2.1b Market threats

While responding to the perceived market opportunities, AFHCO is also responding to market threats. The income bracket that AH and PP are targeting is outside of AFHCO's normal target market, which is normally targeting households earning R7000 – R15,000 monthly income (Private 3, Feb 2017). But overtime, AFHCO's target market has become quite saturated with options for housing, and they were

beginning to see a growing demand at the lower ends of the income brackets (Academic 3, May 2017). They also observed people moving between buildings as hijacked buildings and bad buildings became evicted, and spoke to people who were living in this type of precarious situation and came to find out that their rental was actually quite high (Academic 3, May 2017). By seeing that their standard market was becoming saturated, AFHCO's motivations for experimenting with AH and PP are also in response to a perceived market threat.

AFHCO also reported that the more expensive units in PP and AH were more difficult to fill than the cheaper ones, and there is high turnover in the cheaper rentals (Private 3, Feb 2017). One interviewee even said they should have built more low-income units as they have had trouble filling some of the more expensive units (Private 3, Feb 2017). AFHCO experiences vacancy in some of their more expensive buildings, and even other developers like Propertuity have also experienced less success with their high-end residential developments, indicating a declining demand for middle to high end accommodation in the inner city. (Private 1, Dec 2016). Therefore, the incentive to going more down market for AFHCO could be partly driven by the realization that if they went down market, they'd be able to reduce the threat of vacancy and direct threat to their investment and bottom line.

Other threats include lack of public space, poor municipality services and urban management, and extreme pressure on the built environment also that either directly detract from attractiveness, viability, or sustainability of AH and PP. For example, AFHCO expressed the difficulty posed in getting municipal services connected, and how this delays, for example, a residential building from being occupied by tenants, which has direct implications for cost recovery and beginning to pay back loans (Private 1, Dec 2016). Further, there is a sense that residential development is happening, increasing density levels in the city, but without additional amenities being included in this, and that the City isn't providing the resources or implementation for urban design and planning for parks and recreational spaces that are a crucial element of livability of urban spaces (Academic 3, May 2017; COJ ICRC). To deal with this issue specifically around PP, AFHCO has taken over management of End Street Park, the closest public park to PP by providing private cleaning and security services. There are discussions between AFHCO and the JDA to explore how they could potentially partner to provide similar spaces around AH that

don't currently exist. In the meantime, AFHCO built indoor playgrounds for the children living in AH to have a place to run around and play that is close, safe and clean.

The pressure on the built environment, and particularly not enough availability of affordable residential units evidenced by the proliferation of 'bad' buildings and hijacked buildings also pose a threat to developers, including AFHCO. These buildings are often decaying, poorly managed, produce waste, and sometimes are hotspots for crime or criminal activity. These characteristics combined create a negative perception of an area or street for investors, developers and citizens, making it less likely a location for private investment (Private 1, Dec 2016). Both AH and PP are in close proximity to bad or hijacked buildings (Figure 6 and 7), which respondents claim to negatively affect the perception residents have of the area (Private, Dec 2016). There are further complications presented when one of these buildings is illegally occupied due to the legal procedures that must be followed to evict occupants, and the burden that evictions place on the City to find alternative accommodation in an urban environment that is already low on supply of affordable accommodation. Despite following the legal procedures, many private developers, including AFHCO, struggle to get through the eviction process, and are forced to sit on hijacked buildings, or look elsewhere to invest (Private 1, Dec 2016). As one interviewee notes, "the crisis of bad buildings can't be underestimated" (Academic 3, May 2017) and poses a threat and a blockage to private developers current and future investments.



(Figure 6. Hijacked building across from PP.)



(Figure 7: Bad buildings across from AH)

Compounding this threat is poor City-driven urban management, creating an urban environment that is vulnerable to rapid decay if urban management strategies and strategies to deal with bad buildings are not rolled out. In response to the dual threat of poor urban management and a pressurized built environment, many private developers are engaging in strategies to combat these threats by refurbishing abandoned buildings into residential units and providing added urban management support through City Improvement Districts (CIDs). AFHCO interviewees and JPOMA interviewees chair a number of CIDs, and both AH and PP are located within or near CIDs, meaning that both of these projects benefit from the private sector support for improved urban management (Private 1, Dec 2016; Private 2, Jan 2017; Private 3, Feb 2017). Further, PP was previously an illegally occupied building, meaning that AFHCO went through the eviction process to redevelop the building. However, other buildings that AFHCO owns haven't been as successful, with reference being made during the walkabout to hijacked buildings that AFHCO purchased but that have been blocked from going through the eviction process and are still sitting occupied and therefore unable to be redeveloped (Private 1, Dec 2016).

2.1c Market incentives

Another element that contributes to the market oriented narrative is the incentives from the City that aim to attract private developers to engage with low-income housing development and other urban regeneration mechanisms. There are a number of clear signs that point to a government urban regeneration and development strategy

that sees the private sector as a key driver and implementer. Many of these signs are outlined in key City documents such as the Inner City Regeneration Charter, the Growth and Development Strategy 2040 (GDS), the Inner City Transformation Roadmap and the proposed ICHIP (still under review). For example, the GDS talks about distributing decision making through more public private partnerships especially related to projects that increase or improve livability in the city (COJ GDS, 2011). The Inner City Road Map highlights partnerships and resource pooling with private sector as an essential part of the future development of the inner city, especially through the JDA developmental facilitation function. The Inner City Regeneration Charter lauds the urban management successes made possible by the City Improvement Districts, and private sector's lead on urban regeneration in the inner city (COJ ICRC 2007).

Mechanisms to facilitate or incentivize private sector to engage with urban development and regeneration mentioned in City documents include the Urban Development Zone tax incentive, area-based management, legislating CIDs, improving billing systems and an overall collaborative environment based on partnerships and leveraging private investment. In the interviews, the effectiveness of these incentives seemed to have mixed results as actually being the catalyst for urban regeneration. For example, the Urban Development Zone is meant to be a tax write-off for developers who have invested in a certain area that is marked as a UDZ allowing them to write off a portion of what they spent every five years. However, AFHCO reported that the UDZ actually isn't encouraging investment as most private developers need more assistance in the earlier years of development "when your cash flow isn't working" when you haven't started to make profits yet (Private 3, Feb 2017). The Inner City Road Map identifies the improvement of the billing systems for municipal services as being an incentive for private investment, but the JPOMA official identified billing as one of the biggest challenges in property management and development. The City is another major stumbling block in moving the needle on private sector investment, especially in property. The difficulties private sector faces are mostly around the provision of services from the municipality, and how this impacts on their ability to recover costs.

"So I'm talking about your electrical connection, water connection, those sort of connections and services that you get from the municipality. Sometime the project

will go a year without getting any electricity, sometimes it's a year without getting water, so that makes the whole project challenged in terms of... you can't rent it out so you lose income as an developer, you can't start paying back your loans so your loan payments are deferred and starts messing up the feasibility so the whole projects starts not working, so meaning the whole project will just collapse because you can't get those services installed" - (Private 1, Dec 2016)

Whether it is functionality, lobbying to Council, getting certificates and clearances, or getting services connected, the sense from some private developers is that the City is more of a blockage rather than an incentivizing. (Private 2, Jan 2017; Private 1, Dec 2016). Another incentive specifically for small developers is the Inner City Property Scheme (ICPS), but from the JDA's engagement with small-scale property developers (i.e. ICPS target market), there is a sense from these constituents that the ICPS is "impenetrable", and according to informants, related to the program being under resourced and not adequately placed institutionally. ICPS is located in Economic Development, and requires extensive coordinating across different government agencies such as housing, and private entities such as Problem Properties, which does building categorization for bad buildings which doesn't happen at the level necessary for this program to support and incentivize small property developers (City 2, Jan 2017). However, areas that do seem to have positive results are in development facilitation and partnerships, such as through the CIDs and area-based management systems, or through the development facilitation of the JDA. In other words, the City's administration of urban regeneration and urban management is problematic and slow, and often makes it more difficult for the private sector to collaborate in urban regeneration. But decision-making and partnership around specific projects, or within specific areas seems to be a much more functional avenue for incentivizing private sector to engage with urban regeneration. For example, with AH, AFHCO has been in talks with JDA about putting in a public park somewhere close by, which the JDA would assist with funding and AFHCO would manage, and the JDA continue to leverage private developers' work through capital projects in infrastructure (Private 1, Dec 2016).

On the other side of the debate, there is a clear developmental concern and awareness that is driving AFHCO's decision to deliver low-income housing to occupants with monthly incomes lower than their usual income brackets. In this sense, AH and PP go

beyond the "spatial-constructional" system and "physical alternation", and begin to "translate" into the "social and economic contexts" of inner city Johannesburg (Medhipour and Nia, 2013; Zheng *et al*; 2014).

2.2 The developmental narrative

> *"I think it started with that kind of thinking but as these guys started upgrading the buildings and they saw the impact that they were having on these families, and that whole process of the slum to the home, I think that then it became, it wasn't about money any more, it was about improving the life of human beings…No human being should live in a slum" (Private 2, Jan 2017)*

2.2a Impact-driven, livability, and dignity of user experience

The above quote characterizes a somewhat different narrative of the motives behind private sector led low-income housing. This "thinking" referred to here is in regards to decent living conditions, the right to housing, and having an impact on families demonstrates a strong developmental concern for the quality of life of inner city residents, specifically referring to those living in the substandard and poor living conditions. In the interviews, the developmental concern was often framed within the sentiment that there are limits to how well the City is able to respond to the pressure on the built environment and the provision of services, and that there is a gap where the private sector can play a role. This sentiment sometimes extends to a perspective that the City could be doing more, or that the City doesn't have a plan for low-income housing in the inner city, and therefore the private sector is playing a role in low-income housing supply by stepping in (Private 1, Dec 2016; Private 2, Jan 2017; Private 3, Feb 2017). But overall, the sentiment describes the limitations of the City to respond to the pressure on the built environment and services, and for this reason, private sector has stepped in.

AFHCO identifies strongly with the link between developing inner city neighborhoods through housing delivery and upgrading the area around their buildings. They express that their interest in the inner city began 20 years ago out of the recognition of a business opportunity, but also recognition of a dire need for affordable and decent accommodation in a declining inner city. This ideology

continues to influence their decisions today, and was the impetus for AH and PP (Private 1, Dec 2016; Private 2, Jan 2017; Private 3, Feb 2017). Contrary to the argument that AFHCO built AH and PP in an attempt to reach an untapped market, AFHCO built a model that was financially viable in order to be able to reach an income bracket that often doesn't have adequate and decent formal housing options available, motivated firstly by the impact that decent and affordable shelter can have on a person's livelihood (Private 1, Dec 2016; Private 2, Jan 2017; Private 3, Feb 2017).

The developmental motivation is impact-driven, and first and foremost prioritizes the use-value of housing for an individual in recognizing the various forms of social and economic capital stable housing can provide (Beall and Fox, 2009). Not only is housing an important element, but livability becomes important drivers for upgrading spaces around affordable housing and providing a "sense of dignity of the user experience" (City 2, Jan 2017). According to the GDS, livability deals with urban features such as "streets, buildings and spaces of work and play" and equal "access citizens have to a range of cultural and social services and facilities"…and "livable places of work and rest" and is mostly determined by the City's ability to overcome apartheid spatial structures, improve integration and "strategic land banking and release" for the development of low income rental accommodation are the priorities for delivering a livable city for all (COJ GDS, 2011: 74-75).

The "slum to home" narrative coming from AFHCO sees their impact as being able to take an individual or family out of living in a slum by offering a clean, safe, well managed and affordable option that is of similar exchange value to that of a "unit" in a hijacked or bad building, but offers a use value that is more empowering and stable. Conceptually, this aligns with Alpope & Manoli (2013) who assert that knowledge of the "urban and social tissue" incorporated into an urban regeneration projects with the purpose to "[strengthen] social cohesion" and "[improve] the quality of life for residents" is extremely important to have positive impact through urban regeneration (Alpope & Manoli, 2013: 181). In this narrative, positive impact and dignity of user experience are the two objectives of providing affordable accommodation and a livable urban environment.

