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How effective has the implementation of the inclusionary housing policy been in South Africa?: a Gauteng case study

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How effective has the implementation of the inclusionary housing policy been in South Africa?
A Gauteng Case Study

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Research Report in line with requirements for MSc in Property Development and Management

The School of Construction Economics and Management

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2. Declaration

I declare that this Research Report is my own, unaided work. It is submitted in partial fulfilment of the degree of Master of Science in the field of Building Development and Management at the University of the Witwatersrand, Johannesburg.

It has not been submitted before for any degree or examination in any other university.



Signature of Candidate:
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5. List of Abbreviations

Abbreviation	Description
ABC	Association of Building Contractors
RDP	Reconstruction and Development Programme
ANC	African National Congress
IHP	Inclusionary Housing Policy
SAPOA	South African Property of Association
JOSHCO	Johannesburg Social Housing Company
SSHZ	Special Social Housing Zones
COJ	City of Johannesburg
USA	United States of America
FAR	Floor Area Ratio
MIH	Mixed Income Housing
SHRA	Social Housing Regulatory Authority
SDP	Site Development Plan

ABSTRACT

The new inclusionary housing policy has been an interesting debate within the real estate sector with certain parts of the world showing an interest in the use of the policy. The research interrogates the effectiveness of the implementation of the said inclusionary housing policy in South Africa, given its history of apartheid that has maintain high inequality levels. Additionally, the lack of service delivery from the government post-apartheid has prolonged negligence in improving the lives of previously disadvantaged groups as well as the geographical areas that they largely reside in. The literature review investigates how the policy has been applied in various parts of the world. The findings of the methodology for this study were fixated on interviews with experienced developers who were involved in inclusive housing developments as well as those who had engaged in discussions with council prior to the implementation of the policy and fully understood how they would be impacted by the inclusionary housing policy, in one of Gauteng's metropolitan area, City of Johannesburg.

Keyword: inclusionary; housing; developers; implementation; policy

1. INTRODUCTION

1.1. Background to the Study

The South African government recently approved the inclusionary housing policy which affects the requirements of new residential developments and in turn have an impact on the new real estate trends. As per the approved policy, "Inclusionary housing is mandatory for any development application under the jurisdiction of the City of Johannesburg Metropolitan Municipality that includes 20 dwelling units or more" (City of Johannesburg, 2019, p. 5). There are four diverse selections from the inclusionary housing policy which all incorporate property development incentives and the private sector is given the freedom to choose which incentives works best for their planned developments. Each option provided in the inclusionary housing policy requires a minimum of 10% - 30% inclusive units in the subject development. According to a report by SAPOA (2018), two of South Africa's biggest metropolitan areas which are City of Johannesburg and City of Cape Town, have taken

active steps in evolving intelligible strategies for implementing the inclusionary housing policy within their individual areas even though the policy is considered to be in its early stages.

The definition of inclusionary housing is utilizing spatial planning systems to incorporate housing that is affordable and can be made available to the wider population to encourage inclusion within the real estate market. The inclusionary housing policy requires the private sector to provide social housing or low-end housing within the market place and the government will in turn, provide benefits such as increased land distribution or subsidies, (Wegmann 2011). An expanded definition of inclusionary housing is "any program or policy that requires or incentivizes the creation of affordable housing when new developments occur, including impact or linkage fees that generate revenue for affordable housing" (Thaden and Wang, 2017, p. 48b). The research acknowledges that inclusionary housing policies have increasingly become an important tool for providing affordable housing. Trillo (2019) described mixed income housing (MIH) as the result of calculated efforts to build a mixed-income development, typically incorporating a variety of housing structures which are sometimes in combination with an objective to develop mixed-tenure infrastructure. There is no international consensus that provides a specific definition however the meanings and expressions thereof are similar.

Inclusionary housing takes effect through policies implemented by the government. Thaden and Wang (2017) indicated that there is a trend of inclusionary policies that countries worldwide are starting to adopt. Ramakrishnan, Treskon and Greene (2019) reported that "local inclusionary zoning laws create affordable housing by encouraging or requiring developers to set aside a percentage of housing units to be sold or rented at below-market prices". These laws aim to alleviate challenges faced by low-to-moderate income households who would otherwise not be able to afford it for obvious circumstances if inclusionary housing laws were not implemented.

According to Zondo and Ezeuduji (2015), housing ownership is perceived to be a measure of one's accomplishments. One of the biggest economic challenges in South Africa is the level of inequality whereby the poor are prone to living in government subsidized housing,

mostly found in the townships or in self-made shacks predominantly found in squatter camps. Middle-to-high income housing is usually of investment grade due to their locality which is influenced by access to amenities, infrastructure and have a variety of offerings of the different real estate asset classes.

Most townships and squatter camps do not have access to basic services nor various real estate asset classes and these areas are predominantly occupied by black people of the out lower LSM group (Living Standards Measure). The Living Standards Measure is defined by Ruch (2014) as a measure used to classify living standards and disposable income as well as a metric used to measure income inequality.

This study will be focused on establishing the effectiveness of the inclusionary housing policy which is aimed at assisting the lower LSM households to be located closer to economic areas whilst reducing inequality concurrently.

1.2. Substantiation of the Problem

Inclusionary housing has fast become a solution that has spread to high-income neighbourhoods in various parts of the world. However, the downside of implementing inclusionary housing in urban areas where we find mixed-use nodes, is that it attempts to place low-to-moderate income citizens in high-income areas that provide ease of access to economic hubs. These high-income areas demand a higher cost of living because of premium goods and services offered in its surroundings. Oelofse (2003) mentions that one of the challenges confronted by lower-income households after being integrated into the inner cities is not being able to afford mandatory rentals to maintain the units at satisfactory levels.

Goods and services offered in neighbourhoods range from medical services, schools, shopping malls and use of transport. Inclusionary housing beneficiaries should have the added benefit of having affordable schools in their neighbourhoods, (Schwartz 2010) however this is not the case with the services and amenities found in most high-income and mixed-use areas. The challenge with the inclusionary housing policy is successfully

achieving social integration between different households in terms of the LSM group/ income group which is one of the main objectives of why inclusionary housing was invented in the first place.

The repercussions of apartheid have characterized South Africa with endemic poverty, illiteracy, inequality and unemployment, Tomlison (2017). The inclusionary housing policy is a tool that can be used to bridge the inequality gap however the metrics which government has used to regulate the policy will have to be interrogated to determine if it is indeed effective. The City of Johannesburg approved the inclusionary housing policy with the aim of curbing inequality and to ensure that lower-to-moderate households move closer to middle-and-high income areas whereby they can also enjoy the benefits of living closer to work. Most of the said middle-to-higher income areas are constructed in a mixed-use design comprising residential, commercial and retail offerings within close proximity to each other that provides convenience for residents.

1.3. Problem Statement

The problem with the Inclusionary Housing Policy (IHP) is that it does not appear to be adding benefit to previously disadvantaged citizens, mainly comprised of the black population, by socially integrating them with middle-to-higher income households and may appear to be an impractical policy to adopt for a highly unequal country like South Africa. Wegmann (2011) maintain that the downsides of the inclusionary housing process are commonly understated. These challenges include integrating lower income households into areas which demand a higher cost of living and how government aims to successfully curb that challenge remains questionable; resistance from private developers and residents in established high income areas in allowing lower income households moving and living in the said affluent areas; continuous housing backlogs experienced countrywide as well the stagnant growth in the implementation of existing housing policies and strategies. In addition, lack of safety and availability of public transport are critical issues that the country faces which are both important factors that would otherwise make it easier for most citizens to commute. Furthermore, it is difficult to determine several factors such as the extent to which inclusive developments that have been built thus far and have actually integrated

low-to-moderate households in economically established areas; whether there is availability of land and whether the policy is financially viable for investors and/ or developers.

1.4. Primary Research Question

1.4.1. How effective has the implementation of the Inclusionary Housing Policy in South Africa been?

1.5. Secondary Literature Review Questions

1.5.1. What are the current trends in housing provision in Gauteng?

1.5.2. How successful have current and previous housing programmes been implemented post-apartheid South Africa?

1.5.3. Is there substantial inclusion of poor households as purported by the IHP in urban areas and mixed-use node developments that are built closer to economic hubs and what can be done to support this policy?

1.5.4. Can people from different income and social backgrounds integrate in a mixed housing?

1.6. Research Aim

The aim is to provide clarity and guidance for new residential developments to be economically and socially inclusive enough by investigating how effective the implementation of the inclusionary housing policy has been under of the metropolitan areas in the Gauteng province which is City of Johannesburg.

1.7. Research objectives

1.7.1 To establish whether there is substantial inclusion of poor households as purported by the IHP in urban areas and mixed-use node developments built closer to economic hubs and what can be done to support this policy.

1.7.2. To establish whether the intended lower income households are able to live in these developments and areas.

1.7.3. To determine whether private developers are in support of the inclusionary housing policy.

1.7.4. To examine whether inclusive residential developments are financially viable for private developers.

1.7.5. To ascertain whether there is any support provided by government to private developers, to ensure that they successfully carry out the implementation of the inclusionary housing policy.

1.8. Hypotheses

1.8.2. Due to the need to redress apartheid injustices in housing, Gauteng has seen an increased supply of affordable housing that is occupied by lower income households in middle-to-upper income neighbourhoods.

1.8.3. Developers have responded to including substantial poor households into new mixed income housing (MIH) developments.

1.9. Limitations

Some of the information detailed in this paper will be subjective, however specific emphasis will be placed on available data to be obtained from South African Property Owner's Association (SAPOA); Statistics South Africa and published reports.

Published journals are used as credible sources to provide background on the study and address the literature review questions. Interviews were conducted using a formulated questionnaire with four themes to cover the research methodology and data collection of this study. The interviews were specifically targeted at developers who have either completed an inclusive housing development; developers who are awaiting the necessary council approvals for developments that incorporate inclusive housing units as well as developers who have not yet been involved in inclusionary housing developments as yet but have engaged in public participation discussions held by council before the policy was approved and implemented. The interviews were aimed at determining whether developers are in support of the policy and understand the policy's requirements thereof, as well as whether developers perceive the policy to be

an effective tool in addressing both inequality and housing backlogs that have been rife both during and post the apartheid era.

The findings will be focused on City of Johannesburg which is the only metropolitan area that is currently affected by the policy. The city falls under the Gauteng province which is the province that has is identified as a case study focus for purposes of this research. Due to the limited research on this subject topic, the number of references used from published journals in older than five years is more than the benchmark of 25%.

2. LITERATURE REVIEW

The section below introduces the literature review by depicting a clear picture of the demographics found in Gauteng to comprehend the inequality gap looking into racial groups, employment levels and the spatial planning of urban areas versus townships and informal settlements.

There is a long history of housing subsidies in South Africa which were invented by the apartheid government as a way of segregating different racial groups, Gilbert (2002). Apartheid was a successful constituent that maintained the spatial separation of different race groups across South Africa according to the Population Registration Act of 1950 whereby the white minority benefited the most compared to other oppressed racial groups, (Stanley, 2000). Apartheid has left deep scars within South Africa's townships and rural areas and these are areas dominated by the black population. South Africa is 25 years into democracy yet lack of service delivery in townships and rural areas in the form of provision for water; electricity; safety and security; transportation and quality education is still rampant.

One of the biggest challenges faced by South Africa is inequality whereby the rich continue to live privileged lifestyles whilst the poor are still prone to poor living conditions. A visible illustration of this type of inequality is the Sandton-Alexandra in node in the north of Johannesburg, whereby Sandton is an affluent suburb surrounded by premium services, transport networks and experiences minimal crime whilst nearby, is the Alexandra informal settlement which is one of the poorest areas in Gauteng. This is also a reality in the case of the Fourways-Diepsloot region, also located in the north of Johannesburg. These informal settlements are dominated by black people and according to Smith (2013), there are minimal to no basic services which citizens should benefit from in informal settlements.

The history behind spatial planning which was implemented by the apartheid government is an integral part of the importance of this research paper. South Africa is ranks first place as the country with highest inequality in the world, (Lustig, 2016). Focusing on Gauteng, Statistics South Africa (2015), indicated that the province revealed a 29.3% poverty rate between 2014 and 2015 however the positive side of these findings is that Gauteng and

Western Cape experienced the lowest poverty rates compared to the other seven provinces in the country. A huge gap exists in the living standards between the upper income households and lower income households from an economic, health and social of point of view. Aside from factors that come into play such as household disposable income; health and environmental conditions; level of education as well as day-to-day living standards, access to housing and its conditions thereof, plays a huge role in inequality.

Smith (2013) observed Johannesburg spatial planning to have mainly placed high income groups in the central and northern parts of the city whereas the low-to-middle income is mainly places in the southern and western parts. He describes the City of Johannesburg with two big urban centres, namely Johannesburg and Midrand made up smaller urban zones such as high-income areas which include Sandton, Rosebank, Sunninghill and Melrose Arch; middle-income areas such as Randburg, Roodepoort and Killarney as well as lower income areas such as Soweto and Diepsloot to name a few. The above-mentioned areas are part examples to depict a clearer picture of various income group locations of few areas around Gauteng.

2.1. Demographics in Gauteng

Table 1: Population Numbers comparing census 2011 to census 2016:

Table 1 below is a depiction of how the population has grown in all the provinces across South Africa based on a census compared between 2011 and 2016.

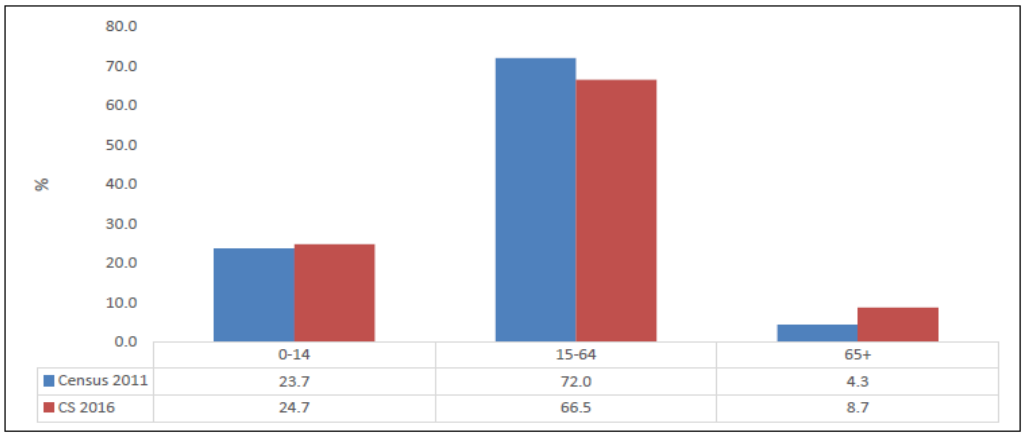
Province	Census 2011	CS 2016	% change
Western Cape	5 822 734	6 279 730	7,8
Eastern Cape	6 562 053	6 996 976	6,6
Northern Cape	1 145 861	1 193 780	4,2
Free State	2 745 590	2 834 714	3,2
KwaZulu-Natal	10 267 300	11 065 240	7,8
North West	3 509 953	3 748 435	6,8
Gauteng	12 272 263	13 399 724	9,2
Mpumalanga	4 039 939	4 335 964	7,3
Limpopo	5 404 868	5 799 090	7,3
South Africa	51 770 561	55 653 654	7,5

Source: Statistics South Africa 2016

Gauteng is the smallest province in size within the whole country however, it is the most developed and has City of Johannesburg as the country's world class city representing South Africa. The census by Statistics South Africa (2016) in Table 1 above, estimates the population for Gauteng to be 13.4 million people which is 9.2% increase from 2011. The ambiguity with the Gauteng province is having it as the country's smallest province but accommodates the biggest population estimated at 24% of the total population followed by Kwazulu-Natal estimated to accommodate 20% the population. Moreover, Gauteng has the highest average annual population growth rate of 2% whereas all other provinces have a growth rate of 1.7% and below.

