



**The impact of the Integrated Residential Development Programme on
surrounding property values; Fleurhof, Johannesburg.**

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Abstract

South Africa is challenged with an increased backlog of adequate subsidised affordable housing in well-located areas that provide access to urban amenities and places of employment. However, the perception of subsidised affordable housing developments built in close proximity to bonded properties is significantly negative (Edmiston, 2011). Although, many countries including South Africa have a great need for subsidised affordable housing many a time honoured property owners fear that such developments located in close proximity to their homes may decrease their property's value and their neighbourhoods will lose their unique personality (*ibid*, 2011). Questions continually arise about whether the sales and prices of their mortgage bonded properties are going to be affected by the close locality of subsidised affordable housing developments (Nguyen, 2005).

Property value is significantly important as rising values in a neighbourhood suggests that the neighbourhood is moving in positive direction, therefore increasing the attractiveness of that neighbourhood to potential buyers. A high property value on one's property acts as a measure of the quality of life they which is essentially difficult to assess numerically as this value reflects the types of amenities neighbourhoods are able to provide (McArthur and McArthur, undated). Location theory states that the more accessible or attractive a location is, the greater its profit potential and therefore its property value (Jordaan, Drost and Makgata, 2004). However, the relationship between subsidised affordable housing and the property value of mortgage bonded properties is multifaceted. As neighbourhoods are different and are characterised by their complex interrelated attributes which together determine the neighbourhood's character (Nguyen, 2005).

This study seeks to assess whether subsidised affordable housing provided through South Africa's Integrated Residential Development Programme (IRDP) looking at the case study of the housing development of Fleurhof located in Johannesburg impacts the property value of neighbouring bonded properties. The study considers the study area of Fleurhof as it was developed using IRDP and is located in close proximity to bonded properties. This study will use a quantitative methodology, employing the hedonic price modelling analysis. This model is used as it considers all the characteristics of a property from its physical attributes to the locational

amenities that are located in proximity to each property and the characteristics found in the neighbourhood to which the property is located which in turn are reflected in the property's price (Barton and Madsen, undated).