In this framing of motivations, private sector's involvement in urban regeneration is often talked about beyond just housing but to include property development, public space revitalization, and varying degrees of urban management in response to the City's inability to fully meet the needs of the broad spectrum of users and stakeholders, and not being able to cope with the extreme pressure put on the built environment by a growing inner city population (Academic 1, Nov 2016; Academic 2, Nov 2016; City 2, Jan 2017).

For some, beyond just not being able to cope, the City isn't doing enough or doing a decent job of creating a healthy environment for property developers to deliver a quality product and lifestyle, and thus property developers are taking matters into their own hands to provide a quality living environment both for their own residents, and the other residents in the surrounding areas (Private 2, Jan 2017). Other perspectives take a more cynical view and argue that the City isn't responsive at all. There is criticism of the City that they are not doing enough to solve their housing crisis, their urban management challenges and adequate provision of services, and don't have a plan to deal with stagnant stock of buildings that property developers would gladly engage with if they were available (Academic 2, Nov 2016). In the interviews, there was reference made to private developers being willing to make funds available to the City to assist with providing and developing temporary housing to decant hijacked buildings, but there hasn't been a consensus and unified response from the City to make this happen (Private 1, Dec 2016).

2.2b Filling the gaps through ideological alignment

As part of their attempt to ensure maximum positive impact of their projects, AFHCO has a number of strategies to fill the gap that poor City urban management creates, dealing with certain elements that are crucial to making an area not only attractive, but also functional, livable and dignified. These strategies include providing clean and safe amenities, gap stopping with challenges around urban management, billing for rates and services, enforcement of bylaws, and security. As a member of JPOMA, AFHCO benefits from the leverage that JPOMA has with council to be able to build relationships with the necessary municipal stakeholders to ensure that services are delivered to their properties, and that their tenants do not suffer at the hands of municipal inefficiencies. According to AFHCO, while technically working in

competition to each other in the property market, property developers also tend to work together, again indicating an impact driven set of principles: "we all contribute to the same pot in terms of rejuvenation…you'll find that most inner city property developers know each other…we have the common goal, to make the city great." (Private 3, Feb 2017).

Similar to AFHCO, the City also recognizes that urban regeneration goes beyond just creating an aesthetically attractive urban environment or a functioning urban environment, but one that can meet the needs of the broad spectrum of users.

> *"So urban regeneration for us in the City has really been about addressing the challenges that comes with the extreme pressure placed on the public environment and public amenities by the very large numbers of people entering the inner city, and a part of addressing those challenges is to take a precinct by precinct approach to not only fix what needs fixing in terms of the appeal and functionality [SIC] of the urban and public environments, but also to use that opportunity to enhance the offering of the public environment in a way that includes the dignity of the user experience." – (City 2, Jan 2017)*

Dignity of the user experience in this sense align with principles of good urbanism that allow the city to be accessible and available for the entire spectrum of users, and that public spaces for example, should still be accessible, inclusive, clean and safe regardless of the user-base in the surrounding area. From the interviews, it is evident that the department in the City most involved in urban regeneration recognizes AFHCO as achieving something with AH and PP that has been difficult for other private developers to achieve, and are willing to support in the ways they can such as infrastructure investments (City 2, Jan 2017). But at the same time, there is an expectation from the City that privately developed or revitalized spaces (i.e. parks) with support of the City must align with the City's developmental goals and must be open spaces for all users, not just tenants.

In this sense, dignity of the user and good urban principles depend on the ability of private sector and public sector to collaboratively and inclusively address both the "spatial-constructional system" and the social systems of cities (Zheng *et al,* 2014).

What emerges is an ideological alignment between private and public sector that agrees on the need for impact-driven urban regeneration initiatives that go beyond housing, and beyond aesthetically pleasing and highly regulated spaces, but dignity of the user experience, livability and functionality of different kinds of spaces, regardless of socioeconomic status. This ideological alignment justifies the argument that part of the motivation behind AFHCO's AH and PP projects is a developmental concern for the urban poor living in the inner city.

2.3 The role of pragmatism

Another perspective that came from the interviews, which actually sums up both the market motivation and developmental motivation concisely is that AFHCO's decision to develop AH and PP was pragmatic. In this sense, pragmatism doesn't dichotomize motivations into either developmental or market oriented, but that the market oriented motivation isn't callous, and the developmental concerns aren't purely altruistic, and that these two narratives can't be pitted against each other (Academic 3, May 2017). For example, looking at the role of financing, there is a sense that, financial institutions, which previously redlined the inner city and poor communities, are more and more buying in to the developmental goals of the inner city.

> "*There's a developmental concern of property development, if they want the money and they need the money, then they have to conform with those [developmental concerns],*" – *Academic 1, Nov 2016*

Developmental goals and concerns, as outlined in policy documents such as the GDS 2040, relate to and allude to a transformation agenda, with the City of Johannesburg being an inclusive, livable, resilient and equitable place for the entire range of city dwellers. From the interviews, it was evident that the nature of financing as a mechanism for property development coupled with the fact that more and more financial institutions that are financing development in the inner city, and even policies like the Inclusionary Housing Policy are requiring certain developmental objectives to be included in property development, leading one to take a pragmatic approach to development models that can be both developmental and market-oriented (Academic 1, Nov 2016; City 1, 2016).

While details on this is not within the scope of this project, understanding how this shift in financial institutions objectives has shaped the nature of property development and urban regeneration would be of great importance for the development of financial mechanisms to facilitate more private sector driven low-income housing.

The need for financing influences private developers to seek out funding where available. Considering there isn't a ring-fenced rental subsidy for the inner city, private developers are forced to seek out private capital. As previously mentioned, the nature of the development process in urban areas forces developers to be market-minded and concerned about financial viability of their project (Weber, 2002). In the Johannesburg context, this means both in terms of the demand, but also in terms of the capital available. If the financing market available for inner city housing is more and more coming with conditions of needing to deliver to low-income households, and if the demand for housing is more and more sub-market, then private sector developers must adapt their models in order to access finance. The added social impact is a benefit on top of this. Further research would be required to fully assess the role of financing available in the inner city and the extent to which this directs the nature of affordable accommodation in the inner city.

Confirming Weber's (2002) account of how value is determined through a combination of cost of refurbishment or building, location, and the "lattice" of surrounding institutions, the programs like the City Improvement Districts and area-based management strategies, coupled with the state of surrounding amenities and public space largely plays into how the value of the buildings is extracted in Johannesburg inner city. For example, PP was a hijacked building and in extremely poor condition, making the structure prior to development less valuable, allowing for AFHCO to purchase the building at a lower price than say, a well maintained building with sound structure. But once the investment was made and development began, AFHCO began adding value into the structure of the building that could eventually be extracted back out through rentals.

Now, in the area surrounding PP, there are other property developers who are also developing retail spaces aimed at attracting local small retail businesses, private cleaning and security services as provided through the CID, and public amenities

such as public gym, after school programs, and the End Street Park. With these new amenities, the location becomes more attractive and in higher demand, increasing the value of the building. AFHCO and other property developers are also at an advantage relative to their consumers because demand is so high for lower income unit that the units could be priced slightly higher and most likely still get filled. This was alluded to in one of the interviews, and further that there are other JPOMA members who have taken the same model (i.e. communal bathrooms, smaller spaces etc.) and are charging slightly higher rentals (Private 3, Feb 2017; Private 2, Jan 2017). There is also a sense that currently AFHCO isn't charging as low as they could be with AH and PP, and rentals have increased significantly since the first launch (Academic 3, May 2017). This could be resulting from a combination of increased value in the area, and also increasing municipal rates that are a direct burden onto the tenant.

There is recognition both in the literature and in the interviews that "bad urbanism is no longer sustainable", good urbanism is required for the private sector to "protect their investment" and in the Johannesburg context of a very sizable poor population, the product delivered must be attractive to them (City 1, Dec 2016; Academic 1, Nov 2016; Academic 2, Nov 2016). Bad urbanism in this sense would look similar to the exclusive revanchist city, whereby cities were revitalized to accommodate higher-income urban dwellers for the purpose for bringing capital and investment back into the market (MacLeod, 2002; Smith, 1996). Good urbanism thus is the principle of creating a diversity of urban spaces for the full spectrum of users that allows for access to services, amenities, and opportunities (Academic 1, Nov 2016; Academic 2, Nov 2016). In this sense good urbanism is the most pragmatic solution, and the stressed urban environment and poor urban management requires private urban management to make the public realm more attractive and suitable for residency for lower income residents in an effort to cater to the current residents in the inner city, including the urban poor.

"So the realties of the market, the realties of stigma around the inner city, the reality of the people that are already there and that need to be there and the growing black middle class who need central accommodation who can't find it in the northern suburbs which are too expensive, all of these features mean that low income housing is the most realistic and plausible form of urban regeneration" –(Academic 1, Nov 2016)

AFHCO's willingness to take on low income housing with AH and PP indicate a coming to terms with the very particular consumer demands in the inner city and as a private developer facing an over saturated higher income market, one must come to terms with the realities of this consumer base and deliver a product that will be attractive and affordable to them (City 1, Dec 2016; City 2, Jan 2017; Academic 1, Nov 2016; Academic 2, Nov 2016; Private 3, Feb 2017). Not only is attractiveness based on affordability, but also on the location, the sense of security and safety around the location, similar to that offered by social housing institutions (e.g. eKhaya Neighborhood) the amenities offered such as accessibility to the CBD and other transport nodes, schools, retail, and public space. In other words, attractiveness, from a pragmatic point of view, must both be attractive to the consumer of space as well as the producer of space, taking into account the particular demands and needs of both stakeholders. So while attractiveness must be based on affordability, livability, and also provide dignity to the consumer, it must also be based on financial viability for the upfront costs and the ongoing operational costs.

However, the role of the City as a producer of space isn't straightforward, but quite complex, and made very difficult by having many stakeholders and actors involved in urban development and that competing needs and agendas is often at the root of some of the city's budgetary challenges, such as not having a ring-fencing budget for an inner-city rental subsidy. In this sense, the City plays more of a facilitation and negotiation role of producing space, rather than producing space themselves (Tasan-Kok, 2010; Sager, 2011). Through their development facilitation role, JDA appears to be one of the city departments that has a good working relationship with private sector and also is able to lobby for decisions and priorities in the public sector (Private 1, Dec 2016; Private 2, Jan 2017; Private 3, Feb 2017; City 2, Jan 2017).

The City officials understand the role that the city plays both in terms of a burgeoning global city, and as a city with historical discriminatory legacies that continue to limit the mobility of the urban poor (City 2, Jan 2017; City 1, Dec 2016). But it seems that this role is different depending on whom you speak to. On one side, the City are in support of private sector's ability to move quickly and get access to capital, and understand that requires careful relationship building and cooperation on both sides. For example, when speaking about the Inclusionary Housing Policy, the official said they are consulting extensively with private sector all along the way and trying to

make the policy attractive and work for private sector, and also made it clear that it isn't the intention for the City to pay for housing or subsidize housing in the inner city (City 1, Dec 2016). The JDA interacts constantly with private sector, and even works directly with them in some cases. On the other side, one government official said it is fully the responsibility of government to provide housing, especially to those who work informally and whose affordability is lower than current formal options offer, and that without an operational subsidy, private sector will have a very difficult time getting their rentals down to a price that is affordable for informal workers, while also being able to mitigate their own risk (City 3, Jan 2017).

For AFHCO, their model hinges on the funding from AFD, which had conditions for specific income brackets, so affordability for this specific income group is crucial. Some argue that all of these elements of AFHCO's product delivery are firstly driven by a need to protect their investment and retain their consumer base, which they demonstrate through their narrative of creating a place that people want to stay (City 1, Dec 2016; City 2, Jan 2017; Academic 1, Nov 2016; Academic 2, Nov 2016). But the recognition that bad urbanism is no longer being sustainable also force AFHCO to take on a developmental awareness that is particular to the challenges in inner city Johannesburg. In other words, the motives behind AH and PP being built may be mainly tied up in the "spatial-constructional" system which happens to have a high demand for low-income housing, but the nature of the market is forcing them to be more pragmatic in their decision making, and consider the social systems that housing operates in (Zheng *et al;* 2014). Out of this recognition, the last dimension of the research question surfaces – does AFHCO, through AH and PP, demonstrate a more inclusive form of urban regeneration?