Table 2: Percentage Distribution of Population By Broad Age Groups

Table 2 shows a percentage in the distribution of the different age groups located in Gauteng.



Provincial profile: Gauteng [Community Survey 2016], Report number 03-01-09

Source: Statistics South Africa 2016

The highest population age group is between 15 – 64 years which is most economically active population. This speaks to the driving factor of most people migrating to Gauteng to find employment opportunities. The age group above 15 – 64 years makes up more than 60% of the total population followed by 0 – 14 age group and lastly, the elderly age group of 65 years and above.

Table 3: Distribution of Population Aged 18 years and Older by Material Status and Sex

Table 3 represents a percentage of the population that each age group is made up of in Gauteng.

Marital status	Male		Female		Total	
	N	%	N	%	N	%
Never married	2 329 763	48,3	2 151 476	45,6	4 481 240	47,0
Legally married (include customary; traditional; religious etc)	1 720 606	35,7	1 548 709	32,8	3 269 315	34,3
Living together like husband and wife/partners	541 815	11,2	500 421	10,6	1 042 236	10,9
Divorced	96 910	2,0	147 309	3,1	244 219	2,6
Separated; but still legally married	31 804	0,7	40 163	0,9	71 967	0,8
Widowed	100 587	2,1	334 458	7,1	435 045	4,6
Total	4 821 485	100,0	4 722 536	100,0	9 544 022	100,0

Source: Statistics South Africa 2016

There are more single individuals (47%) than legally married and people living together as partners, combined, as shown in Table 3. Gauteng is populated by people from all over the country therefore if we have more single people in the province, this might mean that there are more single households or single headed households followed by households headed by partners or family households.

Table 4: Population Aged 5 – 24 Years Attending an Educational Institution

Table 4 shows depicts how many young people between the ages of 5 - 24 years were attending an educational institution. A comparison has also been included to show movements between 2011 and 2016.

District /local municipality	Census 2011		CS 2016	
	N	%	N	%
DC42: Sedibeng	**221 411**	**71,8**	**236 904**	**73,0**
GT422 : Midvaal	19 012	67,7	24 805	70,6
GT421 : Emfuleni	180 233	72,7	184 386	73,6
GT423 : Lesedi	22166	68,1	27 713	71,8
DC48: West Rand	**170 926**	**66,8**	**181 496**	**70,9**
GT481 : Mogale City	75 912	68,0	82 794	71,1
GT484 : Merafong City	40 116	66,3	40 609	72,2
GT485 : Rand West City	54 898	65,4	58 093	69,8
EKU: Ekurhuleni	**672 503**	**67,3**	**718 154**	**71,3**
JHB: City of Johannesburg	**893 857**	**68,0**	**1 117 677**	**73,3**
TSH: City of Tshwane	**657 833**	**72,4**	**798 548**	**75,2**
Gauteng	**2 616 530**	**69,1**	**3 052 779**	**73,2**

Source: Statistics South Africa 2016

The three areas under Gauteng with the largest number of people aged 5 – 24 years attending an educational institution ranging from highest to lowest are City of Tshwane; City

of Johannesburg and Sedibeng. The three districts have also maintained these high positions considering a comparison between 2011 and 2016.

Table 5: Highest Level of Education for Population Aged 20 Years and Older

Table 5 shows the highest levels of education obtained ranging from primary to second education with the highest being higher education in the form on universities, Technikon colleges and TVET colleges.

District /local municipality	No schooling		Primary		Secondary		Higher		Total	
	N	%	N	%	N	%	N	%	N	%
DC42: Sedibeng	**27 150**	**9,2**	**19 566**	**6,6**	**229 167**	**77,4**	**20 318**	**6,9**	**296 201**	**100**
GT422 : Midvaal	3 094	7,8	2 422	6,1	30 667	77,1	3 610	9,1	39 794	100
GT421 : Emfuleni	19 992	8,9	14 381	6,4	174 526	78,0	14 810	6,6	223 709	100
GT423 : Lesedi	4 064	12,4	2 762	8,4	23 975	73,3	1 898	5,8	32 699	100
DC48: West Rand	**21 934**	**8,2**	**25 679**	**9,6**	**202 001**	**75,6**	**17 520**	**6,6**	**267 134**	**100**
GT481 : Mogale City	9 037	7,0	10 757	8,3	98 605	75,9	11 581	8,9	129 980	100
GT484 : Merafong City	5 454	**10,2**	6 425	**12,0**	38 682	**72,2**	3 041	**5,7**	53 602	**100**
GT485 : Rand West City	7 443	8,9	8 497	10,2	64 713	77,5	2 898	3,5	83 552	100
EKU: Ekurhuleni	**98 143**	**8,3**	**76 069**	**6,4**	**917 976**	**77,7**	**89 654**	**7,6**	**1 181 842**	**100**
JHB: City of Johannesburg	**115 150**	**6,8**	**108 018**	**6,3**	**1 295 470**	**76,1**	**183 022**	**10,8**	**1 701 659**	**100**
TSH : City of Tshwane	**98 294**	**8,5**	**56 748**	**4,9**	**849 503**	**73,4**	**153 334**	**13,2**	**1 157 879**	**100**
Gauteng	**360 671**	**7,8**	**286 079**	**6,2**	**3 494 116**	**75,9**	**463 848**	**10,1**	**4 604 715**	**100**

Source: Statistics South Africa 2016

Based on the data provided in Table 5, the districts with the highest number of people with a higher-level education ranging from highest to lowest are City of Tshwane, City of Johannesburg and Ekurhuleni. Table 4 had proved that both City of Tshwane and City of Johannesburg came out at the top for districts with the highest number of people aged 5 – 25 years at an educational institution. Ekurhuleni has outdone Sedibeng with the higher number of people with a higher-level education whereby Sedibeng was the 3rd highest for people age 5 – 25 years attending an educational institution.

Table 6: Distribution of population by racial group, district and municipality

Table 6 below interprets the percentage of each racial group in districts and municipalities under the Gauteng province.

District and local municipality	Black African		Coloured		Indian/ Asian		White		Total
	N	%	N	%	N	%	N	%	
DC42: Sedibeng	773 736	80,8	12 389	1,3	9 651	1,0	161 753	16,9	957 528
GT422 : Midvaal	59 781	53,6	2 063	1,8	1 385	1,2	48 383	43,3	111 612
GT421 : Emfuleni	625 778	85,3	9 303	1,3	7 368	1,0	90 996	12,4	733 445
GT423 : Lesedi	88 177	78,4	1 022	0,9	898	0,8	22 374	19,9	112 472
DC48: West Rand	660 179	78,7	21 152	2,5	9 201	1,1	148 062	17,7	838 594
GT481 : Mogale City	291 693	76,0	3 118	0,8	7 834	2,0	81 219	21,2	383 864
GT484 : Merafong City	157 542	83,4	2 179	1,2	655	0,3	28 467	15,1	188 843
GT485 : Rand West City	210 943	79,3	15 856	6,0	712	0,3	38 376	14,4	265 887
EKU: Ekurhuleni	2 762 059	81,7	85 822	2,5	67 382	2,0	463 841	13,7	3 379 104
JHB: City of Johannesburg	3 982 216	80,5	262 309	5,3	217 988	4,4	486 833	9,8	4 949 347
TSH: City of Tshwane	2 591 987	79,1	61 618	1,9	53 187	1,6	568 360	17,4	3 275 152
Gauteng	10 770 177	80,4	443 289	3,3	357 409	2,7	1 828 849	13,6	13 399 724

Source: Statistics South Africa 2016

The data shown in Table 6 shows that Gauteng is mainly dominated by Black people, followed by White people. Coloured, Indian and Asian people are therefore considered to form part of the minority groups in terms of population numbers is the Coloured group and last the Indian/ Asian group.

2.1.1. Gauteng Metropolitan Areas

According to Statistics South Africa (2016), Gauteng contributes 34.8% towards South Africa's GDP which is the highest contributing province thus far. There are three district areas in Gauteng which are City of Johannesburg which contributes the most to the country's GDP; Ekurhuleni which holds the largest world-class airport in Africa, Oliver Tambo International Airport as well as City of Tshwane which holds the Union Buildings, Wonderboom National Airport as well as the University of South Africa (UNISA). Gauteng as the country's economic driver, is comprised of high-income areas which are mostly in the North of Johannesburg as well as Pretoria East in the Tshwane region, middle-income areas both in urban areas and townships as well as low-income areas found in townships and squatter camps.

Table 7: Largest Townships in South Africa

Table 7 shows the largest townships across South Africa as a whole taking into account population numbers as the only determining factor.

Township	Population	Neighbouring city/town
Soweto	1,271,628	Johannesburg
Tembisa	463,109	Kempton Park
Katlehong	407,294	Germiston
Umlazi	404,811	Durban
Soshanguve	403,162	Pretoria
Khayelitsha	391,749	Cape Town
Mamelodi	334,577	Pretoria
Mitchell's Plain	310,485	Cape Town
Daveyton / Etwatwa	279,033	Benoni
Ibhayi	237,799	Port Elizabeth
Sebokeng	218,515	Vanderbijlpark
Mangaung	217,076	Bloemfontein
Ivory Park	184,383	Midrand
Botshabelo	181,712	Bloemfontein
Alexandra	179,624	Johannesburg
Kwa-Mashu	175,663	Durban
Vosloorus	163,216	Boksburg
Mdantsane	156,835	East London
Meadowlands	138,354	Roodepoort
Tsakane	135,994	Brakpan
Thabong	135,613	Welkom
Evaton	132,851	Vanderbijlpark

Source: Statistics South Africa 2011

Table 7 shows that Gauteng accommodates the highest number of townships. Townships are comprised of lower-to-middle income groups. The lower income groups either derive their source of income from informal employment or are unemployed and rely mainly on social grants to financially support their households. Stanley (2000) reports that the black population was dispossessed from suburbs which were specifically designated for the white population into townships and squatter camps whereby white people lived in towns and cities across the country which had neighbouring townships and that is still the case today from observations on the demographics in Gauteng and around South Africa. Furthermore, the Indian and Coloured populations were also dispossessed into demarcated areas according to their racial groups, (Stanley, 2000).

2.1.2. Comparison of Infrastructure Between Urban Areas, Townships and Central Business Districts in Gauteng

Due to the mechanisms of apartheid, townships still mirror the seclusion of the poor from the relatively wealthy which is predominantly comprised of the white population, (Tomlison, 2017). Townships are usually further away from amenities and job prospects, (Makiva and Ile, 2013). The primary purpose of apartheid spatial planning mechanism was to ensure that black population are isolated at a "safe distance" from economic hubs and production centres and would only be permitted to do manual labour.

According to Simone (2004), "urban spaces are imagined to be functional destinations" with functional infrastructure and there has been an increased trend in mixed-use developments. Moos et.al (2018) reported that mixed-use precincts are reasonably priced only to workforces that can afford housing charged at higher rates. An example of a family unit household (parents and children) that lives in an urban mixed-use area, generally has access to amenities within their immediate vicinity. The parents are likely to work within the surrounding area next to their home and will therefore spend less time travelling to work; the children are able to walk to school; medical services are readily available nearby and the family is able do their shopping at a nearby shopping centre. The example given is to depict a picture of how convenient mixed-used development is to those who can afford to live in those spaces because amenities are mostly within walking distance from their homes.

The above can be a comparison to infrastructure currently found in townships whereby public service facilities such as hospitals, clinics, police stations and schools are mostly outdated or dilapidated structures which require extensive maintenance or renovations coupled with RDP social houses and hostels provided by the government, (Da Silva and Pirie, 1986). A few residents have managed to renovate their homes from a four-room structure to that of their desired living space overtime. There is no mixed-use housing and there are limited economic activities around informal settlements and townships however, there has been an increase in retail centres around those areas in recent years. This translates into lack of mixed-use development opportunities that could exist in townships. The quality of education on townships in also a factor that contributes to inequality.

Letseka (2014, p. 4868) focused on what is described as “South Africa’s dysfunctional education system as ‘a crisis’ and ‘a national disaster’” and concluded that “it performs poorly and lags far behind systems of much poorer neighbouring African countries that spent much less on education”. This analysis was focused on South Africa’s public education system which is highly infiltrated into townships where there are little to no private schools whereas in the suburbs, there has been an increase in the supply of private schools which provide good quality education. Spaull (2013, p. 2) highlighted that “although racial segregation has been abolished for 18 years now, schools which served predominantly White students under apartheid remain functional, while those which served Black students remain dysfunctional and unable to impart the necessary numeracy and literacy skills students should be acquiring by this level”. This implies that the strong legacy of apartheid and the consequent correlation between education and wealth has generally meant that poorer South African students perform worse academically and privileged schools with predominantly white children, remain functional and these are schools usually found in middle-to-upper income urban areas”.

Spatial concentrations of poverty can cause discouraging results in school attendance and performance; increased crime levels; lower educational attainment; lower levels of income and employment; welfare dependency and high levels of teenage pregnancy. These poverty spatial concentrations are mostly likely to be racially segregated hence the inclusionary policy can be seen to be an effective policy that will help combat inequality and racial segregation. Jencks and Mayer (1990) claim that when poverty that is functional in a certain residential area surpasses its edge, then collective socialization wears off and communities are set backwards. This phenomenon that arises in neighbourhoods happens as a result of what Kontokosta (2014) refers to as the ghetto culture which are formulated by lack of opportunities, employment, stable establishments as well as role models.

This study is based on the conceptual model of investment theory whereby social investments should be in coherence with returns for developers. Developers are likely to yield higher returns on developments that do not incorporate inclusionary housing.

1.10. Methodology of literature review

The literature review interrogates trends of mixed-income housing policies that have been applied in various parts of the world, as well as South Africa. Countries included in the discussion are developing nations such as Brazil and China as well as developed nations such as the United States of America (USA) and Europe. The discussion of trends in other parts of the world will be followed by an interrogation of what the inclusionary housing policy entails in South Africa, to determine whether similar objectives and guidelines of the inclusionary housing policy have been adopted locally, compared to other parts of the world. The secondary literature review questions will then follow, to interrogate the effectiveness of the IHP.

1.11. Trends in regulations of the inclusionary housing policy in other parts of the world

Inclusionary housing policies are mostly adopted in developed countries in contrast to developing countries where they are rare due to marginal size of the private property industry as well as the huge income gap between poor households and rich households, Klug et.al (2013). Although there has been a visible increase in the desegregation that has been occurring due to black middle households moving to inner cities, the legacy of apartheid spatial planning still remains, (Kracker Selzer and Heller, 2010). This has been why government has driven the implementation of the inclusionary housing policy.

1.11.2. Brazil - Developing Country

Brazil's inclusionary policy is mainly focused on Urban Operation which consists of three aspects which were fixated on assisting poor households mainly based in slums. The three policies are namely; The Faira Lima Urban Operation, The Urban Operation Agua Branca and Urban Operation Águas Espraiadas. The Faria Lima Urban Operation was adopted in 1995 and was one of the first policies to look into the upgrading of slums. The policy was mainly focused on the need to build social housing which was expected to be 10% of total investments spent for the slum upgrading bearing in mind families in squatters who required relocating. This policy was revised in both in 2004 and 2011. Santoro (2015) found it

imperative that planning towards affordable housing through policies in advance, helped reduce urbanization costs.