This second chapter of the findings looks at the significance of AH and PP for a more inclusive form of urban regeneration in the inner city in relation to the theoretical framework of inclusive urban regeneration that was set out in the literature review. This section is broken up into three main subsections: The first subsection deals with the extent to which these two projects and AFHCO's approach to the tenants and surrounding neighborhoods is empowering and participative, and whether these projects promote a sense of "shared enterprise" (Deakin, 2011) between the tenants, community, City and AFHCO as the developers. The next subsection deals with the extent to which AH and PP demonstrate an integrative approach, both from the

perspective of AFHCO and from the perspective of the City, emphasizing that the extent of integration is limited, and in order for a more inclusive form of urban regeneration to truly take place, especially one that achieves goals set out by ICHIP and other City documents, better integration both across government, and between government and private sector is crucial. The last section deals with how the concept of inclusive is understood in the inner city especially related to low-income housing and urban regeneration. This section highlights that inclusive is often defined in terms of income brackets and nationality, but that this definition needs to be broadened to be able to capture people that perhaps work informally. In terms of AH and PP, there are a number of exclusionary mechanisms employed that, in real terms, only can capture a small percentage of those in need of shelter. Further, in this section, the point is raised that while AFCHO demonstrates some signs of a more inclusive approach to urban regeneration and low-income housing, their approach falls short in certain aspects as well.

CHAPTER 5: FINDINGS

A more inclusive form of urban regeneration?

Turning now to discuss inclusive urban regeneration in inner city Johannesburg, this section aims to highlight the elements of the two projects (i.e. Platinum Place and Atkinson House) that point to both the indications and the limitations of these projects towards achieving a more inclusive form of urban regeneration while recognizing these projects are inextricably linked to the larger urban space of inner city Johannesburg. As mentioned in the literature review and conceptual framework, there are three "elements" or "dimensions" that the framework is structured around. Firstly, empowering the local(e) looks at how the relationship between the producers of space and the consumers of space played out to include the "community" in the development of AH and PP, and on a broader scale, how community engagement and participation is carried out in the areas surrounding AH and PP. This section also briefly discusses the importance of area-based initiatives/approaches especially relevant in the Johannesburg context because of the vast diversity in different neighborhoods (i.e. Hillbrow as an arrival neighborhood for immigrants) and the different type of commercial and retail activities depending on the area (e.g. Fashion District). Large master plans often overlook the needs of local specificities and an area-based approach deal more directly with local needs and specific neighborhood dynamics. The next section discusses integrative governance approaches, and why this is necessary to ensure the right structures and enabling environment is in place for inclusion and mitigating risk of future exclusion. In this section, area-based management, partnerships and coordination surface as key themes in the Johannesburg context as mechanisms for integration, specifically for the purpose of addressing a transformation agenda in the inner city. This section unpacks the extent to which both public and private actors in inner city Johannesburg demonstrate an integrative approach to urban regeneration.

The last section draws on the conclusion of the previous chapter, to inform the discussion on the ways in which AFHCO's model is and isn't reaching towards more inclusive and sustainable urban environment that can contribute to the transformation of Johannesburg's legacy of spatial injustice. This section discusses the attribute and characteristics of a more inclusive and sustainable urban "product" and lifestyle. This

section looks at the dimensions of AH and PP, and the surrounding areas for indication of the extent to which these projects and environments are inclusive and sustainable. The concluding point in this section is that while there are elements of AH and PP and the surrounding areas that do point to a more inclusive form of urban regeneration. However, in the areas surrounding AH and PP there is still significant urban decay and specifically hijacked buildings, pointing to the persistence of issues within the environment and governance systems that will impede inclusive urban regeneration in the long term if not dealt with. ICHIP appears to be a step in the right direction for laying out the policy framework to address the challenges to a more inclusive form of urban regeneration in the inner city, but with new leadership in the inner city it is unclear what the stance will be in taking ICHIP or policies like ICHIP forward.

Part 3: Inclusive urban regeneration in inner city Johannesburg

3.1 Empowering the local

This section deals specifically with the relationship between the "producers" and "consumers" of urban regeneration. In a lot of the gentrification literature, the drivers of gentrification are broken up into these categories. While these terms have come under criticism for being too limiting, they are also helpful to differentiate between those who "do" the developing of spaces and built environment, and those who use the spaces. This is not to say these two groups will always be separate, users can be producers and vice versa. But the idea behind this is that in urban regeneration, the producers are delivering a certain product to a certain market base of consumers based on their demands. In inclusive urban regeneration, involving the user-base, understanding their demands and needs is critical to ensuring an inclusive product. The sections below discuss both strategies for engaging with the community (local) and how this plays out in the two case studies and their surrounding areas.

3.1a. Community engagement & participation

This section looks at community participation and engagement in the urban regeneration process, and to what extent there is a "shared enterprise" between the consumers of space and the producers of space. This section refers to *how* (both process and approach) the local is empowered. It is important here to problematize the concept of community as it has many caveats and assumptions entrenched in the term.

Community can mean the community in a specific space (i.e. the local community in Doornfontein) versus the wider community in the inner city. Within both framings, there are a number of subgroups with very specific demographics, lifestyles, and positionalities. For example, within the community surrounding AH and PP, there are people living illegally in bad buildings that may be immigrants and informally employed, and these subgroups can get overlooked in the concept of "community" if this term doesn't take into account those that may live on the fringes of society. The term "community" in an inclusive urban regeneration framework includes both the broader sense of the word and the subgroups within specific areas.

In order to understand the relationship between the producers of space (i.e. AFHCO) and the consumer of spaces (potential tenants) in the context of AH and PP, it is important to revisit some of the discussion drawn out in the gentrification and urban regeneration literature. One of the most distinct differences between gentrification and urban regeneration is that gentrification is marked by displacement of previous residents by a wealthier demographic mostly through an increase in property values that squeeze out those who can no longer afford the "product", whereas urban regeneration, even through property development, is still possible without displacing an area's current residents. While the lines between the urban regeneration and gentrification process are blurry and relative (Lim *et al,* 2014; Lemanski, 2014; Visser, 2002, SACN, 2016) there is a clear distinction in the *outcomes* of gentrification and urban regeneration (Smith, 1996; Raco, 2003; MacLeod, 2002; SACN, 2016). Gentrification is distinct in that it produces displacement from "unchecked market forces" or in other words, unchecked prioritization of exchange value of land, space and property at the expense of use value, or the other forms of "capital" (i.e. social, cultural) that space can provide (SACN, 2016: 12). Urban regeneration on the other hand, often being closely linked to broader planning policies and imperatives requires a more balanced approach and more distinct consideration of use value of spaces. The extent to which these two values are equally balanced and considered is largely derived from the decision-making environment and framework of the time. The environment for striking this balance is quite difficult in the inner city Johannesburg context because there are many households with R0 formal income that have to resort to informal means of earning income, or informal living, and there many areas in the inner city with extremely poor families living in hijacked or bad

buildings, so regeneration even for lower-income families can still result in displacement through evictions, or decanting.

That being said, when Platinum Place was purchased, it was a hijacked building and AFHCO indicated it went through the process of a lawful eviction and assisted in finding the previous tenants alternative housing. When I probed further about whether or not the evictees were given preference for access to the new units, there was allusion to the fact that previous tenants were given first preference but only as long as they met the stringent application criteria and were able to afford the unit. AFHCO wasn't necessarily aiming to attract new tenants from other wealthier neighborhoods, but rather tenants with a steady income base. To this end, AFHCO doesn't view PP as "gentrification." (Private 3, Feb 2017). Still, there was not any provision of housing aimed specifically at allowing the existing tenants to remain in close vicinity to PP, or provisions made beyond what is required by the due process of lawful evictions, and AFHCO couldn't comment on the actual number of re-entrants into Platinum Place after being evicted (Private 1, Jan 2017).

From a basic definition, some may consider this as gentrification because the majority of tenants in PP were not previous occupants, and especially considering the argument that informality is often framed as needing to be cleaned up, similar to what Raco (2003) calls the removal of "social pollutants" (SACN, 2015; Raco, 2003; Smith 1996). But whereas gentrification has often been pursued to attract households with higher income levels to *increase* exchange value in an area, AFHCO aims to attract households with stable income that can ensure cost recovery, or *stabilize* exchange value. Rather than increasing exchange value, AFHCO is more concerned with ensuring financial viability by stabilizing exchange value, and in their model, this means ensuring the ability to keep rentals affordable. This is not to say that this isn't gentrification, but perhaps should be understood as having a potential gentrifying affect between those living in bad buildings and those able to access the AH or PP units. However, compared to high-end luxury housing or even development in Maboneng, AH and PP are starkly different products and targeting a different consumer base, which is an important point to note when analyzing whether or not AH and PP and AFHCO's approach is gentrification.

Post-development, AFHCO shows some signs of prioritizing needs of current residents in AH and PP rather than striving to attract higher-income households into the area. Although the motivations behind this are most likely self-serving, this illustrates that AFHCO has grasped the importance of understanding and considering the use value of both shelter and public spaces in order to be able to stabilize the exchange value of their investment (Zheng *et al*, 2014; SACN, 2015). For example, many of the families renting the cheaper units have children, and especially around PP, there weren't a lot of options for schools or places for children to play safely. In recognizing this need, AFHCO opened up a primary school, an afterschool program (now in the hands of Propertuity), and also has put a playground or a "playroom" in both AH and PP for children to play safely (Figure 8). Further, tenants in PP communicated that they didn't feel safe going to the shops at night because Doornfontein (where the Shoprite is) isn't very safe, and the hijacked building across the street also makes them feel very unsafe at night. AFHCO conducted a very informal survey to see if the residents of PP would like a spaza shop inside the building (like in Atkinson House) and the response indicated that yes, they would like this, and AFHCO subsequently built the shop in the building (Figure 9). Other engagements with tenants have been mostly through the building manager in dealing with complaints about cleaning. Outside of these examples, there weren't any other community based surveys or engagement efforts by AFHCO to deal directly with the community members in the areas surrounding Atkinson House and Platinum Place (Private 1, Nov 2016).



(Figure 8. Playground on rooftop in PP)



(Figure 9. Spaza shop in PP)

The interviews reveal that there wasn't a formalized community engagement process related to Atkinson House and Platinum Place, but rather informal discussions with tenants in hijacked buildings to investigate, for example, how much they were paying for monthly rental (Private 1, Dec 2016; Academic 3, May 2017). Beyond AH and PP, AFHCO has made efforts to engage with the community in and around the End Street Park. In addition to managing the park, AFHCO is in talks with the City to acquire a property physically located in the park to be occupied by a non-profit to open up a youth center for the kids in the area. However, this initiative is delayed because AFHCO has to win approval of council to renovate the house, which is a slow and bureaucratic process. There is a sentiment that if the house were in private hands, the youth center would be up and running in a few months, but because the house is owned by the City, City processes are delaying this. The motives behind AFHCO's engagement in this type of project confirm that AFHCO's regeneration

concerns go beyond just market-driven returns. Their redevelopment of the house in End Street Park would not be for the purpose of making profit, but for the social development of the kids in the area, although still ultimately contributing to their business imperative of creating a stable and content tenant base. This type of engagement gives credence to AFHCO's pragmatic approach that allows them to identify use value of spaces and the built environment and leverage this understanding to serve their wider business case (Private 1, Nov 2016).

There is some formal engagement between property developers, building managers and some tenants through the City Improvement Districts weekly operational meeting. JPOMA also offers a platform for engagement between property developers to discuss common problems, share information, and also invite new members (Private 2, Jan 2017; Private 1, Nov 2016). However, both of these forums seem to be more related to the idea of "shared enterprise" between different property developers rather than community engagement and participation. In Deakin's (2011) discussion of "shared enterprise" there is a sense that the enterprise is to be shared with community, but from the interviews, it appears that there is a sense of shared enterprise between the JPOMA property developers to maintain the affordable housing market and the City Improvement Districts that support the affordable housing market. In this sense, the "shared enterprise" doesn't position the community as "owners" of that enterprise, but rather treats residents rather than a consumer-base.

3.1b Shared enterprise

From the interviews with City officials, it seems that the City is responsible for community engagement strategies necessary to build sense of "shared enterprise" between the City and the citizens. According to the JDA informants, community engagement is crucial to the foundation of the City's regeneration process, to ensure, for example, that informal traders aren't excluded or marginalized by regeneration efforts (City 2, Jan 2017). In this sense, it appears that the City's definition of community takes into account the various subgroups in a way that is necessary for inclusive urban regeneration. For example, the City is developing strategies around area-based management plans, and one of the components of these plans is co-management of public spaces between the City and the citizens, or private sector and the citizens (City 2, Jan 2017; City 1, Dec 2016). There is a sense that the City is the

responsible for engaging with the community and different subgroups as a stakeholder in the overall development of the inner city, where private developers take responsibility for the needs of their tenants. It is clear from this delineation of "responsibilities" that extent of AFHCO's "shared enterprise" and formalized community engagement in their project process is limited, and their approach to property development still has "top down" elements.

While it is recognized that engaging the community in urban regeneration initiatives produces safer outcomes, other departments in the City (i.e. Planning) assert that yes, while participation and engagement is crucial, this principle must also be qualified and unpacked. It is essential to recognize and consider issues in community voice such as Not In My Backyard (i.e. NIMBYism), which, some argue, is underpinned by apartheid racial segregation mentality. One City official explained that "voices" promoting racial segregation, or opposing inclusivity from a racial standpoint would not be considered. But the aversion to considering discriminatory voices could perhaps be motivated by a self-serving agenda that doesn't allow for blatant discriminatory opinions, but still allows for more covert methodologies for entrenching discriminatory planning and urban regeneration. For example, while on some projects, the City considers participation and engagement an important dimension of, for example, revitalizing public space and ensuring the management of that space, when it comes to the legislative requirement to meaningfully engage with residents facing eviction, the City's attempt at engagement in, for example, the *Joe Slovo* case was seen as insufficient (SERI, 2016). Another slightly contradictory example is the Mayoral Campaign "Operation Clean Sweep" that effectively "evicted" informal street traders, displacing them to "rid the city of unsightly and disorderly trading areas" demonstrates a slightly contradictory understanding of community (Weigo, 2014: 8). Despite engaging and creating forums for stakeholders to participate and engage with the "details of the operation", these discussions still led to the forced removal of traders rather than collaborative negotiation (Weigo, 2014: 8).

While urban management, urban regeneration, and evictions are decentralized and administrated by different departments, the likelihood of all three processes occurring in one urban regeneration project is high. Therefore, having a coherent consensus on how engagement happens, at what point in the process, and how to incorporate the

voices of those being engaged is necessary but not evident in the current City processes. While the City recognizes the importance of engagement, it seems that engagement with residents and other occupants of space is limited both in scope and impact, and doesn't demonstrate a "shared enterprise" mentality. For example, in developing a precinct plan, the City is meant to have a stated participation process, but the sense is that this is confined only to what is outlined, and "complaint driven rather than being context specific" (Academic 3, May 2017).

Excluding the voice of local residents or perceived beneficiaries from the urban regeneration process can have negative implications and outcomes for the well being of the community, and for the success of the project (Deakin 2012). The example raised in one interview was around biking and non-motorized transport. As biking becomes a more trendy form of transportation, non-motorized transport and installing bike lanes is becoming a topic of discussion in the City. However, citizens have been using bicycles to commute long before the non-motorized transport conversation began and one of the respondents expressed skepticism of the extent to which the trendiness of biking is driving the conversation about non-motorized transport and bike lanes, rather than the needs of long-standing bike-commuters (Academic 2, Nov 206). If the voice of all bike commuters isn't heard, this could lead to limited reach and effectiveness of bike lanes and central transport routes from townships for example being excluded from benefiting from this type of infrastructure investment.

Both in the literature, and in some of the more academically-focused interviews, public participation, community engagement, and creating a sense of "shared" responsibility and ownership are crucial to the overall approach of an inclusive urban regeneration process (Gupta *et al,* 2015; Deakin, 2012; Deakin 2011). This means not "parachuting in and fixing up a park" but rather starting the conversation with the community in the earliest stages of the process (Academic 2, Nov 2016). Community engagement, participation, and a sense of "shared" responsibility and enterprise between public, private and community realm is a building block of an inclusive urban regeneration process, with the ultimate goal of mitigating risk of exclusion or displacement of the voices of specific groups (Gupta *et al,* 2015; Deakin, 2012; Deakin, 2011). MacLeod (2002) and Smith (1996) critique the revanchist city vision for only considering the needs and interests of specific groups, most commonly business and upper class citizens. This was done by criminalizing poorer populations

and using language alluding to the "sanitization" of spaces from unsightly people, behaviors, and buildings. This form of urban regeneration is largely associated with producing high levels of inequality and displacement as the mechanisms were largely entrepreneurial and based on increasing property values for wealthier consumers, beautifying spaces and overall exclusionary measures in the pursuit of an envisioned inner city lifestyle. When this type of entrepreneurial governance is a dimension of the decision making process for how and where to invest capacity and resources, in order to avoid displacement and exclusion of certain groups, the state must be able to balance intended and unintended consequences of capital accumulation through the development of urban spaces (Weber, 2002; Heurkens, Homba and Adams; 2015: 3; Tason-kok, 2008; Beall and Fox, 2009). Lack of participation and engagement makes it difficult if not impossible to understand and plan for potential unintended consequences.

While it is not necessarily required of private sector to employ community participation in their development projects, failure to align with the findings and desires from community participation initiatives by, for example, the JDA, could produce more exclusive spaces than inclusive spaces. For example, the "clean and safe" narrative is slightly concerning when considering the revanchist city's tendency towards criminalizing the urban poor and sanitizing spaces for the interests of business and upper class consumers (Smith, 2002; Raco, 2003; Smith 1996; MacLeod, 2002). Whilst the target market for AFHCO and other JPOMA members is not considerably wealthy by any means, relative to the majority of urban dwellers, they are a wealthier, and more stable consumer base. Further, if they are formally employed, this assumes some level of training or more access to opportunities. The different realities of sub-groups require careful consideration under inclusive urban regeneration. In the inner city Johannesburg context, this means that at minimum, private developers need to align their business imperatives to be contributing to the City's transformation agenda. The concern being raised is that the "clean and safe" mentality, in light of the revanchist city literature, may be more exclusive than inclusive, and directly hinder real transformation in the inner city.

MacLeod (2002) attributes the negative byproducts of the revanchist city to an entrepreneurial decision making framework for governance that ultimately prioritizes exchange value over use value of the built environment for higher income urban

dwellers. As an alternative decision making framework to entrepreneurial governance, the concepts of interactive and integrated governance more adequately address the need to balance and involve the voices of a wide spectrum of inner city stakeholders.

3.2 Through an integrative approach

In this section I revisit why an integrative and interactive approach is a crucial element of inclusive urban regeneration, especially how this translates into decision-making. The interviews reveal how integrative governance plays out in the Johannesburg context related to urban regeneration, and specifically related to AH and PP. An integrative approach requires not just interaction, but integration between different government agencies, between public and private sector, and between the built environment and the transformation goals of the City. The purpose of an integrative approach is to break down constraints and limitations of previous urban processes that reinforce silos and poor coordination of government efforts. In the Johannesburg inner city context, area-based programs such as area-based management and CIDs have become a mechanism for dealing with poor coordination that hinders any type of integration, so integration happens in an area-based manner, rather than across all of government Further, integration isn't only a linear process emanating from government, but a mutual cooperation and alignment between stakeholders. For example, integration from property developers might be through purposefully aligning with the City's vision and transformation agenda and seeing themselves as directly contributing to this agenda, rather than only maximizing on a business opportunity. An integrative approach requires careful relationship building and understanding of the different stakeholder needs and agendas, and also requires an understanding of how transformation is operationalized in the inner city context. These components of an integrative approach in inner city Johannesburg are discussed below.

In the following sections, I firstly discuss some of the "signs" of an integrated approach in Johannesburg, but major gaps exist. This is most evident in, what I've coined the "culture of coordination" in government and governance, which is a major stumbling block in inner city Johannesburg, especially as it relates to coordinating capacity across different sectors. Next, I look at area-based integration, an approach that was discussed in the inclusive development framework as being a sound approach to urban regeneration as opposed to large-scale broad-based development. Again, Johannesburg (as a context) shows signs of area-based development and integration,

but the major challenge to coordination remains present, making even area-based development clunky and challenging. In the last section, I discuss how private sector and public sector align (or don't) their agendas for inner city development. This discussion also touches on the broader dualistic agenda of inclusive transformation and reaching "world class" status, or being an inclusive city versus a competitive city. Together these sections paint the picture of the challenges Johannesburg faces in integrating city building efforts, especially around inner city low income housing.

3.2a Coordinating capacity and integration:

A major precursor to an integrative approach is a culture of coordination in governance that coordinates capacity across different government departments, and is able to coordinate the moving pieces that an integrative approach requires. An integrative approach goes beyond just integrated visions and statements in policy documents, but is made possible through a culture of coordination in government, especially when dealing with processes that require many departments to contribute to a specific outcome, such as low-income housing and urban regeneration. The findings suggest that while there are indications of specific projects or policies that take an integrative approach or promote an integrative vision, the extent to which capacity is coordinated across government departments or integration is embedded into government processes seems limited. A major stumbling block to this seems to be a poor culture of coordination between government departments that is an essential component to integration. However, mechanisms such as the City Improvement Districts, and JDA's precinct-by-precinct approach show signs of integration between public and private sector, indicating that integration is more likely to happen through an area-based approach to urban regeneration.

There were signals of an integrative approach "scattered" throughout the narratives of both the AH and PP projects, and urban regeneration in the inner city overall. The most obvious indications of integration are in how JDA has positioned itself to leverage off the market signals sent by private investments in low-income housing, and how private sector has leveraged JDA's public investment in infrastructure, indicating a mutual integrative type relationship between private sector and public sector that merges capacity to overcome capacity challenges, work towards a common vision that includes better access to infrastructure and services (Alpope & Manoli,

2013; Harrison, Todes, and Watson, 2007) The relationship between the JDA and private developers or investors began from the Inner City Partnership and has evolved from there to pave the way for public and private investments to integrate efforts and leverage off of each other. The joint public space projects between JDA and AFHCO in conjunction with AFHCO's other property developments indicate integration of capital investment, urban management strategies, and capacity from private and public sector.

However, there is a serious gap in integration both within government and between government and private sector. For example, from a private sector perspective, the municipal services often lag behind the completed build of a building, and often delay occupancy, costing a lot of money. This indicates that government departments, for example, controlling municipal services are not integrated fully into the urban regeneration process and are treated more as a service provider rather than a stakeholder (Private 2, Dec 2016; Harrison, Todes, Watson, 2007). Throughout documents such as ICHIP, and the COJ inner-city transformation road map, capacity and coordination across different government sectors is a crucial component to ensuring an integrative and responsive urban governance system (Zack *et al* 2016; COJ, 2013; COJ, 2011). But the extent to which a culture of coordination exists seems to be minimal with many government departments acting in a "silo mentality" and either not being engaged, or working on different timelines or policy agendas than, for example JDA, or private sector (SACN, 2016: 45).

For example, ICHIP calls for a coordinating office/unit to be developed for inner city housing, which requires that firstly, each government unit associated with this office has the capacity to deliver on their dimension of inner city housing. The Planning Department is identified in ICHIP as integrating efforts with the coordinating office for inner city housing, but when probed about the ICPS, the informant directed me to speak with the JDA because he was not familiar with ICPS, whereas the Inclusionary Housing policy was being discussed extensively in the Planning Department (City 1, Dec 2016). The ICPS is programmatically constructed to be a starting point for smaller developers to enter the market, while simultaneously providing a mechanism to refurbish bad building, whereas the Inclusionary Housing Policy seems to be aimed at larger developers who are able to and have already been purchasing buildings in bulk. An Inclusionary Housing Policy that does not, on some level, consider perhaps

integrating these two programs to make the production of space more inclusive for small-scale developers falls short of truly being a more inclusive mechanism for urban regeneration.