The Urban Operation Água Branca took effect in 1995 which fundamentally projected road interventions as a necessary instrument in slum areas as per insights shared by (Santoro, 2015). Additionally, Santoro (2015) discovered that investment returns from subsidized housing such as the Fund for Assistance to People Living in Substandard Living (SUNAPS), contributed to raising equity that would go towards funding the development of social housing in slum areas. The policy was revised in 2006 and comprised the definite objective to build in suitable areas which are situated in the same precincts of the Urban Operation. This objective was also aimed at including low-income households who are also residing in the dangerous parts of the Urban Operation area. There was a set provision to build a maximum number of 630 housing units for new social houses aimed at benefiting these residents however, nothing was pursued towards achieving this objective to date.

According to Wegmann (2011, p. 154), “the law approved predicted that these would integrate this expanded perimeter, which would not generate resources by selling of building rights but could use the proceeds from the sale of building potential for social housing in these areas, involving up to at least 22% of the funds raised”. The amended policy which was approved in 2013 also predicted the isolation of this percentage of resources which aimed to avoid having the current use resources required for social housing, being left to be utilized at a later stage. Prior to this amended policy, the policy was reviewed in 2001 and focused on what was referred to as the 24 perimeters of Special Social Housing Zones which included informal settlements such as slums. Furthermore, the policy also endorsed resources that were attained from selling building rights to finance the construction related to social housing improvements, upgrading of slums or new social housing schemes provided to families who were affected by the relocations included in the interventions inside the Urban Operation perimeter.

Since its inception, Urban Operation Águas Espraiadas has recognised the reality of an existing large number of slum occupants in the Urban Operation boundaries. Expropriation of properties had to be executed to open a miniature ring of roads.

Overtime, the legality around the expropriation of properties became a sensitive matter and some cases are still ongoing which resulted in domestic instability. This policy was aimed at aiding 6 500 families living in informal settlements. This policy according to Wegmann (2011), affected the slums because there were no housing projects that were planned to form part of urbanization, upgrading or producing new houses to these slums. Families affected by this part of the policy were dispossessed for the erection of Monorail that was planned for the 2014 World Cup. Some of the benefits that most affected families received was freehold land and some families were given the choice to reside in the same vicinity after the completion of the social housing development.

The focus points of the Urban Operation project as advised by Wegmann (2011) are as follows:

- Planning for evictions and relocations to happen concurrently in the same location due to conflict that was resolved through lengthy negotiations that resulted in the court of law recognizing the area as SSHZ
- Avoiding conflict amongst communities by developing new housing structures near slums
- Evictions in areas whereby expulsions occurred or whereby new houses were pending payment settlements were not included in the Urban Operation Fund

Wegmann (2011) suggested that Brazil could implement the combination of predominant slum areas and the usage of traditional instruments of land value capture. However, this is often perceived to be a costly government expenditure. Santoro (2015) explored how Brazil attempted merging Special Social Housing Zones (SSHZ) with land value capture to integrate resources captured in urban operations both in the public and private spaces and financially invested in social housing projects to promote inclusion and evade segregation. Special Social Housing Zones (SSHZ) was defined by Santoro (2015) as a strategy that highly ranks affordable housing schemes in the planning and zoning of urban areas, to make them inclusive. Rolnik & Santoro (2013) quantified that Special Social Housing Zones started being the centre of master plans for towns and cities as well as zoning laws. These

laws became one of the main tools of land policies implemented by state councils and are intended to assist with the execution of projects related to social housing programs.

The notion behind urban land reserve in areas with good urbanization was to magnify affordable land to families that cannot afford market prices in a fair market. This approach was contracting to its conception by creating an opposite effect of the zoning effect whereby high-income households were grouped together in the same areas and lower-income households were pushed to more affordable regions which were areas that could be urbanized nor have any environmental preservation therefore promoting irregular settlements. The SSHZ aims to eradicate what is referred to as the “best and better use dictatorship” notion by including social houses in urbanized spaces.

Wegmann (2011) argued that Special Social Housing Zones strategy is impractical to be considered as an inclusionary housing tool in strict terms if one considers its theoretical concept which centres around seizing market resources. They outline inclusive housing as offering reasonably priced housing and implementing social inclusivity, by using the planning and zoning strategies through the apprehension of resources found within economic markets.

1.11.3. China – Developing Country

Youqin (2013) describes cities in China as formerly having a large dependence on government and public employers to provide social housing priced at low market rates until the 1990s. The causal effects were lack of housing, overcrowding in residential property as well as deprived housing environments were recurring hurdles in cities. In the last two decades, the Chinese public administration sold rental housing that was publicly available at reduced market prices which invigorated private developers to supply new housing that was both private and public. There has been an increase in the experiment of the inclusionary housing policy in China in recent years which is important to the country’s political legitimacy and social stability, (Chen et al., 2019). Most citizens prefer concentrated low-income housing and the policy is largely supported by low-income households. China developed approximately twice the number of housing structures than in the UK between

2000 and 2010 due to the influx of both domestic and international investment, which resulted in a housing boom cycle.

According to Huang (2015, p. 1) “China’s breakneck economic growth in recent decades has been accompanied by spectacular achievements in housing consumption, with the rate of homeownership in Chinese cities increasing from 20% - 70% per capita living space increasing from 4m^2 to 29 m^2 during the period of 1980–2010”. In addition, more than 9% of Chinese households overall maintained living in 8m^2 per capita of floor space housing units, (Huang, 2015). The long run effect of this phenomena has a been the gradual incline in housing market prices which has also caused a severe shortage of affordable housing in China. There have been policies executed to provide rental housing that is subsidized for the poor however, the Chinese government has over the years failed to provide achieve adequate housing provision.

“China has evolved into a new age with focus on low-income housing typically called “*peitao jianshe* (or *pei jian*, for short), which requires developers to provide a certain number of subsidized housing units as part of their development of private housing. *Pei jian* is equivalent to inclusionary housing in the West” (Huang, 2015, p. 1). These subsidized houses are built by developers however they are managed by government agencies. Typically, these subsidized houses are mainly in areas where there is poor or lack of government services whereby the land is provided at no cost to the developer. Pei (2009) describes this as the cause in marginalizing poor households spatially and contributed to the inadequacy of large housing projects that would have been subsidized. The policy places a lot of pressure on the developer to provide subsidized housing that will cater for poor income groups therefore it can be a successful strategy to meet the country’s shortage of low-income housing whilst reducing inequality created by social and spatial segregation.

Table 8: Types of Low-Income Housing in China

Table 8 below summarizes the description of different types of low-income housing that is provided in China. There are three types of low-income housing in the market, which are provided by the government and the private sector. Two of the housing schemes are for rental purposes due to the involvement of government and only the Economic and Comfortable Housing scheme that is owned by the private sector, is predominantly owned by its occupiers, with a small rental share. Subsidies are provided for depending on the housing scheme which the table differentiates and the schemes are targeted at low-to-middle income groups.

Housing Type	Cheap Rental Housing (CRH)	Economic and Comfortable Housing (ECH)	Public Rental Housing (PRH)
Starting Year	1998	1998, but redefined as low-income housing in 2007	2010
Ownership	Public or private	Private	Public or private
Housing Tenure	Rental	Mostly owned, a very small share is rental	Rental
Providers	Municipal government, work units, developers, households	Developers, work units	Municipal government, work units, developers
Subsidies	1) Housing provision with controlled rents; 2) Rent subsidies; 3) Rent reduction	Free land provided by municipal government; price controlled by the government, with 3% profit margin	Land may be free; regulated rents; fee/tax reduction
Target	Low-income households with housing difficulty	Low and middle income households; later changed to low income households with housing difficulty	Lower-middle income households, new employees, and qualified migrants who have housing difficulty

Source: Huang (2015)

A factor that led to the shortage of low-cost housing is the lack of complete and reliable income information which makes it challenging for the government to decide who should benefit from the programme even though some of the applicants provide false information and when false claims have been discovered and proved, the process to penalize the offenders is not efficiently followed. This results in having unqualified applicants benefiting from a programme that does not target them and these would at time include middle-to-high income applicants. A similar effect from the Brazil case study took place in China whereby

low-cost households are mainly located in marginalized areas on the urban borders where there is scarcity in the provision and access to basic services and amenities because of the country's state administration depending on land-related profits. This effect leads to low-cost households giving up their civil rights to rent or acquire low-cost housing because of these marginalized locations.

The new strategy as outlined by China according to Huang (2015) is as follows:
The state administration required developers to provide 15% public rental housing within a city's private housing development. The cities that adopted this policy around 2007 included Beijing, Changzhou, Harbin, and Qingdao and considered to be pilot trials with inclusionary housing policy to set appropriate national benchmarks to be met. The government takes advantage of its position in predominately owning a large portion of China's land, which positions them as the main land supplier of land, to invest in low-cost housing schemes in addition to making revenue through fees they charge to the private sector for land conveyancing, (Man, 2011). The effect of this strategy ensures that inclusionary housing developments that are located in market-rate residential developments takes place although there is also partial land that is not intended for inclusionary housing. In order to gain access to housing development on urban land, developers are forced to comply with the inclusionary housing requirements because there is a shortage of urban land. "The percentages required for low-income housing vary significantly between projects, locations, and cities, ranging from 5 percent to 30 percent" (Huang, 2015, p. 9).

Two models have been described by Huang (2015) that are used by municipal governments to regulate the provision of low-income housing:

- The first model focuses on fraction that will be allocated for inclusionary housing for identified projects which are governed by the state. Private developers of these identified projects will then bid to have the lease right of the identified site. This model ensures that the state maintains full control of the development.
- The second model is called "controlling land price, bidding inclusionary housing units" whereby the government sets a benchmark on the paramount land price for an identified site. Developers will then bid for floor space of low-cost housing once the bidding price reaches the maximum bidding price for a specific project. This

approach ensures that a reasonable land conveyance fee is generated by government whilst achieving maximizing low-cost housing space. Benefits received by developers for inclusionary housing projects include reduced land conveyance fees and other incentives such as numerous taxes and/or fee waivers.

A report by the Zhengzhou Municipal Government (2010) conveyed that instances whereby inclusionary housing is not suitable for an identified piece of land, government will generate revenue from this by demanding that the developer pay a lump sum and the funds will be allocated towards an off-site development suitable for low-cost housing. This can be deemed to be an alternative successful approach used by the government because a report by the Beijing Bureau of Housing and Urban Rural Development (2014) indicated that over 8 billion Yuan was collected in Beijing for the off-site development of inclusionary housing.

Once the development is completed, there are two approaches that can be followed as described by Huang (2015):

- The government may opt for acquire the low-cost units at pre-agreed prices with developers on completion of the subject development.
- Developers may decide to build and manage the inclusionary units for a period of five years and thereafter transfer the units to government at a fee.
- Governments may decide to take control of the inclusionary housing units for free through the “Build and Transfer” model. This model will allow a private developer to gain access to available urban land from the government and this can be done through the primary market. This approach entraps private developers to adopt the inclusionary housing policy in order to purchase urban land.

Problems with inclusionary housing in China:

- Whilst there is an increasing drive for inclusionary housing in China, it has been difficult to bridge the gap in solving for social and spatial inclusion.
- Marginalization occurs for low-income housing provided through inclusionary housing at both city and neighbourhood level. The issue mainly arises at neighbourhood level because developers have total control over the locations of where inclusionary housing should be developed. The inclusionary housing units in

this instance are likely to be built in marginal and undesirable areas despite the government forbidding developers from splitting low-cost housing and private housing.

- There is a vast difference in culture, language, and use of community facilities between low-cost household and high-income household to which Bretherton & Pleace (2008) indicate that this may stigmatize citizens benefiting from inclusionary housing. This constrains social cohesion.
- There is a separation in who manages inclusionary housing units versus the private housing which perpetuates social cohesion. The low-cost units are managed by municipal Affordable Housing Centres whose sole purpose is to manage rental collections whereby and a private property management company will oversee the private units in the same development. The same private property consulting and management company is required to deliver the equivalent services inclusionary units however the government pays a low premium for these services compared to the higher premium paid by private homeowners. This spreads social cohesion because naturally, the private homeowners are likely to receive better services than low-cost households.

Improvements are required in China's implemented inclusionary housing policy in terms of its design and incentives. "This is the only way China can make it an important and sustainable strategy for providing a large share of low-income housing while encouraging social and spatial inclusion" (Huang, 2015, p. 17). The following recommendations were provided according to (Huang, 2015).

- The state should reposition its attention on meeting housing allocations and facilitating property management to social and spatial inclusion.
- Costs of property management fees should be split fairly and services will be equally benefited from by low-cost households and private owners. "A two-tier property management fee can be charged to renters and homeowners, and the government could pay for the difference between fees for private renters (or homeowners) and public renters (or homeowners)" (Huang, 2015, p. 18).

- The government should implement informative policies and requirements of inclusionary housing in terms of location and distribution to avoid marginalization and exploitation.
- The national government should have strict regulations that only enforce qualifying migrants in the low-income housing programs.
- The provision of inclusionary housing has been a challenge for government, therefore better incentives should be provided to developers to encourage their active involvement instead of the current approach of forced participation. Additional incentives to developers should include but are not limited to obtaining lower interest rates on loans, developing projects at higher densities, receiving land and development approvals timeously, receiving instalments from the government to reduce possible financial pressures during construction, as well as receive a marginal specified profit rate from the development which will result in a balancing effect between private profit and social gains.
- The government should avoid frequent amendments made to housing policies to avoid uncertainties and confusion in policy implementations. Although changing policies can be a) good thing, continuous changes might result in not understanding how effective the implemented policies have been and opportunities for improvement may be missed.

1.11.4. United States of America (USA)

Affordable housing is not a new concept in the USA. Rosen and Sullivan (2014) describe the birth of inclusionary housing as heavily supported by neighbourhood residents and community housing activists who prioritised community housing needs and redevelopment decisions due to predominant economic, demographic, and political changes affecting the cities such as San Francisco. Inclusionary housing was introduced to the US market in the 1970s whereby 10-15% of dwelling units were targeted for housing aid, in the form of providing subsidized rentals for the working class and/ or lower income households who were economically disadvantaged.

A study conducted by Rosen and Sullivan (2014) focused on San Francisco however their inclusionary housing strategy was carried out similarly in other states around USA whereby

renters were dominant occupants of mixed-income housing compared to home ownership. Most affordable rental units are available to various households in the city such as low, moderate and middle-income. The targeted households paid below market rental whilst other private dwelling occupants paid market related rentals or above market rentals in some instances, (Ellickson, 2009). Inclusionary housing policies became strongly supported because across the USA and was considered a solution to creating affordable housing. Options that developers have are to either incorporate affordable housing in their development project or pay a fee whose proceeds are budged to developing affordable housing in other new developments.

Rosen and Sullivan (2014) studied the Condominium Conversion Ordinance which was implemented to preserve a rational balance of ownership versus rental of housing across San Francisco whereas the study undertaken by Ellickson (2009) was devoted to proving that challenges that have been identified in existing social housing projects, were similarly found in mixed-income projects. These are slightly different concepts which are detailed below. The study by Ellickson (2009) was more fixated on the popular Project-Based Assistance approach compared to the Tenant-Based Assistance approach whereas the study by Rosen and Sullivan (2014) focused on Rent Ordinance and Condominium Conversion.

There are distinct classifications between Project-Based and Tenant-Based Assistance as defined by Ellickson (2009):

Project-Based Assistance

- These are housing projects that include subsidized housing by the government to a public or private landlord which permits the landlord to rent out residential units in specified developments that charge below market rentals to qualifying beneficiaries.
- The benefits towards inclusionary housing qualifying tenants are continuous residence in the allocated unit. The disadvantage to qualifying tenants is when they move out of the allocated subsidy unit and they forfeit the benefits which are then reallocated to another beneficiary of the subsidy programme from a monitored waiting list. The benefits enjoyed by the beneficiary of the subsidy programme are

placed on the specified unit and not the recipient. Most housing subsidies in the U.S. have remained with the preference of implementing the project-based approach.

- Approximately 1% of U.S. housing is made up of the project-based subsidy programme whereas 2% is mainly assisted projects for private households. These percentages are lower than most European countries.

Tenant-Based Assistance

- This approach focuses on the demand side of the market for housing whereby housing vouchers are provided to qualifying households. “If and when a voucher recipient finds a private landlord willing to participate in the program, the tenant pays a set percentage of the household's monthly cash income toward the monthly rent, and the government pays the remaining balance directly to the landlord”, (Ellickson, 2009, p. 986). A prescribed Section 8 of the primary voucher program as implemented by the United States, provides solutions for beneficiaries’ portion of their rent, which is calculated on a 30% rate of their monthly income.
- The advantage of tenant-based assistance is the opposite of project-based assistance whereby, the benefits are attached to the beneficiary and not the subsidized unit because the beneficiary is able to travel with the voucher and use it anywhere else to reside in a subsidy unit owned by a willing landlord.
- The use of tenant-based assistance is to provide beneficiaries with the flexibility to relocate and find suitable accommodation and this currently used by 2% of U.S. household which is a smaller percentage compared to other first world countries such as France.

There are Rent Control and Condominium Conversions as implied by Rosen and Sullivan (2014) outlined below:

- They reported on the Rent Ordinance which safeguards existing tenants against disproportionate rental escalations and protects them against evictions, without the appropriate use of legal rules and regulations and approximately 170 000 (70%) inclusionary housing units are safe guarded by rent control measures. “Since the Condominium Conversion Ordinance was adopted, there have been two significant side effects. First, the ordinance restricts only conversion of existing rental

properties; it places no restriction on the development of new condominium units", (Rosen & Sullivan, 2014, p. 134). Consequently, there has been gradual increase in the number of condominiums constructed and owners who have battled to renovate their rental units to condominiums have opted to sell their units which removes the tenancy approach as an alternative approach.

- The Condominium Conversion Ordinance has come under fire by owners of rental units who have mostly preferred to convert their existing units to condominiums. "Advocates negotiated for significant changes, compromising some near-term conversions in return for a ten-year moratorium", (Rosen and Sullivan, 2014, p. 156). The collaboration of community support combined with the availability of large funding resources and implemented housing policies that are aligned to the needs of various communities have resulted in the effective evolution of affordable housing programmes across USA and predominantly in San Franscisco. Affordable housing was required to be kept for rental for at least 55 years and further described the contrast between the affordable purchase price and the fair market value of the property as the "recaptured upon resale, along with part of the appreciation, which will be proportional to the local government's initial subsidy relative to the fair market value" (Thaden and Wang, 2017, p. 27).

The Emergence of Mixed-Income Projects in the U.S:

One of the first state housing programmes were introduced in 1965 (Section 23) which permitted local housing authorities to few specific units in private rental dwellings. This programme was taken over by the first inclusionary housing policy in the 1970s which was implemented by few affluent suburbs which required housing developers to sell or rent out 10% - 20% of specified residential developments. New Jersey was one of the states in the U.S.A. that fully supported the inclusionary policy which was petitioned in court in 1983 that 20% of a development's stock should be inclusionary housing and the aim was to gratify New Jersey's municipality's constitutional duties to assist poor households.

An incentive of the programme was the endorsement of the Low-Income Housing Tax Credit (LIHTC) program introduced in 1986 which implied that developers would benefit from hefty

tax credits that the subsidy programme offers and that they would have to set aside at least 20% of their development units to be utilized as inclusionary housing for minimum 30 years. Ellickson, (2009) estimated 1.6 million subsidized dwellings being built by the year 2006 and failed housing policies were replaced by inclusionary housing programme. Policy makers are aware of social issues attached to integrating low-income households with higher income households and on the other side, developers are mindful that their chances of getting regulatory approvals for a development project are higher when it is proposed as mixed-income rather than completely subsidized and/or not subsidized.

There are inefficiencies that were identified in mixed-use developments in the United States which were made up of increased costs of production; neglect caused by lack of market restraint as well as the misalignment between aided households and the units they inhabit. These inefficiencies have been explained in detail below.

Higher Production Costs

“Housing economists have consistently found that, all else equal, the development of housing units in subsidized projects, whether publicly or privately sponsored, costs significantly more than the development of unsubsidized units” (Ellickson, 2009, p. 997). There is more time and higher expenditure associated with u subsidized development by both the developer and state officials. Developers spend more time obtaining land approvals in addition to facing public concern from residents living close to the proposed development.

Neglect Caused by Lack of Marker Restraint:

Developers and their appointed professional team might cut down costs by taking advantage of cutting corners and using cheaper materials to build those specific units compared to other dwellings. Furthermore, the developer is likely to spend less time or ignore complaints from the subsidized tenants due to lower incentives associated with them even though subsidized units may have a higher demand.

Misalignment Between Assisted Households and the Housing Units They Inhabit:

Ellickson (2009) report that a project-based subsidy programme has a higher probability of being inferior compared to a tenant-based programme in placing supported tenants in units

whose locality and unit designs match their preferences. Private dwellers have the advantage of choosing where they want to stay for various reasons however, aided residents are not afforded that advantage with the project-based programme.

Advantages of mixed-income housing in USA:

- "According to some studies, the construction of a subsidized housing project may raise the value of surrounding properties" (Rosen and Sullivan, 2014) however, this is not the idea that the authors hold. Most notions that mixed-income housing may reduce the value of properties in the area.
- Benefits to developers for inclusionary housing projects include; "a decrease in site development standards or a changes of zoning requirements or building design requirements such as reduction in parking bay requirements, zoning approvals for mixed-use nodes combined with the housing project if commercial, retail or other land uses will reduce the cost of the housing development; and other regulatory incentives or concessions that reduce cost to provide for affordable housing costs", (Thaden and Wang, 2017, p. 27).

Thaden and Wang (2017) compared differences between old and newly introduced inclusionary housing programmes whereby four factors were found to be significantly different which are listed below. The newer programmes were considered to apply to specified areas identified by the government; unlikely to use accelerated programs as an incentive; improbable for developers to be charged a fee to complete various developments and inclined to permit private develop to keep their existing developments without being required to apply inclusionary housing.

Furthermore, "235 out of 273 programs offered developers the option to build on site, while the second most prevalent option was paying an in-lieu fee in terms of providing inclusionary housing" (Thaden and Wang, 2017, p. 57). Approximately 50% of all the program initiatives reported that a minimum development size was not applicable. It was discovered that 90% of inclusionary housing programs that regulated affordability requirements successfully ran 30 years and more.

1.11.5. Europe

Research conducted by (Arapoglou, 2016, p. 1) focused on housing practices that suggested that “the concept and methodological advances of recent policy mobility research can be useful for exploring which forms of solidarity and creativity can offer sustainable alternatives to the top-down imposition of neoliberal reforms” within the European context. Housing policies adopted in Europe mainly focused on the incorporating these policies in social integration policies. The advocates of neoliberal welfare transformations advance stipulate corruption, lack of bureaucratic failure and lack of responsibility in the southern parts of European countries to validate their failures and blocking of alternative ways for change and this has resulted in a continuous increase in poverty, housing and social exclusion in parts of south European. These countries include Greece (28th rank), Italy (23rd rank), Portugal (21st rant) and Spain (15th rank) and all are countries that form part of the 28 Member States, (Arapoglou, 2016).

With Spain being the least ranked of the four above-mentioned countries, Arapoglou (2016) further reports that this could be due the country being less widespread rising housing costs that is experience in the other cited countries. To support this point, households with over 40% housing expenditure of their monthly income were considered reasonable taking into account the total population. The post-2008 global recession led to a reduction in social benefits, a decline in employment coupled with an increase in income tax. As a result, housing policies were adopted and one specific policy, Housing First in Europe, aimed to achieve the development and implementation of social housing and community building.

Arrigoitia et al. (2014) emphasized how the scope of social housing has deteriorated and this impact was substantial in some instances. On the other side, social housing owned by both the state and independent social housing landlords has been increasingly engrossed in providing housing for the most disadvantaged and vulnerable households. Overall, common trends were mainly for the supply of social housing that is rented out to beneficiaries who qualify for social housing. This is a similar concept to that used in the USA and policy makers support this approach because it is regarded as a tool of stimulating the economy.

“While the dominant picture is of decline in scale, privatisation and residualisation, the continuing increasing demand for affordable housing in different forms means that social housing will continue to play an important role in European housing systems and that in a period of economic austerity there will be ongoing pressures for social housing organisations to remain key to serving the needs of those finding themselves exposed to evermore market-oriented governmental housing policies” (Arrigoitia et al, 2014, p.2). How the adoption of inclusionary housing policies will be implemented will differ from country to country to suit the needs of each country and the study concludes that social housing has proved to be robust and adaptable.

Trillo (2019) distinguishes the definition of MIH between Europe and the USA whereby, in Europe, MIH is inclined to fall within programmes that include urban regeneration, neighbourhood reforms, urban renewal whereas the USA is mainly focused on mixed income neighbourhoods. “Inclusionary housing in Europe has been mainly implemented in Netherlands, the United Kingdom, Germany, France, Finland, and Sweden and policies are more focused on integrating homeowners with social renters which equivalent to public housing renters in the United States”, Trillo (2019). This holds a similar assumption that diversity will be achieved with a socioeconomic mix of residents and it will eradicate the negative effects of poverty in various neighbourhoods.

Overall, the countries discussed above are all supportive of inclusionary housing however the biggest challenge is successfully achieving social integrating between various households; developers feeling burdened with requirements from the state and figuring out how to effectively manage private units versus inclusionary units.

1.12. The Inclusionary Housing Policy in South Africa

According to a draft policy by the (Department of Human Settlements, 2015, p. 6), “human settlements patterns in South Africa remain dysfunctional across the country, the housing market is fractured with inequitable access to its workings and benefits, and there is an on-going housing affordability problem across various submarkets particularly the gap submarket”. This is how policies focused on inclusionary housing were encouraged together

with other housing policy incentives and/ or programmes. The policy was first introduced and drafted in 2007 to encourage private developers to add-value to the provision of housing however, the implementation of the policy was delayed to restraints from developers, communities and the real estate private sector.

The draft policy states that “developers to build 10–30 % of affordable units in their developments but allowed for the possibility of off-site provision in other inclusionary schemes, or for payments in lieu of units. It included measures to control the resale of affordable housing units to ensure that units remained available to the affordable housing market”, (Klug et al., 2013, p. 4).

According to research by SAPOA (2018), the inclusionary housing policy has an increasing demand towards what has been viewed to be disjointed urban planning in most parts across South Africa. The main focus in support of the policy is the aim of integration in providing equal social and economic opportunities to be accessed by a large number of the population. The policy is aimed at encouraging social cohesion and focused on the upliftment of disadvantaged communities despite the ongoing visible division of human settlements because of apartheid spatial planning policies.

The approved policy as stipulated by City of Johannesburg (2019) has identified three frameworks for the inclusionary housing policy which are associated with the objectives set out according to the City’s legislative directive. The three main frameworks as per the inclusionary housing policy are as follows:

- The aim of the IHP is to alleviate the inequality in Johannesburg because poor households that are mainly comprised of the black population, still live-in townships or informal settlements which are located far from economic nodes and opportunities as well as social amenities. Through the policy, more lower income households will have better access to economic opportunities as a result of having been located closer to economic nodes that offer the required opportunities.
- The IHP will present itself as an instrument for land value capture that is an advantage to the City and its residents as a whole. This can be achieved by the City in providing support to and establishing strong relationships with private developers

across the city. This will encourage the provision of good quality housing developments.

- The intention of the IHP is to ensure that infrastructure investments carried out by council will economically and socially assist the larger population in the city as we as redress the legacy of the apartheid spatial planning that is the cause of the high inequality. The policy aims to drive the city towards an efficient and inclusive environment.

The policy according to a report by SAPOA (2018), now requires that all new residential developments that have a minimum of ten dwelling units are obliged to include 20% of inclusionary units. The incentives to developers who adhere to the policy include comparative bonuses in development controls; reduced parking ratios; reduced parks and bulk infrastructure as well as a rates and taxes discount for the inclusionary units that have been that are included in new developments. Furthermore, the report indicates that the inclusionary housing policy is applicable to households that earn a monthly income of R7 000/m or less or should fall into the published social housing category. The primary goal of the inclusionary policy, when managed privately, is to mainly cater for all various income households.

Requirements and conditions set out in the Inclusionary Housing Policy as per City of Johannesburg (2019) detail the following:

- Current existing and approved land use rights are not affected by the IHP and only developments that require council approval post the implementation of the policy will be impacted.
- The policy affects all dwelling unit developments for rental and ownership purposes.
- There is a voluntary implementation option provided under the requirements of the IHP for developers who are involved in a residential development that provides 20 dwelling units maximum or less, but meet the requirements of the policy.
- The policy is applicable to all areas that fall under the City of Johannesburg Metropolitan area.

- Inclusive dwelling units and other stand market units must be erected on the same land/ premises. The separation of standard market units and inclusionary housing units is not permitted by the City.

Table 9: Inclusionary Housing Options as set out by the approved policy

Table 9 below explains the differences in four options that incorporate the inclusionary housing policy as provided by City of Johannesburg. Each option has its own requirements which property developers have to adhere to on new residential developments.

Option	Description	Details	Incentives (summary)
Option 1	**30% of Dwelling Units are:**	Social Housing; or FLISP Housing; or Housing with a rental cap: R2100 per month (2018 prices).	Increase in FAR equal to the total % of inclusionary housing (max 50% increase). Increase in density (in du/ha) to accommodate the extra units. Parking reduction for inclusionary units.
Option 2	10% of the total residential floor area is made up of small units. **At least 30% of total units in the development must be inclusionary housing.**	Minimum: 18m2 Maximum: 30m2 Average: 24m2	Increase in FAR to accommodate the 10% floor area for IH. Increase in density (in du/ha) to accommodate the extra units. Parking reduction for inclusionary units.
Option 3	20% of the total residential floor area is made up of units that are 50% of the average market unit size. **At least 30% of total units in the development must be inclusionary housing.**	Maximum: 150m2 Minimum: 18m2	Increase in FAR to accommodate the 20% floor area for IH. Increase in density (in du/ha) to accommodate the extra units.
Option 4	To the satisfaction (in writing) of City Transformation and Spatial Planning, City of Johannesburg		

Source: City of Johannesburg (2019)

The options provided for in the inclusionary housing policy as depicted in Table 9, require a 10% - 30% development of inclusive units for new residential schemes. The units are smaller in size ranging between $18m^2$ – $30m^2$. Incentives are provided for, depending on the option picked, which mostly include increased FAR; increased density and reduced parking requirements. Option 4 of the policy does not detail any requirements however a developer would have to submit a proposal to City of Johannesburg detailing how their planned residential development will incorporate any requirements of the inclusionary housing policy. Once finalized and submitted to City of Johannesburg, the proposal of the development will undergo an assessment on whether it meets the requirements of council as per the policy.

In conclusion to understanding the core focus of the policy, the first objective of the policy encourages social integration in the greater scheme of things and to remodel highly segregated progressions of the built environment in South Africa. The second objective focuses on expanding affordable housing. Furthermore, the policy aims to activate delivery capacities from the private sector in providing affordable housing, weighing new housing opportunities against the existing housing provision, promoting and increasing densification as well as utilizing existing infrastructure to its highest and best use.