ICPS suffers from serious capacity issues and is institutionally located in an awkward place (economic development). At a minimum, active engagement and integration to foster information sharing regarding inner city housing and planning initiatives could be beneficial to the ICPS official without having to increase resources significantly (if at all) beyond just knowing who to reach out to for expertise. The fact that ICPS is not integrated well into the urban regeneration governance structures, and capacity from other departments isn't or can't be integrated into ICPS is a major problem that keeps this critical program from being effective.

As mentioned previously, there is a sentiment from private developers that the City is inefficient and incompetent mainly because engaging with the City is so difficult and often slows processes down rather than assisting in getting things done. A big contributing factor to this sentiment is the lack of integration and poor coordination within government that slows down timelines and creates inefficiencies. Going back to the example of AFHCO attempting to build the youth center in the End Street Park and the difficulty in getting this project approved because the City owns the building, there is a sense that when the City is approached with a project or policy they have to "approve", it gets bounced around from department to department, even sometimes going back to previous departments, and overall, spends a lot of time going through rounds of review (Private 1, Dec 2016). This can extend an "approval" or "pass" process for years, indicating a mismatch of timelines between private sector and public sector on administrative tasks such as transfer of ownership from owner to developer (Zack *et al,* 2016).

There is also discussion around similar inefficiency when dealing with evictions, temporary housing, setting up municipal services and other municipal functions the private sector is reliant on. The administration of ICPS has also experienced this, where the amount of projects that have actually moved to construction are few and far between and have taken years to get to the construction point. While some of these challenges may be related to resources and capacity, they are also largely related to a lack of integration within government and between government and private sector.

For example, JPOMA members have offered to make resources available for the development of transitional housing so that more buildings can be made available for the development of affordable housing. But lack of integration between government agencies and private sector doesn't provide the avenues for doing so to make this financially viable. The proposal was to set up JPOMA as an NPO to be able to offer capacity (both financial and knowledge sharing) for temporary housing (Private 2, Jan 2017). This proposal has not been leveraged for unknown reasons besides being caught up in the City bureaucracy.

3.2b Integration through area-based approaches

In area-based integration, there is less focus on broad-based development sector by sector (i.e. transport, water and sanitation, private sector led property development), and more focus on for example how improved infrastructure development in certain nodes and corridors can contribute positively to connectivity to the entire city and the immediate residents. The importance of an area-based approach in inclusive urban regeneration is multi-faceted. From a livelihood perspective, the local specificities of an area determine what amenities are most important for empowerment and wellbeing. Further, local dynamics between stakeholders are also important to consider, especially ensuring effective and appropriate participation and engagement procedures are followed. Understanding these local dynamics and encouraging and facilitating participation in the co-creation of spaces and neighborhoods is a crucial element to understanding what the use value of spaces and the built form is within a specific area. Broad-base visioning or participation models run the risk of overlooking or missing out on local neighborhood specificities and identity (Gupta *et al,* 2015; Deakin, 2012; Deakin 2011).

In the inner city Johannesburg context, an area-based approach allows for targeted integration, which is much more feasible considering the challenges government has with coordinating capacity across different departments and processes (Academic 3, May 2017). However, area-based initiatives aren't fully embedded in all urban regeneration processes, including privately developed low-income housing. In their development of Platinum Place and Atkinson House, AFHCO demonstrates a limited area-based approach to development. AFHCO has made efforts to engage with cleaning up, securitizing, and urban management strategies – what they call their

"clean and safe" strategy. The "clean and safe" strategy essentially involves privately hired street cleaners and security services. The purpose behind this is not necessarily an area-based initiative, but rather a means to ensure the longevity of their investment.

As an entity, the members of JPOMA, AFHCO included in this collective effort, demonstrate slightly an area-based approach collectively, with the philosophy of acquiring as many buildings as possible in one area, and building that area up bit by bit, although still for the purpose of ensuring longevity of their investments. It is common that one or two developers' work will be concentrated in one place mostly because they understand the mutual benefit of having "help" in investing in an area. JPOMA members' involvement in the City Improvement District management strategies is mainly around private cleaning and security services on top of municipal services for the benefit of their own investments, rather than for the benefit of, for example, residents in the hijacked building across from PP (Private 1, Dec 2016; Private 2, Jan 2017).

The City officials spoke about adopting a clearly defined area-based approach to regeneration. This approach includes the development of area-based management plans, and a precinct-by-precinct strategic process of prioritizing and budgeting for development in the inner city (City 2, Jan 2017). The CIDs offer a forum for coordination and integration with private sector at an area level, allowing for the "operational costs" of urban regeneration (i.e. urban management) to be subsidized or absorbed by the private sector. Property developers like AFHCO might send a signal to the City through a building acquisition indicating that an area is receiving private investment, or the City may be approached by a private developer to partner in public space revitalizing during the private developers' development and building phase. Alternatively, the City may be prioritizing infrastructure development in a certain precinct that would make that area more attractive to investors, signaling private developers that investment is welcome. This interaction and coordination creates a sort of makeshift area-based approach between the private and public sector. However, sometimes this interaction isn't always fruitful, and competing agendas win out over attempts to integrate public and private capacity and resources. Area-based approaches offer opportunity for more targeted integration across government departments, and between private sector and public sector. But the ability of area-based approaches and partnerships to foster a more inclusive outcome or space hinges

on the ability for both public and private sector to integrate their agendas, ultimately aimed at transformation and an inclusive city.

Therefore, careful work must be done to ensure the needs and challenges faced by residents is integrated into the decision making process of public and private sectors in area-based initiatives (see section 3.1 for discussion on participation). Not only does integration take place between sectors, but also in the conceptualization of the city and the role the city plays. Integration with the public realm changes the relationship between government and citizens from decision-makers and constituents or beneficiaries, to a relationship where citizens can play a more active role in governing and making decisions about their own spaces. The outcomes of an area-based integrated approach would be a more inclusive space that caters to the needs of the residents, prioritizing the use-value over the exchange value of a space, and shared responsibility between stakeholders.

3.2c Integration and transformation

Underpinning government and private sector narratives around urban regeneration is a need for transformation (SACN, 2016). But policy agendas in post-apartheid South Africa and in Johannesburg specifically are criticized for being both pro-poor and oriented towards a world-class African city (Mosselson, 2016). This presents a dichotomous tension between what is considered priority for a world-class African city with a global outlook, and what is a priority for local challenges and the pro-poor agenda. The City has been criticized for seemingly pursuing a more globally focused western ideal of the world-class city at the expense of focusing more on local needs and efforts, especially the needs of the urban poor (SACN, 2016). There is criticism that the City chooses more globally attractive urban practices instead of dealing with realities and making the City a more inclusive space for all (Winkler, 2009).

However, the other side of the argument argues that these parallel realties mustn't be pinned against each other, because they exist simultaneously in a very integrated vision for the City (Mosselson, 2016; Nuttall, 2004). In this sense, Johannesburg doesn't fit the normative framings of cities as either "this" or "that" but rather has somewhat organically shaped the collective urban agenda towards transformation and integration of market processes into a developmental model (Mosselson, 2016). This "conversation" is apparent in the academic circles right now, considering universities

like Wits, or organizations such as SACN have such a strong relationship with the City, and offer a lot of their expertise through research and policy advising.

The academic positionality to understand processes, systems, and concepts from a theoretical standpoint tend to offer a "big picture" scope of how the urban system can be framed (Academic 1, Nov 2016; Academic 2, Nov 2016). On the ground, from individual perspectives who are very entrenched in the day to day, their perspective is much more around the specificities of how projects are carried out in this complex "hybrid" system. For example, whereas on the ground, critics of the City may say the City isn't doing enough, where in conversations with the City, I quickly realized a major challenge they face is in catering to the vast spectrum of users and stakeholders simultaneously and with little capacity to coordinate this effort. From an academic's perspective, whilst there are serious limitations the City demonstrates, there is also a lot that has already taken place to transform the inner city from what it was in the early days after apartheid.

> *"When they talk about a world class African city its with a whole lot of caveats, yes it's a competitive city, yes its business focused but its also a city that is aligned with the needs of a predominantly African population that survive through informal trading and more informal practices and it's a city that has moved on from its apartheid heritage and is much more diverse and much more cosmopolitan, yes it's a selective understanding of what it means to be African and what it means to be cosmopolitan but it has world class African city becomes a place holder for a whole range of things" – Academic 1, Nov 2016*

From this perspective, it is not the world-class African city agenda that is problematic, but rather the way in which the agenda is interpreted and either integrated into transformation agenda, or inclusive city agenda, or not. Examples of where the world-class agenda African city agenda is integrating with the transformation agenda is in the emergence of financing institutions that are more and more developmentally concerned, and specializing in financing low-cost, affordable or social housing.

> *"What is interesting is the extent to which a disposition that wants to see social benefit and inclusive urban regeneration sits along*

side a very business focused way of being in the world and a necessity I think… its an internal tension in the way developers act in the city and what they're trying to achieve but it also a bigger tension between what the city actually wants to realize in terms of its regeneration" –Academic 1, Nov 2016

How does this tension transform on the ground? One of the biggest needs in Johannesburg is well-located, cheap accommodation to overcome spatial inequality and foster transformation. The City is incapable of meeting the scale of this demand on its own, so to fill this gap, property developers and financial institutions together, and to some extent, the City, work together to shape the free-market in such a way that it can deliver product to the income brackets that are usually and historically excluded from this market. It is in both property developers' interests, and the City's interest to integrate business imperatives with development imperatives, the role that financial institutions play in integrating these two sets of interests is critical. This means that while property developers are able to deliver more down-market accommodation, the City is able to focus on, for example, public space and infrastructure projects.

However, there seems to be a slight inconsistency or mismatch between these efforts, while at times the collaboration produces a good product (e.g. End Street Park), private developers seem to want to move more quickly and more in the interest of market demands whereas the City has to prioritize a wider range of stakeholders. The different roles between AFHCO and the City sheds light on the nature of the relationship between property developers and the City at large - property developers extend themselves to also be urban managers for the interest and success of their investments, the City focuses on engaging the community and making sure that their transformation agenda is translated and accounted for in privately-led urban regeneration initiatives. This is not to say this integration is perfect and that the City and private developers align their agendas perfectly every time, but there are examples where this interesting mix of integrating transformation agendas and world-class African city agendas have aligned in a way that is more inclusive than many other cities. Projects like AH and PP are just one component of this integration, but the overall relationship that AFHCO has with the city and the City

shows signs of an attempt at a more integrated agenda and approach for urban regeneration than previous decades.

3.3 To create a more sustainable and inclusive urban environment

Moving on from the discussion above, I want to revisit the original question - whether AH and PP are indicating signs of a more inclusive form of urban regeneration taking shape in inner city Johannesburg. Obviously, this is not a straight forward answer and demand caveats and unpacking, but the discussion in the previous two sections lay the foundation for understanding the different dimensions of the approach taken with different stakeholders and how governance and market forces are shaped by and shape the way inclusive urban regeneration is carried out. The first two sections discuss mainly the different elements that need to be considered in an inclusive urban regeneration model or approach, while this section discusses mostly the outcome of this approach and the product delivered. The following sections discuss the different components that shape whether a more inclusive form of urban regeneration is taking place in inner city Johannesburg. Firstly, the link between transformation and inclusive is presented as a specific character of the Johannesburg context. Then I discuss the "product" delivered to consumers, looking at the different components that render it inclusive or not. Lastly, I discuss the "financing conundrum" and whether the production of space is inclusive in inner city Johannesburg. This section looks at the environment for property developers, highlighting the challenges and barriers to entry for small-scale developers that are creating an exclusive environment.

3.3a How we talk about cities and inclusive urban regeneration

In recent literature regarding how cities will change in light of predicted extreme population growth, there are many terms that are used to describe both how cities can plan for this, and what cities should look like in the coming generations (Parnell, 2016). Terms such as "resilient" "inclusive" "sustainable" "responsive" "smart" are all being used to describe the new ideal of functioning urban spaces. But it goes without saying that not all cities version of "resilient" or "sustainable" will be the same as another, and that while some cities may be considered to have "responsive" governance structures, the question remains "responsive for whom?" For Johannesburg, the word "inclusive" is often used to describe the vision for the inner

city, and is often meant to encompass responses or solutions for alleviating spatial inequity and income inequality. With such a strong planning legacy of segregation and exclusion still entrenched in many of the urban challenges in inner-city Johannesburg, it makes sense that the word inclusive has surfaced so predominantly in the future vision of Johannesburg.

Transformation, a term that has also been used extensively to describe the City's agenda is inherent in the word inclusion when talking about the Johannesburg context. The relationship between transformation and inclusive urban regeneration is evident in the way inclusive urban regeneration is talked about alongside affordable housing, access to income, access to services and access to voice, all of which have been talking points in the transformation agenda in South Africa since the end of apartheid. Transformation assumes sustained social change over time, thus elevating both inclusion and sustainability as two key concepts for urban regeneration and transformation in inner city Johannesburg.

3.3b Inclusive and sustainable urban environment

The nature of property development (high capital costs, need for maintenance) often renders private investors or private developers as the drivers of property-led urban regeneration with better access to cash flow and less red tape than government (Weber, 2002; Sager, 2011; Tasan-Kok, 2010). Considering financial institutions historically redlined inner city Johannesburg, and many private property owners disinvested, it interesting that privately-delivered formal affordable housing is being considered as a potential driver of inclusive urban regeneration. While not without its limitations, the atmosphere of private investment, especially in inner city property and housing, seems to not only be opening up, but also becoming more developmentally concerned, both in response to conditional financing that views exclusionary urbanism as unsustainable, and in response to particular market and consumer demands. This means private developers must adopt "good urbanism" practices to get access to financing, and look at spaces as being open to the full spectrum of users, provides access to a variety of uses, and ultimately contributes to an improved sense of wellbeing. In the Johannesburg context, creating inclusive spaces that contribute to transformation in a sustainable way are important dimensions of "good urbanism" that property developers have to consider. Understanding how these concepts can be

identified and analyzed helps one recognize whether projects like AH and PP are truly a more inclusive form of urban regeneration.

It is useful to analyze inclusive urban regeneration in inner city Johannesburg in terms of consumers of space and producers of space. Firstly pivoting to consumers of space, in the interviews, inclusiveness was often referred to in relation to income and affordability, and access to services and amenities both broadly speaking (i.e. inner city housing) and in reference to specific spaces or precincts (such as Maboneng) (City 1, Dec 2016; City 2, Jan 2017; City 3, Jan 2017; Academic 1, Nov 2016; Academic 2, Nov 2016; Private 1, Dec 2016; Private 3, Feb 2017). In this sense, similar to the dimensions drawn out in the literature, making a space more inclusive means specific focus and strategies for delivering affordable amenities and services such as water, transportation, school, public space, retail, and after school care to a particular income bracket that is usually excluded from services and amenities either spatially or economically (SACN, 2015; Gupta *et al,* 2015; Mehdipour and Nia, 2012).

Income and affordability are a very tangible measuring stick for how inclusive a product is. For example, in AH and PP, the income bracket targeted was between about R1500 – R3500 monthly income, an income bracket that currently has difficulty reaching formal private rentals or social housing. In this sense, AH and PP indicate a more income-inclusive product. However, *how* an individual earns their income is more limiting, as AFHCO requires proof on income, which means, in most cases, some form of formal employment. A more inclusive form of urban regeneration then needs to be able to either offer some sort of employment opportunities linked to tenants, or be more flexible with how income is earned (Mehdipour and Nia, 2012). There are policy solutions that could also assist with this issue, such as a monthly rental subsidy that would guarantee a certain amount of rental was received each month regardless of unstable income streams.

AFHCO's stringent and selective criteria for tenants especially in PP is slightly concerning, because it shows signs of ignoring or purposefully excluding, to an extent, the realities of many of the previous tenants (i.e. tenants who were occupying the building when it was hijacked). By linking qualifying criteria with formal employment, this not only excludes a large proportion of inner city residents, but

potentially excludes the previous tenants in the immediate area. When probed about the number of people who were evicted and then absorbed back into the building once it was built, the number (if any) was unknown, indicating that this is not a prominent feature or outcome of AH or PP (Private 1, Dec 2016). While a decaying building itself is considered blight, considering the occupants of that building as part of that blight is problematic, and begins to set in process of prioritizing the needs of potential new consumers instead of local consumers in hijacked buildings whose "co-presence" is being treated as a "social pollutant" (Raco, 2003: 1870; Biddulph, 2011; MacLeod).

Accessibility is identified as another critical dimension to inclusive urban regeneration. Accessibility refers to services and amenities, but also access to goods, freedom and political voice (SACN, 2016). Services include municipal services such as water, electricity and refuse collection, and amenities such as transportation, recreational space, and affordable retail spaces. Key to access to services is also the location of the product. For example, a private developer may be able to deliver an affordable product because it is located outside the inner city on cheaper land. However, this location may not be close to main transport routes and may require additional transport costs of the tenant. Further, if municipal services aren't included in the rental cost of the unit, this could be another cost on the tenant. Amenities such as good schools, after school care, and leisure/recreational options are also important (SACN, 2016).

In terms of access to services, AH and PP provide access to some services included in the rental, but with limitations. As mentioned previously, one of the major design elements that allowed AFHCO to cut down on upfront capital costs and some operational costs is in the communal bathrooms, the shower cards an timed showers. This means that while tenants have access to free water, they don't have unlimited access as, perhaps, wealthier households might. Additionally, AFHCO doesn't provide electricity, instead opting for on a prepaid meter. There is some sentiment that there really isn't a sense of "amenity" for the tenant, and they were lucky to maybe get a window in their unit (Academic 3, May 2017). From this perspective, AFHCO seemed to be more concerned with making the financial model work for their interests, rather than providing amenities (Academic 3, May 2017).

Aside from the features of the units, there are other "amenities" that are accessible to tenants. However, PP demonstrated more amenities than AH, potentially related to the fact that PP is within a legislated CID and AH is just outside of one (Figure 10).

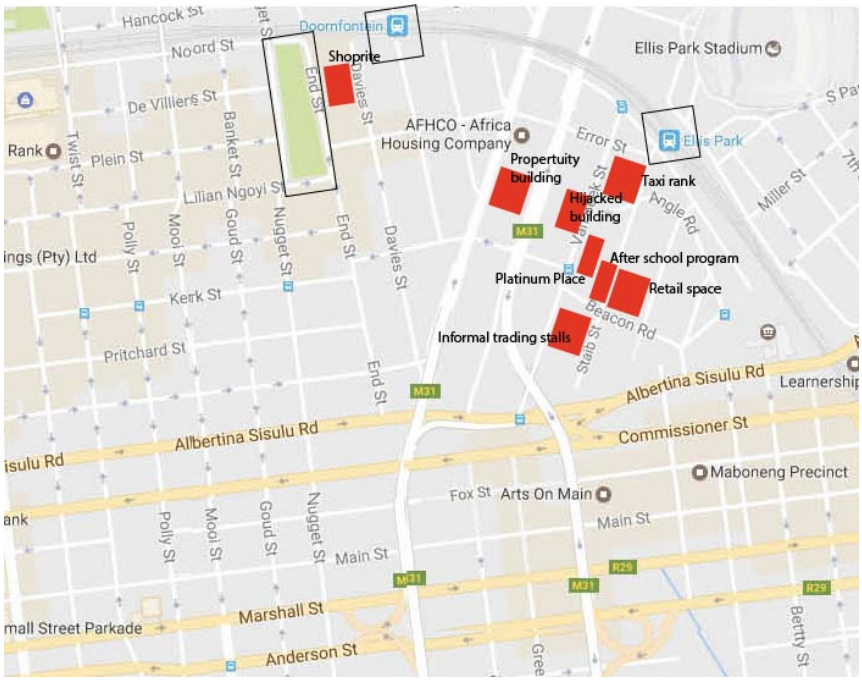


(Figure 10. Partial map of CIDs taken from CID forum website with AH and PP located on the map for reference).

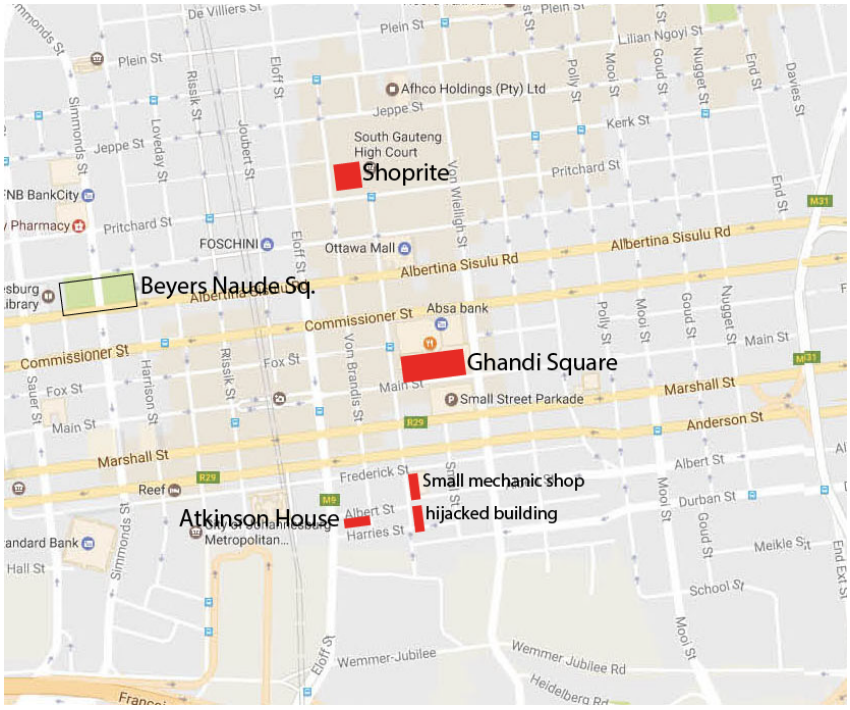
For example, PP is within walking distance of a Shoprite for cheap, affordable shopping; End Street Park for recreation and access to public space; down the street from a taxi rank and a train station for transport; close by to an inexpensive primary school AFHCO runs and an afterschool program with a skate park; is close by to inexpensive retail, and a free outdoor gym (Figure 11 and 12). Further, while not an AFHCO product, in another example, Propertuity has recently built informal trading stalls for food venders to rent and operate from. However, whether or not operating a business out of one of these stalls would equip a person with the necessary employment requirements to be a resident in PP is not known. There are also more fixed retail or commercial spaces adjacent to the stalls indicating that there are potential employment opportunities close by as well for tenants or future tenants (Figure 11, 12, and 13). AH doesn't necessarily demonstrate the same opportunities and amenities in as close proximity, however it is in closer proximity to the CBD, which could offer a different set of amenities. Overall, PP seemed to have more urban regeneration design elements and features than AH.



(Figure 11. Amenities from top left to bottom. Local retail spaces; Shoprite for tenant shopping near PP; free gym; End Street Park; taxi rank; informal trading stalls).



(Figure 12. Map of amenities around PP)



(Figure 13. Map of amenities around AH)

From the affordability point of view, AFHCO has definitely delivered a *more* inclusive product to a certain income bracket with AH and PP. However, there is a sense that the rental prices have climbed very quickly compared to the initial price at launch (Academic 3, May 2017). While there are limitations and elements that are still exclusionary (i.e. how income is earned), there are also elements that are more inclusive than many other private developers produce. For example, AFHCO manages End Street Park, and while they employ their own security, the park is, in theory, open for everyone, a cost that AFHCO absorbs. Further, and as discussed in the previous sections, while the motivations behind delivering a down-market product are largely commercial and pragmatic (i.e. tapping into an untapped market), they are also developmental, partly because they have to be in order to access finance, but also because they communicate a strong belief in providing clean, safe, affordable quality homes and building a neighborhood and community.