1.13. Secondary Literature Review Questions

1.13.2. What are the current trends in housing provision in Gauteng?

The provision of housing is one of government's challenges countrywide since democratic South Africa. A significant number of the population live in informal settlements in cities around South Africa and there are a number of informal settlements in Gauteng, (Gunter and Massey, 2017). "The *Constitution of the Republic of South Africa*, 1996, in section 26, provides that everyone has the right to have access to adequate housing, and the state must take reasonable legislative and other measures, within its available resources, to achieve the realisation of this right", (Makiva and Ile, 2013, p. 111). Illegal structures in informal settlements exist due to lack of housing filled by the most vulnerable groups of the population and are mostly closely located to high income areas.

According to Gunter and Massey (2017), informal settlements are regional zones that have been occupied illegally, mostly by lower income groups and service delivery from the government is almost non-existent. There have been trends over the years of government initiating housing subsidy programmes to help improve the living conditions experienced in informal settlements in the form of providing RDP houses or low-cost housing. These areas are mostly overcrowded and are exposed to high levels of crime, outdated infrastructure and have insufficient access to water, sanitation and other services.

Lebeta (2008) reports that there has been an increasing drive on integrating households that were separated by the apartheid regime therefore the IHP has become more prevalent. Resulting social issues include lower household income levels, higher unemployment levels, increasing inequality and poverty, growing urban populations, financial burdens on local municipalities and cumulative demand for basic services including housing, have become a challenge to post-apartheid urban planning.

According to Section 2 of the overall values of housing development that encouraged integration, sustainability in human settlements was achieved in various way which were spatially, economically, institutionally and socially, (Lebeta, 2008). Regardless of these progressive requirements, the low-income housing ventures are battling to meet the objectives of the legislation. In order to solve for the housing backlog, government requires adequate funds and effective planning around migration trends especially to a province like Gauteng which experiences migration from other provinces and other African countries. Bond (2003) contends that the government has inadequate resources required to provide basic essential infrastructure in civic areas.

Housing subsidies from the government still have to be provided to millions of citizens across the country from various factors which include continuous increase in population due to migration that occurs every year from both local citizens and foreigners into economic hubs therefore housing demand will only marginally reduce; corruption poor delivery service. Nkoane (2016) further states that the unequal distribution of wealth is the biggest

factor to the housing issues in Johannesburg coupled with the lack of government intervention.

Research undertaken by Boaden and Karam (2000) highlights that even though access to housing is a basic service, it is not necessarily deemed important for some low-income citizens. Within the Gauteng context, Nkoane (2016) reported the City of Johannesburg has a housing shortage for its citizens which is a mixed population of locals and foreign nationals who plan to stay in the city or move around the province as a long-term vision because of the economic opportunities that are available to create a better quality of life compared to other provinces. Housing that is available is mainly for the informal market in the form of high-jacked dilapidated buildings and hostels that are overcrowded and in poor conditions. Another troubling issue is the conflict between government and citizens who are currently occupying the buildings in the city because on one side, they are attracting private investors to rejuvenate the city to that of a world class status whilst on the other side, residents are not provided with alternative accommodation once they are evicted from the buildings that will be redeveloped as part of the regeneration project.

Nkoane (2016) recommends a solution whereby the private sectors (investors, planners and developers) work together with the government to ensure that dignity of those evicted is restored by sourcing alternative housing solutions for them whilst generating profits for the private sector. Obeng-Odoom (2015) focused on how a housing crisis is the consequence of underinvestment in different housing types and that segregation of different income groups prolongs the problem.

Poverty and inequality are directly and indirectly related and the relationship is derived from income distribution in that poverty can be reduced if income is distributed equally which will improve economic growth. According to Lemanski (2011), there has a global increase in policies implemented as solutions for poverty in the form of providing property titles. The government has been making use of housing subsidies to integrate poor households into capitalist systems. Lemanski (2011) argues that whilst home ownership is regarded as a solution to reducing poverty whereby poor households are able to use their houses as financially tradeable assets in the real estate market or use them as collateral for credit

financing purposes, the value of these assets is usually lower and insufficient to provide the necessary income or wealth desired, (Makiva and Ile, 2013).

Government subsidized houses are usually low-cost housing or free housing in the form of the Reconstruction and Development Programme (RDP). Home ownership is considered as one of the factors that causes domestic inequality because owning a home is regarded as a metric of financial accomplishment therefore, it is difficult for most poor households to trade their most valuable asset which further entraps them into poverty.

New housing developments that are provided in mixed-use nodes are generally targeted at individuals who have the ability to maintain the standard of lifestyles in areas whereby mixed-use developments are prime, which are typically high-income areas, (Foord, 2010). Florida (2014) agrees to this view by elaborating that middle-to-upper income citizens are likely to stay in mixed-use nodes due to the convenience of immediate amenities as well as living closer to work.

Lemanski (2011), advises that home ownership for the poor spirals downward instead of the opposite because of the burdens that comes with the constraints discussed previously therefore, policies aimed at housing provision should be accompanied by economic strategies which can financially assist lower income households to reach a level of financial relief empowerment. The conclusion of Lemanski's (2011) findings is that home ownership is not necessarily a financial freedom mechanism especially for poorer households and therefore does not necessarily solve for poverty or inequality. There is minimal empirical research on this topic and Kontokosta (2014) emphasizes that opponents of the inclusive housing zoning underestimate its adversative impact on housing provision. Opposing to the views of the inclusionary housing policy's requirements, Mukhija et al. (2010) found no statistically significant indication supportive of the alleged adverse effects of the policy on housing provision.

1.13.3. How successful have current and previous housing programmes been implemented post-apartheid South Africa?

The manner in which the South African government has implemented existing housing policies has not been successful due to backlogs even though they are well-structured policies that are aimed at solving housing issues for millions of citizens, (Phago, 2010). The first democratic election in South Africa resulted optimistic policy promises coupled with high expectations from the African National Congress (ANC) as the new government for from citizens, to correct the wrongs of apartheid, (Makkay, 1999). Furthermore, the RDP is the first housing policy adopted by the government which focused more on vision instead of the construction design and improvement of institutional service delivery.

Gilbert (2002) indicated that the ANC planned to provide one million subsidized houses (RDP) to the poor over five years post the democratic elections which was a dismal failure. In addition, Tomlison (2017) reported that government had planned to build one million RDP houses which equated to 200 000 houses with each house estimated to cost R30 000. Gilbert (2002) reports that South Africa adopted the RDP housing policy from Chile which worked quite well for Chile at the time resulting in South Africa implementing the same model to alleviate the housing issue. Chile had gone through an urbanisation process that was similar to what was happening in South Africa hence the model was highly supported by government. The study conducted by Tomlison (2017) scrutinized the evolution of housing policy in South Africa since 1990 and criticised how this policy was implemented on the basis of the experience by other countries. Each country has its own unique problems therefore policy makers may learn and apply the wrong development lessons for their own country if they are copying the lessons of another country.

Njoku (1997) identifies historical inequalities, injustices in the political and educational structures as the main problems related to housing provision, stating that there is an availability of good quality housing however, the majority cannot afford it due to lack of income. “Problems associated with the legacy of apartheid spatial planning policies include the barrier zones developed between different racial groups and township borders which led to low densities”, Makkay (1999). The beneficiaries of the RDP project were predominantly black people in townships and rural areas which is still the case today. Post

the democratic elections, there was a three-year housing policy delay from date of submission of the new policy in 1994 to date of approval in December 2017.

To conclude, Makkay (1999) reports that the although government has taken action to implement housing policies, inequality remains, whereby opulent housing provision is still on the rise for the middle-to-upper income households predominantly comprised of the white population versus the overcrowding and marginalized conditions of poor households which is predominantly comprised of the black population. Tomlison (2017) agreed that the RDP initiative failed over the years because of backlogs caused by poor service delivery and some of these houses were poorly constructed.

Tomlison (2017) concluded with a theory that there was no resolution for the poor from the implemented housing policies in South Africa and recommended that government should instead focus on providing well-located affordable land that is central. "'Whilst planners might wish to see what could be done within the existing political framework to improve conditions in the homelands, they should also consider to what extent their recommendations are likely to strengthen those structures which exclude the poor from access to material resources and political influence", (Wellings and Black, 1987, p. 3).

It is also imperative to consider that the apartheid legacy is not the only contributing factor to the current housing backlog but another contributing factor that is the continuous population growth in Gauteng cause by an increase in urban migrations. Immigrants have also increased in numbers over the years and there was an influx of them during the 1990s into South Africa which also has an impact on housing provision because there are more people who need shelter. It is therefore pragmatic to design policies that will alleviate housing backlogs and homelessness.

To support this statement, Msindo (2018) reports that the Gauteng has the highest demand for housing compared to other provinces and remains the province with the highest number of RDP houses built however, there is housing backlog because of population migration pattern. This is due to the province being the economic hub of the country therefore, people

will continue to migrate from around the country and other African countries in search of employment.

Table 10: Housing Backlog by Provinces:

Table 10 below shows a comparison in statistics of the Reconstruction and Development Programme (RDP) dwellings that were provided as well as housing backlogs in all the provinces across South Africa in 2016.

Province	RDP dwellings 2016 community survey	RDP houses backlog 2016/1 Estimates
North West	261 693	237 000
Western Cape	571 997	526 000
Gauteng	1 227 729	600 000
Mpumalanga	241 801	170 000
Northern Cape	105 541	52 000
Free State	289 414	Figure not available
Kwazulu Natal	559 302	716 079
Limpopo	260 976	157 420+
Eastern Cape	386 802	600 000+
National		2,3 million

Source: Msindo (2018)

Although the estimated number for Free State could not be confirmed, the statistics confirm that Gauteng has the highest housing backlog of 26% compared to other provinces followed by the Western Cape at 23%. The government's plan over the next three years is to pledge to 25 catalytic projects that will focus on housing provision, Msindo (2018).

Below are solutions provided by Msindo (2018):

- Increasing the housing budget instead of increasing the housing targets in order to increase economic growth, create employment and provide better quality education
- Community engagements are critical in order to provide sufficient housing

- Addressing maladministration, political corruption as well as capacity constraints which lead to housing backlogs
- Allocating a higher budget on rural development which will reduce urban migration

Aigbavboa and Thwala (2013) agree that engaging with communities at large will lead to beneficiary satisfaction. Furthermore, it was discovered that adequate housing provision enhanced living conditions and resulted in a better quality of life.

1.13.4. Is there substantial inclusion of poor households as purported by the IHP in urban areas and mixed-use node developments built closer to economic hubs and what can be done to support this policy?

"There has been emphasis on integrating communities that were segregated by apartheid spatial planning and therefore housing policy is becoming more critical in this regard", (Klug et al., 2013, p. 1). There is limited research conducted on whether there is substantial inclusion of poor households in urban areas as purported by the IHP. Low-income households still have to bear the transportation costs to city centres because the areas they live are located on the border of urban areas, Lebeta (2008). This view is supported by Pottie (2003) who has expressed how the lack of housing provision has also deprived poor households of access to better neighbourhoods.

Research conducted by Klug et al. (2013) scrutinized the inclusionary housing policy and its practice in the City of Johannesburg and it was found that the policy has hardly been used. Factors that contributed to the policy not being well supported included resistance by the property developers and the real estate industry overall; resistance from middle and upper-income residents largely influenced by the huge income inequality as well as institutional and legal matters. The South African Property Owners Association (SAPOA) which is a body representing the real estate sector, strongly contended the compulsory approach that developers have to comply to according to the policy indicating that 98 % of its members were not supportive of the inclusionary housing, (Klug et al., 2013).

The concerns raised by SAPOA included the policy planning and legislation which remained disjointed and results in slow approval processes and further raised concerns on the

marginal impact that the IHP would have on the overall provision of housing. Furthermore, the regulatory body implored other issues included the process of property management; subsidy incentives; the bearing on land and property values and prices and the capability to keep property of low-cost households; questioned whether IHP units would be located closer to transport networks and that the government was not clear on the objectives and requirements of the policy.

A case-study done by Klug et. al (2013) investigated two areas whereby the IHP was applied and these areas include Fairland and Fleurhof closer to the north and south of Johannesburg. Below is a detailed analysis of both case studies.

The Fairland (Jerusalem) Case Study

The area is an upper income suburb and there were four pieces of land approved for separate projects which was owned by the City of Johannesburg. Two portions of the site were approved for commercial use which was developed between 2006 and 2007. The remaining two pieces of land were approved for a residential development for 56 inclusionary housing units out of a total of 186 units being built. This proposal was rejected by the Fairlands community followed by renegotiations between council and community members whereby, there were plans to increase density. To date the development has not taken place.

Below is the difference in selling prices for different units offered from the development as indicated by Kracker Selzer and Heller (2010):

- Luxurious 3-bedroom units for R2.2. million (280m2)
- 2-bedroom units for R1.6 million (160m2)
- 2-bedroom social housing units (55 m2) with a projected monthly rental of R2 000 and a projected selling price of R320 000 that has an estimated market value of R384 000 based on the proposed subsidy provided by the government.
    - The government would be subsidized the land price by R280 000
    - R40 000 of the selling price would be subsidized by the Johannesburg Social Housing Company (JOSHCO) that is sourced from the national budget

- The developer would then achieve a development profit amounting to R64 000 with 20% return on investment through the proposed cross-subsidisation of the market related units

The Fleurhof Case Study

Fleurhof is an area located between Soweto (township) and Florida (suburb). The above-mentioned project was not considered inclusionary housing in strict terms however it is a model that has been rapidly been supported across Johannesburg. The basic approach to the mixed-income development included a combination of low-to-middle income households. The development incorporated fully subsidised low-income housing, rental housing and/or rent to buy unit for the gap market as well as affordable housing for the private market.

The development was targeted for low-to-middle income households and not middle-to-higher income households and advantages to the developer included having control on the value chain in its entirety; obtaining more subsidies from the government for the social housing units and working with local authorities throughout the development to reduce risks. The financial advantage is that the developer can sell of social housing units to private institutions if the government failed on agreed payments. Furthermore, the return on investment is guaranteed to be achieved at 25% - 30%.

Below is breakdown of units provided which comprised of 9 000 units:

- 3 000 fully subsidised social housing units estimated at R68 000 per unit
- 3 000 rent-to-purchase units priced at R260 000 – R280 000 per unit to cater for the potential gap market
- 3 000 affordable housing units estimated between R261 000 to R480 000 per unit in an open market

The subject development also included a range of facilities which the community could benefit from such as business centres, religious sites, community centres, schools and parks. According to Klug et. al (2013), similar projects that were undertaken included Cosmo City with 12 500 units; Pennyville with 2 752 units and South Hills with 4 217 units). Better

transport networks were also created for the convenience of the residents. Regardless of the premature eagerness to implement the IHP, it has never been adopted at national level and therefore assumes that there has not been substantial inclusion of poor households as purported by the IHP in urban areas.

1.13.5. Can people from different income and social backgrounds integrate in a mixed housing?

"The mixed-income housing policies are challenged by a specific connotation, i.e., in the United States it is the combination between urban poverty and black or Latinos ghettoes; hence, spatial segregation is combined with racial considerations which are less present in other countries, except for South Africa" (Trillo, 2019, p. 1). Middle-to-upper income households are sceptical and sensitive to new experimental ways of housing provision, Klug et. al (2013) and ''when they aren't sure, they don't buy''. Oelosfe (2003) argues that social fairness can be considered as a vital constituent of urban integration however it has been disregarded by researchers. Oelosfe (2003) advocates that low-income households residing in mixed-use and mixed-income neighbourhoods are realistically not in a better position in comparison to households in segregated communities. This view suggests that inclusive housing policy initiatives certainly do not encourage social fairness to citizens. Furthermore, socio-economic inequalities are still prevalent amongst residents.