However, as mentioned previously, there are some concerning indications that this is still somewhat a top-down approach and that many of the other private developers operate similarly. For example, regarding the park, the privatized management of this park has the potential to covertly keep out "undesirables" excluding people that are perceived as social "pollutants" (Raco, 2003). Additionally, although not AFHCO's product, revisiting the informal trading stalls and other retail space provided by Propertuity, the extent to which these are accessible for lower-income earners, or people without access to capital is unclear. Informal conversations with stall operators indicate that the rentals aren't necessarily cheap, and I didn't probe further about what formal documentation was necessary to operate from the stall. Further, as mentioned previously, the "clean and safe" narrative that many actors in urban regeneration of the inner city have bought into is slightly concerning. What is also slightly concerning is that there are indicators that the resident's in AH and PP have bought into the "clean and safe" narrative, as indicated by wanting a spaza shop because they don't feel safe walking to the shop at night. If this indicator and others point to residents in AH and PP buying into the "clean and safe" narrative, which is related to Johannesburg's vision of becoming a "world-class city", what does this say about class divisions amongst low-income to extremely poor populations? What does this mean for inclusion?

Looking back to the stringent conditions that AFHCO uses to screen their potential tenants, this sheds light on other dimensions of inclusion and subsequently exclusion. AFHCO requires their potential tenants to have valid and recent pay slips indicating a requirement of some form of formal employment. Their target occupation is seemingly domestic workers, security guards, shopkeepers and other low paying but formal forms of employment (Private 1, Dec 2016). Further, they require valid identification to indicate that a potential tenant is either South Africa or a legal immigrant with valid residency status, not to mention that producing valid ID could be difficult also for South African citizens. One can assume that the conditions of occupancy in AH and PP would exclude many of the previous tenants that were evicted from PP when it was hijacked, assuming that the reason for living in a hijacked building is related to low affordability. In the interview with AFHCO, the respondent acknowledged these limitations of AH and PP in excluding a large proportion of the inner city population. There is a sense that without government intervention or support (i.e. subsidies, better financing) private sector can't meet the affordability levels of the poorest population.

Another important element for inclusive urban regeneration is in ensuring diversity in spaces and that spaces can accommodate a diverse spectrum of users. Diversity in spaces as it relates to low-income housing means different typologies to accommodate different income levels and flexibility in tenure (i.e. options for short term leases). Diversity of user base relates to diversity in income, race, religion, backgrounds, and lifestyles. From a very basic definition of diversity referring to typology, AH and PP have achieved a certain level of diversity in the typology of spaces offered in AH and PP (Academic 3, May 2017). Both buildings consist of low-income units with a number of different arrangements such as single occupancy or double occupancy. Further, there is diversity in the different income groups currently living in the building. As mentioned, the conditions set in the agreement between AFD and AFHCO required that 70% of the units be for low-income households, while 30% of the units are for higher earning households. Further, with the cheaper units allowing double occupancy (i.e. shared rental), this opens the window further for a potential tenant base. This demonstrates diversity in users based on income.

However, other dimensions of AH and PP point to a very inflexible rigid system that curtails diversity. For example, the stringent qualifying criteria for occupancy in AH

or PP would only be able to accommodate a very specific user profile. This user profile is a South African citizen with proof of identification, access to formal employment, and stable and steady income of an amount that is higher than more than half the inner city's population (reference). Beyond just being able to afford shelter, AFHCO takes into account whether your income indicates you could also afford overall cost of living. In thinking about the occupants of PP while it was a hijacked building, it would be interesting to know how many of those occupants would have qualified for a unit. For the most part, outside of very specific situations (such as a single mother with children) AFHCO confirmed the qualifying criteria are strictly enforced (Private 1, Dec 2016).

3.2c Mitigating risk of exclusion, mitigating investment risk

Similar to the dichotomy drawn in much of the gentrification literature between production side gentrification and consumption side gentrification (Smith, 1996; SACN, 2016), there is also a type of inclusion/exclusion that goes beyond just consumers of space, to include the *producers* of space. In this sense, exclusion is the opposite of inclusion and refers to property developers who aren't able to enter into the property development market because of market forces and institutional infrastructure that favors large-scale property developers. This means that the nature of urban regeneration in inner city Johannesburg is by and large tied up in large property developers' business models that requires large capital investments and guarantee of cost recovery and profitability. In order to ensure cost recovery and profitability, property developers have to mitigate risk of unpaid rentals and risky tenants ('bad debt') by employing costing models for financial viability, and extremely strict application processes, credit vetting, and income parameters for their potential tenants. This business model isn't any different for affordable housing, or housing that aims to include a consumer base that normally can't benefit from property-led urban regeneration. Part of the business model for development is leveraging capital for property development, and because the City doesn't have a capital grant for inner city housing specifically outside of the RDP/BNG framework, this financing has to come from a private lending source. There are tax incentives (i.e. UDZ gives a tax break for investment in certain areas) but the sense from an AFHCO official is that this tax incentive is redundant and not helpful until your investment begins making profit (Private 3, Feb 2017). Grant financing from, for example

national government, or for Social Housing, doesn't provide the proper financing (operations and management) mechanisms for high density rental housing, and is often a capacity intensive process that many cities, including Johannesburg, don't have to implement this policy in partnership with private sector and at scale (Tissington, 2011). Further, thinking back to some of the challenges mentioned related to working the municipality and costly delays in getting services set up, larger property developers are most likely in a more financially stable position to handle the cost implications of these delays, whereas for a smaller property developer, these cost implications could be the difference between failure and success. In other words, the enabling environment the City has created with the financial institutions and within its own infrastructure (billing, services, and available financing mechanisms) is in the interest of big property developers and capital accumulation at the expense of smaller business and equal access to opportunity. According to the literature, this can be equated to inadequate mechanisms and policies to "break with legacies of the past" and meet the triple bottom line that not only produces physical outcomes for urban regeneration but also to inclusive career generation and economic outcomes (Deakin, 2011: 247; Medhipour and Nia, 2012).

Private lending sources have to protect their loan by charging interest and they use similar judgment and risk assessments to those of private developers. If a borrower's project is attracting a more economically stable tenant base, then it is more likely the borrower will pay off the loan, and the bank can replace their capital to lend out again. Conversely, if a borrower's project is either with a risky client base, or their costing doesn't seem financially viable, the less likely they will be able to service the loan, so the less likely the bank is to lend to them. Further, the City doesn't have the institutional arrangements to support or subsidize capital or operational costs of inner city private rental housing at scale, so property developers' only option is through some sort of private lending.

The financing conundrum makes it very difficult for new entrants to compete with the larger property developers. AFHCO has been in the property development market for over 2 decades, and has millions of rand worth of successful investments. Their success and demonstrated experience in developing rental housing gives them more credibility with lending institutions. In the interviews with both AFD and AFHCO respondents, their proven track record was a deciding factor in getting access to the

conditional loan financing (Private 4, Jan 2017; Private 3, Feb 2017). Another deciding factor was their ability to purchase units in bulk or in other words, purchase an entire large building (+- 500 units per building). Purchasing in bulk is a crucial part of the financial modeling of AH and PP because it allows the operational costs to be spread out across more units, which keeps the rentals low and ensures a higher return for the property developer (Private 1, Dec 2016). But buying in bulk requires capital investment, which is more difficult for smaller property developers to get access to. In this sense, the property development market is exclusionary of smaller property developers because of limited access to financing.

There are some institutions such as TUHF that are trying to provide financing to small scale landlords but their business model wasn't fully investigated in this study as it did not feature in the two buildings under discussion, and the extent to which this provides an access point for small developers is unknown. Further, the institutional arrangements within the City that are meant to support small developers aren't accessible and effective (City 2, Jan 2017).

JPOMA discussed to some degree that they are trying to support smaller and emerging property developers. As mentioned, JPOMA members collectively offered to make capital available to develop transitional housing, something that would be key in order for cheap occupied buildings to be purchased (Private 1, Dec 2016). Further, JPOMA is making more of an effort to bring sectional title owners into JPOMA. They also are currently working with two women who have developed a low-cost design for a ground level primary school and JPOMA is urging its members to look for buildings that could incorporate the women's school. In this sense, JPOMA is trying to bridge the opportunity divide between large developers and small/emerging developers as long as the institutional arrangements in the City are lacking.

Overall, ICPS is the City program that could be integral to supporting emerging developers and making the developing market more inclusive, both for producers and consumers, but serious institutional changes are necessary for this to happen. In ICHIP (2016) there is extensive programmatic planning around a functioning ICPS (to be discussed in more detail in conclusion), extensive responsibilities placed on the ICPS unit, and is seen as playing an integral role in delivering low-income

accommodation. However, as it currently exists, ICPS would not be able to play the role ICHIP sets out because it is strained both in terms of capacity and resources, and the financing mechanisms for providing alternative housing aren't in place which is crucial to opening up access to the city's building stock as many of the buildings are illegally occupied. Further, while the ICPS, in partnership with bigger more established property developers, could potentially release vacant buildings through the ICPS, the number of cheap vacant buildings is quickly dwindling, meaning that ICPS would have to confront the legislation around evictions of squatters. According to AFHCO informants, the City recently put a halt to all eviction notices because it can't supply alternative accommodation. Further, JPOMA members have offered to make capital available to aid the development of transitional housing facilities, but the City has failed to respond to this. Essentially, inclusive urban regeneration in inner city Johannesburg will be severely limited in scope and scale without the cooperation and institutional mechanisms for small-scale property developers to emerge onto the market.

3.4 Concluding thoughts

In many senses of the word, sustainable ends up meaning financially viable for both public and private sector (Zheng *et al*, 2014). From that point of view, AH and PP present a good example of a financially viable model that has the potential to be replicated, as long as a number of assumptions are met (i.e. access to cheap finance, ability to buy in bulk). In a more inclusive sense, sustainability looks beyond just the financial viability to look at both social and environmental factors that dictate and shape the sustainability of a product or outcome (Zheng *et al,* 2014; Lim *et al,* 2013; Gupta *et al*; 2015; UN Habitat, 2009). Going back to the discussion in the literature of the triple bottom line for sustainable urban regeneration, AH and PP alone don't fully measure up (Mehdipour and Nia, 2012). For example, one of those "bottom lines" is being able to meet the needs of the community, but across from PP is a hijacked building, indicating that AFHCO and PP alone aren't able to address the full spectrum of needs in the inner city. This is largely due to the broader context that AFHCO is operating in. The hijacked building alongside PP and other private and public investments are physical evidence that while there are efforts being made towards a more inclusive form of urban regeneration, the current urban context for doing this sustainably and at scale to generate transformation overtime is extremely limited.

Overall, the findings have been analyzed in terms of three dimensions. Firstly, the findings lay out how AH and PP were delivered, covering the financing model, risk mitigations, design, and amenities are that made PP and AH possible. Secondly, the motivations behind AH and PP are analyzed, highlighting the market-related narratives and developmental narratives that came out of the discussions, highlighting that the role of financing and conditions of financing could be influencing or shaping parts of these narratives. The last section of the findings discusses the extent to which AH and PP are considered a more inclusive form of urban regeneration within the framework laid out in the literature review. While AH and PP do show signs of being a more inclusive form of urban regeneration, there are also many limitations to these two projects being able to scale without institutional restructuring and access to cheap financing. There are other private developers who are also following AFHCO's lead on low-income housing delivery, and have also begun to realize the potential to "cash in on pent-up demand for affordable accommodation[19]" and delivering a bundle of lifestyle amenities as well, but mostly catering to households earning around R5000 – R7000 monthly income. The rise of private developers doing low-income housing and urban regeneration projects is definitely on the rise in inner city Johannesburg, but the question remains: does affordability and amenities alone make these projects inclusive?