When more black people moved to the inner city to areas such as Hillbrow, the general perception from occupants in the area was that the influx of low-income occupants who were predominantly the black population, would lead to the cause of urban decay in the area. Black people make up the majority population yet they are the most marginalized and poorer compared to other racial groups, (Tomlison, 2017). However, a study done by (Crankshaw and White, 1995, p. 631), showed that "overall the incomes of new black residents were not greatly different from those of the white residents which they had displaced, and the provision of basic services were not negatively affected". The point on the provision of services not being negatively affected stems from the perception and complaints of white residents that "landlords claimed that the influx of African tenants with their township culture of vandalism, overcrowding and rent boycotts prevented them from maintaining their properties and paying utility bills", as quoted by Makkay (1999).

Furthermore, tenants in turn complained that they overcrowded their rental spaces due to exorbitant rentals and they withheld rental due because their basic services and utilities were not sufficiently provided compared to the white residents. This is how government opted to implement the subsidized housing programme whereby tenants could pay reasonable rentals and benefit from the provision of basic services.

In contrast, the study conducted by Lebeta (2008) on inclusionary housing in Cosmo City (north of Johannesburg) implied that the IHP promoted mixed-income integration and that the goals to construct Cosmo City were attained. An added advantage to the project was developing diverse housing typologies which catered for households with different financial, racial, social and cultural circumstances. The study indicated that a considerable percentage of 70% of the residents that were interviewed, perceived that Cosmo City has achieved the objectives of both spatial and social integration. Although in support of the IHP achieving social integration, he also found that schools that are provided in Cosmo City can house pupils from various demographic backgrounds however, some parents who were of a higher economic status, preferred their children school in elsewhere. Furthermore, residents in the area still face challenges of unemployment hence there are illegal structures such as spaza shops and shebeens. Smith (2003) contends to this notion and that multiculturalism is not an easy exercise to achieve.

According to a report by SAPOA (2018), developers indicated that although the IHP might reduce social and racial segregation, it would only benefit a smaller scale of poor households because it is impossible to absorb the majority into suburbs. These different households also have access to shared facilities. Defining the subject of facilities, Khan (2003) and Royston (2003) assert that the providing easy accessibility to amenities and economic opportunities is a challenge that is difficult to achieve to authorities who provide housing policies and are responsible for spatial and planning. Rosen and Sullivan (2014) agrees to most studies that mixed-income housing programmes are intended to boost residential integration of households with unequal incomes which is a concept that can be used for social integration by assisting impoverished groups such as African Americans and Hispanic Americans in the USA. However, they are of the assumption that low-cost households may not necessarily warm up to the idea of sharing living spaces with higher

income groups because humans tend to care more about relative social status according to sociological theory. Social and economic factors remain questionable whilst the issue of spatial integration is being addressed.

1.14. Key Findings of the Literature Review

The inclusionary housing policy is largely supported in various parts of the world as a solution to bridging the gap between poor and higher income households. Although it has been supported by communities and various state stakeholders who have considered the policy to have worked to address their respective countries' housing issues, developers have been reluctant to the implementation of such policies due to the strict rules and regulations they have to adhere to and their beliefs due to challenges such as failing to integrate different LSM households and who should take on the responsibility of managing the occupants of the inclusionary units. South Africa has adopted the policy to help alleviate inequality and provide a better quality of life for the poor since it is considered to be the most unequal country in the world. SAPOA has expressed its concerns with the policy noting reduced property values as one of the reasons as to why the policy might not work for South Africa and developers have shared sentiments that it is difficult to integrate poor and higher income households.

Current trends in housing provisions and structures have not significantly changed since the apartheid era's spatial planning because townships and informal settlements have remained underdeveloped in comparison to urban areas that have been developed overtime. The government has provided social housing in the form of RDP houses since democratic South Africa however, the housing backlog will continue for as long as there is an increase in urban migration to the province annually. In addition to this, lower housing expenditure budget, maladministration and corruption are factors that will have housing backlogs unresolved.

Currently, there has not been a substantial inclusion of poor households purported into urban areas although few developments have been built which focused on the provision of inclusionary housing. These developments include Cosmo City and Fleurhof both located

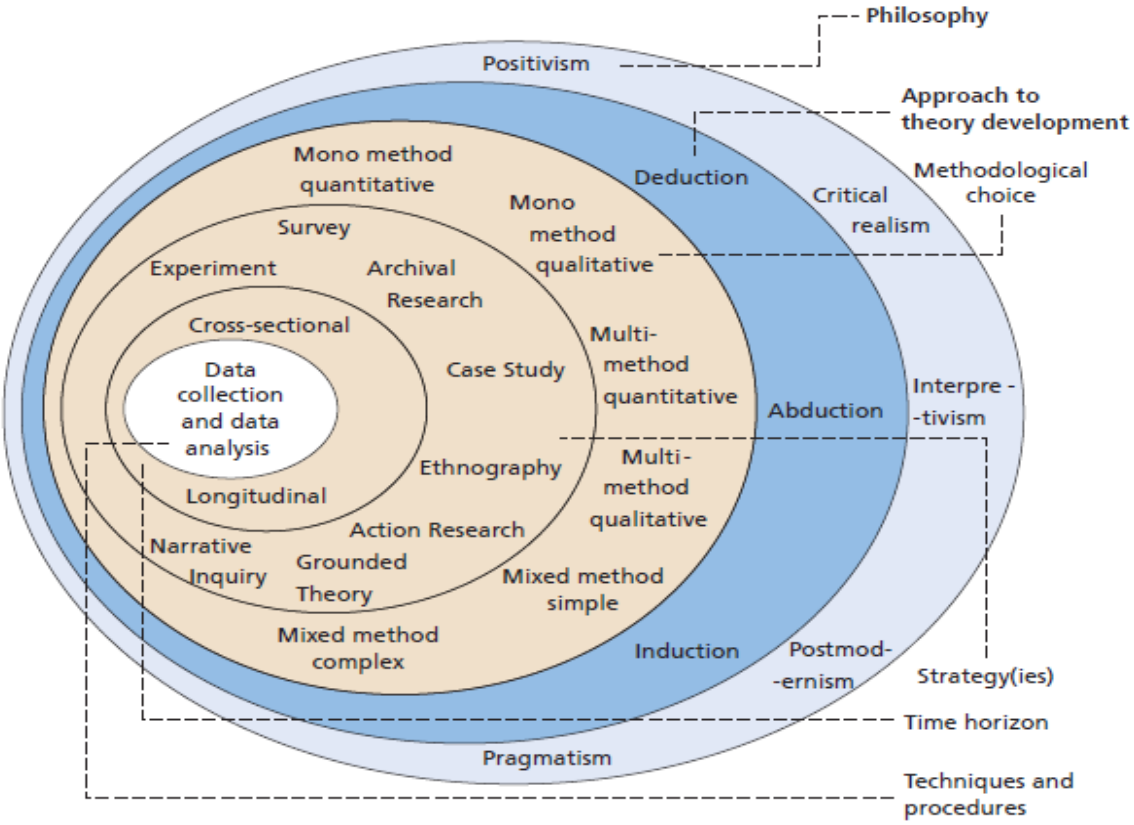
in Johannesburg and have been seen to be a success that socially integrated poor people into urban spaces. It is a challenge to socially integrate households from various backgrounds in terms of racial and income demographics because of perceptions they have of each other. Part of the unpleasant reality of mixed income housing integration is how higher income households perceive lower income households as ghetto because they are seen to be reducing the social status and value of an affluent area. This heightens racism and classism which are rife existing social and economic issues faced by South Africa given the country's apartheid history. Furthermore, it has also been revealed that people generally feel comfortable to live in spaces whereby they can easily relate to the people who live in their neighbourhoods because life experiences and values are more likely to be similar.

2. RESEARCH DESIGN

This research design followed Saunder's onion approach for the methodology and data-collection which was used as a guideline to uncover concerns related to the literature review. Each layer of the onion explains the approach that was adopted and deemed appropriate for purposes of this study.

Sander's onion approach as depicted in Figure 1, is a research philosophy comprised of 6 layers that are steps in which researchers can follow to collect research data. These stages are intended to answer research questions and meet the research objectives. The stages of Figure 1 below require the researcher to go through each stage starting from the outside layer moving towards the centre by breaking down which methods they have chosen to collect data and why.

Figure 1: Saunder's Onion Approach



Source: Saunders et al. (2019)

The layers of unpacking the data-collection process focuses on six areas, namely:

- Philosophy – the first layer which distinguishes between Positivism, Critical Realism, Interpretivism, Post Modernism and Pragmatism.
- Approach to Theory Development – the second layer which differentiates theories between Deduction, Abduction and Induction
- Methodological Choice – the third layer which distinguishes qualitative and quantitative data such Mono-method Quantitative, Mono-method Qualitative, Multi-method quantitative, Multi-method Qualitative, Mixed-method Simple and Mixed-method complex
- Strategy – the fourth layers which identifies the strategy suitable for data collection purposes. These include Experiment, Survey, Archival Research, Case Study, Ethnography, Action Research, Ground Theory and Narrative Inquiry
- Time Horizon – the fifth layer which determines how the data will be evaluated between Cross-sectional and Longitudinal
- Techniques and procedures are the last layer to determine how you will carry out the data collection and data analysis

3.1. Research philosophy and approach

Research philosophy as defined by Saunders, Lewis and Thornhill (2019), refers to progressive information derived from an arrangement of basic principles and expectations whereby a researcher makes various assumptions at various phases in their research analysis, even if they might not have been cognizant of it. As a result, a researcher is then placed in a better position to comprehend research objectives, questions as well as approaches used in how they interpret their research assumptions. “These include (but are not limited to) assumptions about the realities you encounter in your research (ontological assumptions), about human knowledge (epistemological assumptions), and about the extent and ways your own values influence your research process (axiological assumptions)”, (Saunders, Lewis and Thornhill, 2019, p. 130).

From the five philosophies identified by Saunders et al. (2019) in Figure 1 above, the philosophy method that will be used for purposes of this research is Pragmatism, which has

been described as a philosophy that implies that concepts are only pertinent where they support action. Furthermore, for a researcher using the pragmatism philosophy, research is questioned as a starting point in order to state a problem which then proceeds to focus on providing theoretical and practical resolutions that can help guide practices used in the future. “Researcher values drive the reflexive process of inquiry, which is initiated by doubt and a sense that something is wrong or out of place, and which recreates belief when the problem has been resolved”, Elkjaer and Simpson, 2011, p. 17).

As a result, the problem that is unpacked for purposes of this study is whether the government can successfully implement the inclusionary housing policy when there has been unsatisfactory growth and improvement in the execution of existing housing policies countrywide. The objective of this research is to interrogate how effective the implementation of the inclusionary housing policy is through the analysis of data that was gathered from interviews held with experienced residential developers who have predominantly worked on developments around Johannesburg and other parts of Gauteng. A detailed evaluation has already been provided on how the City of Johannesburg has implemented the inclusionary housing policy in comparison to various parts of the world who are making use of the policy using their own respective measures and requirements, as well as the implementation of other existing housing policies, under the literature review section.

3.1.1. Approach to Theory Development

There are three approaches to theory development, namely; Deduction, Induction and Abduction. The approach that will be used for purposes of this research is the Induction theory which according to Saunders et al. (2019) an approach whereby the theory of the research will follow the data collected and vice versa, which would mean that the research might conclude with the same theory before it was tested.

The findings in the recommendation and conclusion are justified by the results derived from the interviews that were undertaken, in order to determine whether the inclusionary housing policy can be successfully implemented in South Africa. Saunders et al. (2019) claim that researchers who use the Induction approach to theory development are inclined to working

with qualitative data using various methods to collect the requires data in search of obtaining different views.

3.2. METHODOLOGY

3.2.1. Methodological Choice

In this section, a mono qualitative method was used because the primary source of data are interviews that were conducted with experienced residential developers. The structure of the questions used for the interviews is closed questions. The mono method is described by Saunders et al. (2009) as a technique in which the researcher understands the demand of the subject matter and is able to establish only one form of research method that can be used and this can either be in the form of qualitative or quantitative research.

For purposes of this research, a semi-structured interview was used for the case study which will be discussed in detail in the strategy section below to understand the perception of developers who will be affected by the subject policy. Furthermore, Saunders et al. (2009) describe qualitative data as research that focuses on the bigger picture which includes topics that cover opinion thought process and emotions which is typically the case when working with qualitative research.

3.3. Research Methods

3.3.1. Strategy

The strategy approach used is that of a case-study by examining residential developments under City of Johannesburg that have incorporated inclusionary housing in newly built developments, or plans for new residential developments that will incorporate inclusionary housing in the near future. “A qualitative case study is an approach to research that facilitates exploration of a phenomenon within its context using a variety of data sources” (Hafiz, 2008, p. 544). Saunders et al. (2009), define this approach as a more apparent and realistic way of data collection which affords the researcher the ability to focus on details of a specific subject matter. The case-study is focused on the Gauteng province whereby its metropolitan area, City of Johannesburg, has approved and implemented the policy since February 2019. A single case study within the context of this research would have been

focused on one inclusionary housing development and a multiple case study would be focused on several inclusionary housing developments. Therefore, a multiple-case study is deemed appropriate for purposes of this study because it will interrogate what components and themes that are important to ensure that the inclusionary housing policy is effectively implemented because more than one inclusionary housing development was considered for purposes of this research.

The reason why Gauteng is an appropriate province to carry out the case-study is because it is the only province with a metropolitan area that has approved and implemented the policy and is the guinea pig for the rest of the country. Additionally, Gauteng has shown a pragmatic growth in real estate with recent changes perceived to be that of mixed-use design compared to other provinces. Cape Town, which is located in the Western Cape province, is also well developed and seen to be one of the biggest contributors to the economy's growth and GDP and has shown real estate growth but it has not yet explored the inclusionary housing policy.

Furthermore, the City of Johannesburg has already initiated mixed-income projects in areas such as Cosmo City and Fleurhof and has been working on one in Fairland for a few years which is only coming to a completion in a year's time. Flick (2009) implies that case studies offer the information from reality a real-life perspective and it can be associated with both qualitative and quantitative research depending on which methodological choice the researcher is using. The depth of this strategy was an embedded case study that focused on some aspects of the inclusionary housing developments.

To elaborate further on why an embedded case study was used was because only the inclusionary housing element on residential developments was questioned. There are other factors that can be investigated that are related to residential developments which will be suitable for a different research topic that can interrogate funding, market conditions, property leasing and property sales to name a few.

3.3.2. Time Horizon

There is a distinction between cross-sectional research and longitudinal research. Cross-sectional research is used for a short period of time which is the opposite of longitudinal research, Saunders et al. (2009). This was the preferred approach for purposes of this research project. The disadvantages of cross-sectional research were highlighted by Sahay (2016) as having its limitations to a certain period of time which gives a snapshot of results that are sampled for a particular population in a certain period of time. The research is focused on one province used for a case study and the inclusionary housing policy was newly implemented in the real estate market at the time of collecting data in the form of interviews. Therefore, the data analysis was built on what had already been done on inclusive housing developments and what was going to be done in new inclusive housing developments which was over a short period of time. As a result, the cross-sectional research approach was deemed appropriate.

3.4. Population and Sampling

3.4.1. Data Collection and Data Analysis

Interviews with experienced developers who have been involved in residential developments which have applied the requirements of the inclusionary housing policy were conducted for data collection purposes. A total of six experienced developers who participated in the interviews were chosen in two different ways. The first option was through random selection by contacting various property organisations that had developers who have been involved in residential developments that have applied the inclusionary housing policy requirements and the second option was through referrals from council stakeholders in City of Johannesburg. All interviewees willingly participated with no external undue influence and verbal consent to conduct the interview and record it was granted by all participants. Qualitative data was collected through the option of face-to-face interview or virtual interview whereby the latter was the most preferred option due to the current worldwide Covid19 pandemic.