On the City side, there are many limitations as well to being able to deliver more inclusive urban regeneration, and part of that is in the decision-making framework that guides urban regeneration in practice. Issues were raised about some of the language coming out of the City in documents and policies, such as "cleaning and safe" City, and "rebranding" itself as the cultural capital of South Africa. Much of this language echoes some of the narratives that were coming out of modernist planning in post-industrial northern American cities and the "revanchist" city principles that often saw the poor populations as undesirable and often catered to the desires of a wealthier class, causing exclusion, gentrification and displacement. Ultimately, the enabling environment that public sector has created is one that favors large-scale property developers with access to capital, within a hybrid decision making framework that is

[19] Quoted from online article written by Joan Muller on 5 May 2017: https://www.businesslive.co.za/fm/features/2017-05-05-nano-units-bridging-low-cost-housing-needs/

striving for transformation and equity outcomes, while also remaining a competitive city, largely facilitated by free market principles applied to developmental financing. Given the current institutional mechanisms, poor integration, and lack of capacity and resources, there are limitations to the City's ability to maintain equilibrium between needing private finance to combat urban decay and achieve urban regeneration goals, while also remaining sensitive to the needs and legal requirements of the social subsystems to achieve its transformation and equity goals.

CHAPTER 7: CONCLUSION

Main findings:

To conclude this paper, there are a few major overarching findings that indicate the extent to which projects like AH and PP are significant in a more inclusive form of urban regeneration, and whether the trend of urban regeneration in the inner city is moving towards inclusive urban regeneration practices.

Financing is still playing a big role in urban regeneration:

As discussed in the literature review, financing has played a huge role in both the decline and regeneration of inner city Johannesburg (Morris, 1999; Crankshaw and White, 1995; Crankshaw, Beall, Parnell, 2002). This is still very evident today in both the success stories and the current challenges in urban regeneration in inner city Johannesburg. Looking particularly at the findings from AH and PP, the defining factor in AFHCO being able develop low-income housing was in getting access to cheap financing. Further, AFHCO has a large portfolio and track record, which also played in their favor, but this track record indicates that they have had access to financing for a long time. Related to bad buildings and unlocking more building stock for refurbishment and temporary housing, redlining of banks and abandonment by owners has left many buildings in disrepair and with very high arrears, shedding light on negative impacts that previous financing environment had on the property market. Lastly, relating to government financing mechanism, currently there aren't the institutional financing mechanisms attractive to private sector and large-scale private developers for low-income housing delivery.

The municipality relies heavily on private financing through partnerships, collaborations, or the privatization of certain government functions. Relying heavily on private capital rather then sufficient municipal revenue generating schemes places exaggerated pressure on the municipality to create an enabling environment for market forces to function in the interests of private capital to be able to extract value out of the built environment, and also shapes the nature of decision making towards more entrepreneurial governance, resembling "revanchist" city design and planning principles (Weber, 2002; MacLeod, 2002). The principles associated with entrepreneurial governance and the "revanchist" city framework view the urban space

as having acceptable and unacceptable ways of using and being in space, and regeneration is a tool to attract the specific groups of people that demonstrate the desirable traits for economic growth, while at the same time, shunning out people and spaces that challenge these principles or are seen as undesirable (MacLeoud, 2002; Biddulph, 2011; Raco, 2003, Smith 2002, Smith, 1996). In this sense, regeneration would produce gentrification, as poverty and blight are challenges to market value of spaces. If the City needs private investment to combat urban decay, then the City's transformation and urban regeneration agenda has to be attractive to the private sector's need for financial viability and sustainability. This pressure is evident in the language around "Clean and Safe" spaces, enforcing hard security measures such as CCTV, and in the language around Johannesburg "rebranding" itself as the culture capital of South Africa with a myriad of placemaking strategies. While these "signals" aren't inherently exclusionary, when done in a way that disproportionate prioritizes exchange value of spaces rather than use value of spaces, or when the state is trapped in a cycle of relying on the "spatial-constructional" dimension of urban spaces, exclusion of specific groups, especially those already living informally for example, is likely (Hoogendoom and Gregory, 2016; Zheng *et al,* 2014; SACN, 2016; Tasan-Kok, 2010).

There is a sense that access to capital is not inclusive, and that the market favors large-scale property developers over small property developers who could leverage small-scale property development as a viable employment opportunities. By focusing more on large-scale developers, the City is neglecting to create an enabling environment for small-scale developers. This indicates a tendency to prioritize the extracting the exchange value out of the inner city, rather than the potential use value that small-scale developers could extract from the inner city. In this sense, the municipality is excluding small-scale developers from employment and career opportunities (Mehdipour and Nia, 2012). Although there are some financing companies that make capital available to, for example, small-scale landlords, it is unclear how "cheap" this financing is. By and large, the market is very difficult to enter for smaller and newer property developers. Property developers such as AFHCO who had access to financing when banks were redlining are at an advantaged which is contentious as this advantage is entrenched in the apartheid legacy.

Another important element of financing is in leveraging subsidies on operational costs as a developmental mechanism. Many of the successes in urban regeneration were made possible by either a subsidy or financing that acted as a subsidy, mainly put towards the operational costs of a project. The most obvious example is of AFD's sub-prime fixed-interest loan for AFD that facilitated a financial model that allowed AFHCO to offer cheaper rentals than their normal rental prices. The cheaper loan acts as a subsidy in that it "slices off" a potentially higher cost of finance as a line item in the operational costs. But there are other subtle "subsidy-like" mechanisms taking place that are facilitating more inclusive development to take place. For example, the CIDS act as a subsidy for certain urban management functions, slicing off some of the costs for government by absorbing the costs themselves. The costs of urban management of a park, for example, are essentially functioning the same way as the operational costs of a building, and CIDs are "slicing off" a part of that cost by taking over management. Whether or not the functions that CIDs are taking over are a responsibility of the City is another discussion, but the financing model is working in the same way a subsidy would. Many have argued for a rental subsidy for private developers to develop low-income housing, but a subsidy for overall operational costs, or, like AFD, subsidizing a different part of the operational costs, could play a significant role.

Decision-making frameworks

As evidenced in many City documents and policies, and even the narrative extracted from the private sector perspective, both the City and private developers are showing signs of more inclusive framework for decision making than previous years, but in practice the results are mixed. There is recognition of the vast and diverse user-base in the inner city and with that comes very particular needs. Much of the work done in the inner city hasn't been able to reach the lowest income groups, and only recently have income groups that are targeted for this study been able to access formal privately developed low-income housing. The decision-making framework necessary for inclusive urban regeneration relates back to Zheng *et al* (2014) dual system of spatial-constructional and social system, one that requires balancing between the use value of spaces and shelter with the exchange value of built environment. While many policy frameworks are saying the right things such as the city needing to be more inclusive, resilient, sustainable and so on, its not clear how this will be implemented given the

current limitations of the structures in place. The question remains: does the City have the capacity to inclusively regenerate the city? ICHIP for example is a good indicator for how the decision-making framework for both public and private sector is currently taking shape, especially related to transformation, but the implementation of this requires extensive restructuring, collaborating, and capacity. Whether or not ICHIP gets approved will be very indicative of where the decision-making framework will end up, and whether inclusive urban regeneration will become the norm, or an anomaly. Although not the scope of this project, there is also an element of political will that will shape how inclusive urban regeneration will be going forward. With the new administration in place, some of the rhetoric regarding the new mayor indicates mixed feelings about how the vision of inner city Johannesburg will be realized.

Regarding private sector, the discussion in the findings about private sector motivations behind pursing low-income housing show signs of understanding the needs of the lower-income market, but only in a limited scope. The narrative around creating a home and providing access to public space and schools does show signs of understanding the use value of neighborhoods and shelter, but this seems to, on some level serve to secure the exchange value of their investment, which contradicts the developmental dimensions of use value. Further, both AH and PP may be more affordable but their "strict vetting" (again to protect their exchange value) caters to formally employed South African citizens, who are making between R1600 – R3500 monthly income, which actually is a very particular consumer base, and definitely not those in the most need. As discussed earlier, the "clean and safe" rhetoric is concerning, as, for example "clean" refers to not only waste, but blight which, in the Johannesburg context, carries many caveats that are contradictory to inclusiveness. As Weber (2002) points out, it is impossible to avoid extracting exchange value until government creates an environment for more inclusive finance. This means that until government is able to create the environment for private sector to be more inclusive, forcing them to continue to prioritize exchange value or spatial-constructional over use value, or what space and shelter mean in terms of livelihoods for the urban poor.

Participation and integration

In the findings section, there was extensive discussion on integration both in terms of government departments integrating more efficiently with work of other government departments, public sector and private sector integrating and aligning agendas that

both work towards transformation and inclusion, and both public and private sector integrating with the public realm and wider community. Integration between government departments is essential to overcome capacity constraints and to ensure a unified vision and approach to urban regeneration. The example that was raised in the findings that is especially pertinent to inclusive urban regeneration is that of the Inner City Property Scheme (ICPS) which is located in the Department Economic Development and not integrated well with the other departments that deal directly with urban regeneration or housing development. Already capacity constrained, ICPS is unable to leverage knowledge and skills of other departments for collaboration. Also, there is a sense that different government departments take different stances on what the role of government is and should be.

Between public and private sector, it appears that at times, their interests and efforts are not aligned, or are not able to find common understanding. This was made clear by many of the interviews with private sector, indicating that the City is inefficient and incompetent in some regards, and they don't have a coherent plan for dealing with issues such as bad buildings. According to the literature, lack of consensus or coordination with private sector on bad buildings indicates a limited integrative approach to urban regeneration (Alexander, 2016; Alpope & Manoli, 2013; Peyroux *et al*, 2014; Harrison, Todes, Watson, 2007; UN Habitat, 2009). There is also a sense that the City's interest in collecting revenue via services directly impacts property developers' tenants because the municipality continues to increase prices, which is a direct burden on the tenant, indicating competing interests between public and private sector. Another indication of poor integration between interests and efforts between public and private sector is the difficulty the City has in releasing buildings for refurbishment, and the high costs associated with this.

Integration between public and private sector and the wider community is a crucial component to a more inclusive form of urban regeneration (Alexander, 2016; Alpope & Manoli, 2013; Peyroux *et al*, 2014; Harrison, Todes, Watson, 2007; UN Habitat, 2009; Deakin, 2011; Deakin, 2012). The concept of community is quite complex and it is easy to overlook many of the subgroups that "community" is made up of. For inclusive urban regeneration, it is important to integrate efforts between public and private sector with both the wider community of inner city Johannesburg residents, the community within the specific areas, and the subgroups within these areas whose

voice has historically been problematized or overlooked such as informal traders or illegal squatters. As it stands, integration and participatory processes in urban regeneration is mostly in the hands of the City, but there is a sense that this happens in a piecemeal fashion. Using AFHCO as an indicative of other private developers, it appears that private sector treats the "community" more as consumers rather than co-producers of space, whereas the City discusses and acknowledges that participatory processes and a "shared enterprise" mentality is necessary for more positive outcomes in urban regeneration. But overall, more precise, targeted and purposeful participatory urban regeneration processes for co-producing spaces, invited and uninvited space for accessing voice, and accessibility to government are all crucial components to move towards a more inclusive form of urban regeneration.

Points for further research

There are a few dimensions of this study that, due to its limitations, was not able to explore. These limitations present an opportunity for future research that could potentially add layers and texture to the findings and parts of the puzzle that were left unexplored. Firstly, as mentioned earlier, one major limitation was in not incorporating the voices of the tenants, which could have provided insight into the lived experience of AH, and PP, and their perception of themselves as residents in AH and PP. This is especially important in relation to the "clean and safe" narrative – further research could look for more indicators from the resident's perspective of whether they subscribe to this agenda and feel that the spaces around AH and PP must be privately sanitized from poor inner city residents and whether they perceive themselves as being more sophisticated than lower-income families.

Another limitation to the study was in not looking at the role of other finance providers such as TUHF. Given the difficulty for private developers to access private and public finance in an environment that favors large property developers, what are the mechanisms that TUHF uses to finance redevelopment, what are the common characteristics of their clients (i.e. developers) and is their financing easier to access for smaller developers. These are some of the questions that could help understand further how the environment in financing is or is not changing and dig deeper into possible solutions for the finance conundrum.

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