A comparable analysis from the conducted interviews has been grouped into three different themes in order to establish how effective the inclusionary housing policy has been. The first part of the interview covered each participant’s background to ensure the reader

understand the quality and experience of developers that formed part of this research. The background provided on each developer's career experience was to determine how well they understand residential developments and what type of developments they've completed in their respective careers.

The three themes covered in the interviews are as follows; a) Social Justice to determine whether they are supportive of the IHP and whether it is effective and makes sense to apply in a highly unequal country like South Africa; b) Financial Analysis to determine the viability of developments have applied the IHP requirements; c) Government Intervention to determine whether the state has provided any support to private developers to ensure that developers successfully carry out and complete residential developments which have applied the IHP's requirements and to determine whether transport networks have been successfully implemented to ensure ease of commuting.

3.5. Development of the Research Instrument(s)

Interview questions were designed under three themes explained in section 3.4.1. namely; Social Justice, Financial Analysis and Government Intervention. The questions/ statements were formulated to achieve the objectives of this study and determine whether the findings were aligned with existing research that has been done on the effectiveness of the inclusionary housing policy. Annexure A is the actual interview with all the questions asked to the participating developers who have been involved in residential developments which have applied the requirements of the inclusionary housing policy. The questions asked in the interview for purposes of this research were not been derived from any existing research due to limited existing research done on inclusionary housing especially in the context of South Africa.

3.6. Data collection Protocol

Due to the Covid19 pandemic, telephonic introductions were made by the researcher to each participating developer prior to conducting the actual interviews. The telephonic introduction was also used to confirm the date of when the actual interview would take place so that virtual meeting invites would be sent to them well in advance. One participant agreed

to meet in person and the interview took place at the participant's work premises in a boardroom. The other five participants were interviewed through virtual meetings to maintain health safety due to the Covid19 pandemic. Confirmation was made to each participant that information shared would be stored safely and used for research purposes and that the confidentiality of their identities and organizations that they have been linked to either formerly or at present, would not be disclosed. Consent to partake in the interview was confirmed by all participants. Questions were clearly explained and participants answered based on their experience and knowledge. The data collection protocol was done to maintain confidentiality.

3.7. Ethical Risks and Mitigation Strategy

The participants targeted for this research were not forced to participate and were instead, willing volunteers. The participants were given the liberty to choose to not respond to questions or statements that they were not comfortable to disclose information on. There are no personal or business relationships between the participants and the researcher because the research was conducted as a requirement and guiding tool for purposes of this academic research. Questions were clearly stated and explained in the case whereby the respondents could not comprehend the questions being asked. There were no personal gains or bribes provided to respondents and the interview was strictly conducted in a professional manner. The data collected will strictly remain confidential and anonymous before and after the research was published to any third parties or the public. A verbal confirmation was provided by each participant to record the interview and confirm that the information shared will be kept strictly confidential. Respondents were given the chance to request a signed report to confirm that the interview had taken place if they would require one for whatever reason however, none was requested because consent was provided in the initial telephonic introductory discussions.

3.8. Validity and Reliability

The reliability of the data collection is such that the interviews are designed to answer the literature review secondary questions which have not been used in the journals read and referenced for purposes of this study. To reduce the likelihood of participants' error, the interviews are strictly limited to developers who meet the following requirements:

- Developers who have been involved in residential developers which have applied the requirements of the inclusionary housing policy.
- Developers who are in the process of constructing or looking to construct inclusionary housing developments.
- Developers who have been involved in any public participation conducted by City of Johannesburg before the policy was approved and implemented.

To evade participant bias, interviews were held privately in person and by means of a virtual meeting with each individual developer, to ensure that they respond freely with no undue influence such as the likelihood of them being overhead. There will be no naming of the respondents; no disclosing of organisations that respondents work under or formally naming of stakeholders that respondents have been working with/ are currently working with in their line of work. This is to ensure anonymity. To avoid any researcher errors, interviews were conducted over a reasonable period of time and not all at once. To avoid researcher bias, although they are in the form of a closed structured, the questions/ statements will be structured objectively and not subjectively.

The research and data collection are in a construct validity form because although research has shown examples of inclusionary housing developments being executed in areas around Johannesburg, there are limited studies that interrogate how effective the implementation of the IHP has been, particularly in South Africa. The external validity of the data collection will be focused on interviews with experienced developers that have developed inclusionary housing developments; are currently developing residential developments that has applied the inclusionary housing requirements or have been involved in engagement with council about how they perceive the inclusionary housing policy during the public participation stage.

3.9. Research Constraints

The data collection process is a constraint identified due to reasons provided below:

- Ethical considerations – some participants may not have been honest with the responses which skews the results obtained.
- The case study is only focused on Gauteng and data has been collected from developers who have been involved in residential developments that have applied the requirements of the inclusionary housing policy.
- Only six experienced developers have been interviewed for purposes of this study because the property industry is still a niche market with very few well experienced and knowledgeable developers. Furthermore, the policy currently only applies to City of Johannesburg which is one of three of the Gauteng's metropolitan cities. As a result, only well experienced developers were found to be suitable and sufficient for purposes of this research.

3.10. Research Timeline

Interviews were conducted over a period of 2 - 3 months which is considered sufficient to have held interviews with the various developers/ participants. The availability and willingness of targeted developers has also played a role in how fast or slow the data collection process took place. A 2 – 3 months period is deemed to be an appropriate time frame for completion of this dissertation.

3.11. Resources Required

Information was gathered through credible sources such as academic journals and referenced reports. Only developers who have been involved in residential developers which have applied the requirements of the inclusionary housing policy this was done using a linear snowball sampling approach. The approach used is due to the difficulty in finding participants who understand the inclusionary housing policy or may have already worked on inclusive housing developments and this could have been largely caused by how recent the policy was implemented and also implemented in one metropolitan area in one province across South Africa. Furthermore, the challenge in finding credible participants is the reason why there were six participants in total.

Research done by Huang (2015) which was focused on China's inclusionary housing policy involved one field interview that was done with a Beijing government official. A study focused on Affordable Housing in San Fransisco by Rosen and Sullivan (2014) involved data collection from an interview done with two participants. However, one study done by Klug et al. (2013) involved participation from 20 participants which involved government officials, property consultants and as well as property developers and stakeholders from funding institutions.

4. DATA ANALYSIS

Data was analysed manually because of the nature of the data collection process, which are interviews.

4.1. Demographic Analysis and Validity

Respondents who participated in the interviews are all well experienced in the market and have mainly done residential developments in Johannesburg therefore they understand the market better because Johannesburg is where they have established themselves. Most of the respondent have long standing relationships with the city's council and have engaged the council with their own thoughts and ideas on how the inclusionary policy could best work for all stakeholders involved which include council; private developers themselves; community members in various residential neighbourhoods and inclusionary housing beneficiaries. Some of the respondents have either completed an inclusionary housing development or are awaiting the finalization of approved plans post the policy implementation.

4.2. Analysis as per Objectives

Although the inclusionary housing policy is newly implemented, the data analysis has addressed the objectives of this study to a certain degree. It is not distinctly clear whether the policy has been effective because most of the developers had not yet completed an inclusive housing development therefore, the research was more aligned with a monitoring and evaluation phase. The data compiled from the interviews does however suggest that developers are willing to be compliant with the policy and confirms that they are supportive of the policy. Furthermore, the data also outlines the type of activity that was taking place in the housing sector which ranges from standard residential developments to high density residential developers whose target market is mainly the middle class and the focus areas are in north and central Johannesburg.

Based on interviews conducted with the respondents, the data illustrates that developers understood the requirements of the policy and are supportive of the policy in that there is enough scope to decided what type of inclusive development a developer would want to

pursue based on the area and upfront land and development costs. The IHP gives developers enough scope to decide on which project would be financially viable. Furthermore, there is common frustration when it comes the lack of support from council in relation to providing the necessary approvals required for developers to carry their respective projects.

4.3. Response Analysis

4.3.1. Background on Developer's Career Experience

The first part of the interview was to understand the background of each participant to ensure and confirm that they are knowledgeable and well qualified in their respective fields of work. As a result, this first part of the interview has not been categorized under the interview themes. Profiling each participant was prudent because only six participants were interviewed based on reasons summarized under Research Constraints in section 4.1. The background mainly focused on the participant's career as a developer and to determine whether they had already been involved in any residential developments that incorporated the requirements of the inclusionary housing policy.

Respondent 1 is a qualified town planner with a degree in town planning from one of South Africa's top performing universities. He has over 25 years of experience in town planning having worked for the private sector and public sector whereby he worked for the City of Johannesburg council for 15 years and was closely working on the development policy planning for the region. He has experience in both commercial and residential developments. He was recently part of a development team under an organisation where he currently works, that incorporated inclusive units around the Midrand area. They are currently busy with two other developments. Midrand is classified as a middle-to-higher income area and is considered to be the central point between Johannesburg and Pretoria. They have aimed for a 30% target of inclusive units in the inclusionary residential developments they've been involved in thus far.

Respondent 2 is a qualified lawyer who obtained his Master's Law degree at one of the top performing international universities and practiced law for over 15 years. He later decided

to change careers and go into property development which started off with the development of a retail centre in Kwazulu-Natal whereby he was involved in the leasing process of local tenants for the subject centre. A financial and insurance institution then bought shares into the centre and took on the responsibility for leasing to national tenants. Respondent 2 then started a property portfolio with some business associates and was a Chief Executive Officer for a listed property fund and was involved in various developments for regional and super regional shopping centres. He now has over 17 years of experience in the property industry which ranges from town planning, property development, marketing, leasing, managing development professional teams as well as managing relationships with financial stakeholders. Furthermore, he was involved in the drafting of the current IHP policy after the first draft was largely rejected by developers in the property and construction industry. He is currently involved in two developments that have incorporated 33% of inclusive units whose building plans have been approved by council but they have not yet started with the construction thereof.

Respondent 3 is a qualified town planner who has worked under City of Johannesburg as a project manager for the town planning scheme and the affordable housing programme when the RDP scheme was started. He later moved into property development which has been his core business for over 13 years. Respondent 3 has been involved in inclusionary developments that pre-date the current IHP in the form of affordable housing and social housing in well located areas. These areas include Fairland (discussed under literature review), social housing projects in the CBD and Midrand in the Grand Central (old Zonkesizwe).

The said developments are still under construction and have not yet been completed. The minimum percentage of inclusive units in these developments that is 20%. Respondent 4 is currently completing his studies towards a Master of Business Administration (MBA) qualification and has been working for a property development company for 8 years. This company is a relatively new player in the market that is a foreign run organisation from China which specializes in high density residential properties. Respondent 4’s experience is focused on property development coordination from the planning and land acquisition stage right through to the construction and property completion stages.

Respondent 4 has not yet been involved in any developments that incorporate inclusionary housing because all the current projects they are working on were approved by council before the policy was implemented. Respondent 4 has however, been part of public participation discussions that were held by the Johannesburg council which were focused on the inclusionary policy. Respondent 4 has advised that the IHP is a positive outcome for the organisation he works for because council's requirements are somewhat aligned with the type of residential developments they concentrate on, which are high density buildings aimed at the middle class. Their current developments are located in middle to high income areas such as North Riding; Randburg; Midrand and Greenstone (east of Johannesburg).

Respondent 5 completed their Masters in properties at one of South Africa's top universities. They worked for financial services for 5 years before venturing into property development that ranged from shopping centre, healthcare industry and in the last few years residential developments. Respondent 5 has worked across the country and has not specifically been concentration in construction developments around Gauteng alone but ventured to Kwazulu-Natal; Limpopo and Mpumalanga. However, Respondent 5 has only done residential developments around Johannesburg and Pretoria because they understand the residential market around Gauteng better than other provinces. They would like to explore the residential market in Cape Town as a long-term goal of the organisation they work under. Respondent 5 has not yet constructed or applied for any council approvals on developments that incorporate inclusionary units however they are aware that they will be impacted for any near future residential development projects. Just as in the case of Respondent 4, Respondent 5 was also part of public participation discussion that were held by council prior to the policy being approved. They have mainly constructed residential developments around the larger part of Randburg and Midrand areas.

Respondent 6 holds a Master of Business Administration (MBA) qualification and has over 15 years of experience in commercial and residential funding. Respondent 6 has been growing his own property investment portfolio over the years and currently specializes in the affordable housing space. Respondent 6 is looking to explore the residential market holistically in the near future which will include developing residential inclusive housing

units. Respondent 6 has been successfully investing in affordable housing developments around the Central and West Rand of Johannesburg. Respondent 6 also converts old rental stock building into refurbished affordable housing units.

In conclusion, the respondents interviewed are all very well experienced experts in their field of work with 80% having over 10 – 15 years specializing in the construction and housing industry. Therefore, the views shared can be trusted and were provided objectively. Given how recent the policy was approved, the developers who were interviewed have either recently started with the development that incorporates inclusionary units or are still awaiting the finalization of the relevant council approvals and building plans from council in order to start building residential developments that incorporate inclusive housing requirements or have not yet been involved in any inclusion housing development but have engagement in public participation discussions held by council prior to the policy being approved and implemented. Three out of the six respondents have had worked under the City of Johannesburg and worked closely with them after moving on to work for other private organisations therefore there is rapport on how council processes work and legislation thereof.

4.3.2. Analysis on social justice in relation to the Inclusionary Housing Policy

Table 11	
Subtheme 1 – Personal social stance	To determine whether respondent believes housing programmes are suitable for spaces near urban space and whether mixed income housing integration does work.
Subtheme 2 - Observations	To establish whether the respondent has seen any resistance towards integrating lower income households into urban area.

Respondent 1 believes that social housing programmes are suitable for spaces near urban workspaces. He believes that the current IHP widens the spectrums of what can be defined as inclusive because affordability will depend on the area where inclusive units are built (e.g., an inclusive unit in the more affluent neighbourhoods will be marketed differently to inclusive units in middle income suburbs). According to respondent 1, “the first draft of the

policy had a lot of resistance from developers and had to be revised because it did not make financial sense in that units were to be provided freely to poorer households with minimal government intervention". Even if the units were to be occupied successfully by citizens earning much less than the targeted LSM of that area, they would not be able to afford paying basic monthly services (i.e., rates, taxes and levies) because of the higher costs charged in affluent areas.

Essentially, the initial draft of the policy did not make financial sense to both developers and targeted beneficiaries of the IHP. The new policy has been improved as it accommodates the financial goals of private developers and requirements set by council because it integrates various income households based on the area that they live in. Respondent 2 shares the same sentiments as Respondent 1. In his discussions to work on the revised IHP with the Johannesburg council, Respondent 2 advised that the reason why the first draft did not work was because council did not factor the land and upfront costs that go into purchasing vacant land meant for a development. These costs are higher in affluent neighbourhoods compared to middle-income neighbourhoods.

The current approved IHP provides for inclusionary housing requirements by providing developers with four different options. Respondent 2 has been involved in developments that are inclusive in terms of the size because they are smaller than the rest of the development's targeted unit sizes which makes the cheaper to rent out or sell. This implies that the said inclusive units are defined by size and not income groups however, the natural effect is that someone who would otherwise have not afforded to stay in a certain affluent neighbourhood may now have the opportunity to do so because the market provides smaller units where they can afford to live. Respondent 2 has been observing trends of buyers in the various residential developments in whose construction he was involved in over the years which have mainly been in the northern suburbs of Johannesburg which is made up of mainly affluent neighbourhoods.

According to Respondent 2, "the demographics have changed drastically from having 20% of buyers who are black people 10 years ago to now having 70% of buyers who are black in recent years leading up to now". The inclusive units will further increase the number of

black people living in these areas. The demographics illustrated under the literature review section of this research proved that black people are the most financially disadvantaged population group; live in townships and poorer income areas; experience higher unemployment so the analysis made by Respondent 2 in his line of work shows a positive trends in the improvement in the livelihoods of black people which can be considered to have worked towards reducing the inequality we have in Johannesburg, that trickles down to the rest of the country. Respondent 2 has further reported that there has been also been a shift in black people who opted to rent 10 years to now choosing to rather purchase their homes. Respondent 2 believes that Option 1 of the IHP is what will successfully achieve the integration of the poor households into suburbs in the form of social housing provision. Respondent 3 believes that it took long enough for council to get to this point of implementing the IHP which is a necessary tool to ensure that cities and people from various income groups are integrated.

Respondent 3 does not support any segregation households in the way that it was done in the past because it has led to poor people being perceived as ghetto which is still an ongoing issue today. Therefore, even with the policy being implemented, residents in suburbs whereby lower income households are being integration through the use of the IHP may start perceiving those suburbs as being ghettoized by having lower income households living in those communities. According to Respondent 3, “council is heavily reliant on private developers to meet the city’s housing needs however, the private sector has also been hesitant to integrate lower income households into suburbs.

Respondent 3 believes that integrating households of various income groups could work however, the minimum requirement placed on residential developments at the 20% - 30% benchmark does not necessarily go a long way to solving the housing issue”. Respondent 3 is of the view that affordable housing could be a more appropriate policy to address the housing issue than just the integration various income households alone. Respondent 3 has further brought up the possibility of having housing provided for low-income workers (i.e., servants) who work in affluent residential estates such as Waterfall, Steyn City and Dainfern which could have them living closer to their places at affordable market rates.

Respondent 4 advised that the resistance towards the inclusionary housing policy is mainly driven by developers and residents who are concentrated and located in established affluent areas because they may perceive the integration of lower income households as reducing the quality of life and community standards that are meant to be maintained in certain high-income areas. This is aligned with Respondent 3's view about the lower income households being perceived as ghetto by higher income households. Respondent 4 is of the view that "housing integration or mixed housing will not work if the income disparity is too extreme whereby the one side of the spectrum is at the very top of the income bracket and the other side is at the very bottom because this causes inequality which is the core issue of what the government is trying to solve for through the IHP". In order for housing integration to work, both developers and council have to see it as a long-term solution both socially and economically. In addition to that, Respondent 4 further advises that housing income should be to be aligned without a huge gap in between in order to successfully integrate people and avoid perpetuation of inequality.

Respondent 5 is of the view social housing or housing programme can work near urban workplaces provided the residents/ occupants of the social households can afford their urban area's average cost of living and immediate amenities. Respondent 5 details their reason on the basis that it would not help for one reduce travelling costs and avoiding travelling time to get to work of but the immediate amenities such as schools, retail offering and medical services are suitable for an income bracket higher than what is affordable to them. This aligns with Respondent 4's sentiments that the income disparity should not be huge between the various integrated income groups as this will drive inequality. Therefore, mixed income housing can work if the distribution of income is aligned and spread appropriately amongst various households and does not leave a huge income gap in between.

Respondent 5 maintains that there has been resistance in integrating lower income households to urban areas and economic nodes and this is largely visible when one sees how there has been lack of improvement in townships which are on the outskirts of the city and is largely comprised of black people. In addition to that, Respondent 5 claims that black people who live in middle to higher income areas are those of middle to high class who can

easily afford to live in those areas and that there has been little to no drive from both government and the private sector to integrate lower income households in any suburbs around Johannesburg.

There are few social housing programmes that were carried out in middle income areas and one example of such a social housing project is Fleurhof Junction in Florida towards the south-west of Johannesburg managed by the Social Housing Company whose main aim is to transform the lives of tenant communities. There are quite a number of similar type developments in the area which were built to improve housing conditions and housing provision to residents in the area which seems to be working quite well. Respondent 5 concludes that the inclusionary housing policy, social housing schemes could work incoherent to resolving the housing issue in the city.

Respondent 6 believes that the inclusionary housing market can work only if it done in a matter that is suitable to all parties involved (i.e., target market, private developers and council). Respondent 6 used the Cosmo City inclusionary housing project as an example that did not turn out to be a success because government enforced the integration of various income households without taking into account that different households have different standards of living (i.e. lower income households are more concerned about basic needs being met as opposed to middle-to-middle income households that are looking to improve their daily living standards and having better access to premium amenities). According to Respondent 6, “the SDP (Site Development Plan) diagram of Cosmo City indicates that it was built as an inclusive residential node comprising of high income, middle income and lower income households in a phased development however, this did not result in a fruitful outcome because higher income households were reluctant to live in the same area as lower-class income households due to low quality housing and its amenities”. Respondent 6 holds the opinion that higher income households opted to buy homes in affluent neighbourhoods whereby they would be living with community members of the similar backgrounds and livelihoods, than to share living spaces and amenities with lower income households and this largely due to South Africa being a classist country. According to Respondent 6, “as much as the initial policy was a noble idea, the market essentially determines whether the inclusive housing market will work or not”. Respondent 6 suggested

that council should consider converting old highjacked residential buildings in the CBDs to social housing whereby a larger part of the population would be living closer to their work spaces and maintain integration to due to the availability and high supply of housing in Gauteng's main cities and towns.

4.3.3. Financial Analysis on Inclusive Housing Developments

Table 12	
Subtheme 1 – Target Market	To establish the targeted LSM of inclusive units and whether they inclusive units that currently exist have been successfully taken up/ occupied.
Subtheme 2 – Financial expectations and viability	To determine the respondent's expectations of investments returns on inclusive housing developments in terms of whether they are better or worse off and their viability thereof.

Respondent 1 advised that there is no specified LSM for the inclusive residential developments they have worked on thus far however, based on the areas in which they construct their developments, the middle class becomes naturally their clientele by default based on affordability of what they offer to the market. The inclusive nature of these units comes at a point whereby the unit occupant can afford to stay in a residential complex that they would otherwise have not afforded if there were no inclusive units built. The nature of what makes the units inclusive is not income targeted but rather size related in that smaller units are built and are marketed for rent or sale at a cheaper rate than the bigger sized units which essentially make them affordable to people who may have aspired to live in those areas but would otherwise have not afforded to stay in the bigger sized units.

All factors considered, the development has to make financial sense to the developer by ensuring that they have met their targeted financial returns because the development is fully funded by the developer with their own equity and sometimes with the combination of financial assistance from a financial institution such as a bank in the form of development finance and all the risk is solely carried by the developer with no subsidy or financial back up from the government. Based on the one completed inclusive housing development that

Respondent 1 was involved in, 90% - 95% of the development's units including the inclusive units, have been successfully occupied in the form of being rented out and sold. Respondent 1 advised that "the financial returns on developments with inclusive units are no different to the financial returns of residential developments they built before the policy was implemented, which did not incorporate the IHP's requirements". In order to successfully achieve the desired financial returns from inclusive housing developments, the inclusive units are smaller in size as per the IHP's requirements and they are usually furnished with cheaper materials compared to the premium quality materials used in the bigger sized units however, the finishes and specs seem the same to the naked eye.

The target market for Respondent 2 are mainly households that earn between R25 000 – R30 000 per month due to the areas they construct their developments under. Respondent 2 is of the view that "the cost of the inclusive units will not be the same across the spectrum hence location is a key factor to how much inclusive units will cost because they have to be affordable to their target market". Respondent 3 believes that the IHP does work and will be inclusive if council does not apply the same principle with one broad brush. In order for cities to grow, housing provision has to be appropriate and various factors have to be considered to ensure that works for all parties involved (private developers, council and occupants of inclusive units). It should work in such a way that it successfully generates good margins for developers and retain customer satisfaction to their targeted clients; results in efficient collection of monthly rates of services by council and target occupants who can afford to live in areas aligned with their affordability where the can afford to rent/ buy as well as afford the monthly charged council rates and services. Based on the financial feasibility of the two developments that Respondent 2 will be constructing, the financial returns on the inclusive developments are not worse off and are in line with the financial returns of developments they have successfully completed in their field of work before the IHP was implemented.

Respondent 3 has advised that there is generally no targeted LSM for the inclusionary policy because it appears that most developers are opting to develop inclusive residential complexes according to Option 3 of the IHP's requirements which is dependent on size and not income and that the cost of these inclusive units will also depends on location.

Respondent 3's sentiments are in agreement with that of Respond 1 and Respond 2 regarding the inclusive nature of the units they have been involved in and how location plays a huge role in who the target market will be. In contrast, Respondent 3 reported that in their experience, returns on developments with inclusive units reap lower returns because bigger sized units generate higher returns than smaller units which are what would be categorized as inclusive units because they are more affordable than the bigger sized units. Respondent 3 further advised that "there has been saturation in the smaller units because that is what has now become affordable to the property market than the bigger sized units and this will start to make the inclusive units financially viable".

Respondent 4 indicated that their target market is also the middle-income group mainly made up of first-time property buyers and those looking to rent. Respondent 4 has observed an increase in the demand for smaller units which generate better returns than the bigger units therefore the policy will strategically increase the returns on their developments because their focus is high density residential developments. Therefore, on an overall development, the smaller units are more profitable than bigger sized units. The business model used by Respondent 4 to calculate returns on their developments is based on a rate charged per square metre. If council were to incentive them with an additional 20 units by increasing their density, it would drive up their returns however the returns may slightly be lower than what they would normally achieve without inclusive units if they are not incentivized. According to Respondent 4, "this is in line with the core strategy of property development which is to ensure that one has maximized and utilized the approved FAR limit to its highest and best use".

Respondent 5's target market is mainly the middle class by default of the area they have completed their projects under which is largely made up of the middle to upper income class. To date, Respondent 5 has not completed any developments that incorporate inclusionary units however they were part of public participation discussions held by council before the policy was approved and implemented as this would essentially affect future development projects in their line of work. Respondent 5 reports that they do not envision returns on residential developments to differ much from the returns they currently make on successful development projects they have carried out over the years because they deem

Option 3 of the IHP as the more appropriate policy aligned with the target market and the areas they have focused on over the years because the units would be inclusive based on size and not a specified target market per se. Respondent 3 further added that they are curious to explore Option 1 whereby there is a specified rental that is mainly the lower income market which could be an appropriate tool to incorporate in areas that fall under Randburg such as Windsor East which is a low to middle income area that has been deteriorating over the years. Overall, Respondent 5 concludes that “future residential developments that they will be involved in will remain financially viable for both them and their target market and could possibly attract more people who are able to occupy the smaller units that are more affordable to them which would otherwise have not been affordable if they did not incorporate inclusive units”. The smaller sized units are cheaper therefore it makes them more marketable as they become available for a larger market than bigger sized units which are more expensive to either buy or rent from.

Respondent 6 is mainly focused in the affordable housing market therefore his targeted LSM are households that earn between R1 500 – R7 500 as per the affordable housing guideline provided by council. Respondent 6 is looking to target the same income group when he explores the inclusive housing market in the near future because there is high demand for housing in the said LSM. Respondent 6 views investment returns as being dependent on rental income in line with the area that the development is located in. The target market chooses whether they want to stay in a certain area at a certain market rental level. Respondent 6 is of the view that returns on investment in line with the initial inclusionary housing policy would not have worked compared to the current approved policy. Respondent 6 used the Cosmo City inclusionary housing project as a practical example of why it was not financially viable because integrating various households as per the first policy was not financially strategic because integration of various households that significantly differed in living standards and income was enforced and not optional. According to Respondent 6, “Cosmo City was built to integrate lower-to-higher income households however, this strategy was not successful because today one will mainly find low-to-middle income households living in Cosmo City and rarely any high-income households. Some middle-income households as well as higher income households have instead opted to live in neighbouring affluent suburbs nearby such as North Riding and

Honeydew since Cosmo City was initially constructed because they were resistant to the proposed housing integration". Respondent 6 is of the view that the current policy may generate better returns therefore making it financially viable for developers/ investors even though there are currently not enough inclusive housing developments to prove feasibility.

4.3.4. Analysis on government Intervention to support private developers with the Inclusionary Housing Policy

Table 13	
Subtheme 1 – Development Processes and Requirements	To institute whether government provides efficient processes for developers to carry out their developments in a seamless manner.
Subtheme 2 - Transportation	To uncover whether there are sufficient and efficient transport networks and systems to ensure that citizens can easily commute in their respective areas.

Respondent 1 advised that there is lack of support from the government and has described the process of obtaining approved building plans and having council services such as water, electricity connections and roads in place before breaking ground, as a tedious exercise. According to Respondent 1, "this process becomes frustrating because on average, it takes two years for council to grant the required approvals in order for a development to take place which in some instances, could affect your development plans financially both in the short and long term". Respondent 1 advised that the reason is that the property market may change which could result in the developer incurring holding costs because they have to wait for the required development approvals from council. Respondent 1 added that this is the biggest challenge faced by developers and that this approval process is not only a hindrance for residential developments only but all types of other commercial developments as well.

Respondent 2 reported that "there is dysfunctionality in how council assists private developers especially when it is related to applying for the approval of building plans as well

as providing site services because it is a lengthy process that has cost implications for the developer".

Respondent 3 also agreed that council does not provide any support to private developers even though they place heavy reliance on private developers to provide housing for the city. He suggested that council should provide improved efficient systems in place for application process of approved building plans, zoning requirements; property development related approvals and provision of council services.

Respondent 4 is of the view that "if government incentivized high density residential developments by increasing their FAR if they incorporated the inclusionary housing policy's requirements, then it may result in more support from private developers to implement the policy successfully". Respondent 4 advised that council is the biggest stumbling block to improving the construction industry is through adopting a similar approach across various municipalities across the city which are vastly different in how they operate and that it may be better if they were segmented to suit the needs of their respective regions. In comparison to his experience in China, Respondent 4 advised that it takes approximately 3 months to obtain approval from council for a property development in China whereas that same process take approximately 18 – 24 months minimum in South Africa. The only challenge for developers in China is successfully obtaining the land because the all land is owned by the government and developers have to bid for land that they will own for 99 years.

Respondent 4 further reported that there have been challenges faced by some developers here in South Africa who completed a development without finalizing the development process or obtaining approvals from council because they could not afford the incur the financial loss/ consequences that would result from the delays of council not providing them with the necessary approvals timeously. According to Respondent 4, "other challenges faced by developers is when they seek development finance from financial institutions who will not assist with development finance until the developer has all the required council approvals in place and this results in further delays for developers therefore, there is a lot of systematic failure from local authorities".

With regards to whether we have efficient transport networks that are vital for citizens to efficiently commute between different regions, Respondent 1 believes that transport systems are far from being effective and this is a countrywide challenge, in comparison to other developing countries with better commuting networks.

Respondent 2 shares the same views with Respondent 1 in that the public transport network systems are not efficient and that it is highly targeted for the lower income groups instead of integrating all income groups into the public transport systems. Respondent 2 believes that the taxi system is working quite well because it has access to all neighbourhoods (from townships to affluent neighbourhoods) however, the busses and trains lack that advantage. According to Respondent 1, “first world countries are easily able to integrate all income groups using the same transport systems however it will take years to establish such a system in a highly unequal country like South Africa where crime is rife”.

Respondent 3 agrees with Respondent 2 because he believes that the taxi industry is quite robust in that they are able to provide transport to all neighbourhoods and that the bus and train systems need better interventions in being accessible to more neighbourhoods. According to Respondent 3, “the Rea Vaya bus system that is owned by the government which is aimed at providing cheaper and safer transport to citizens, is too exclusive for social inclusionary households however there may be changes in future whereby it could be made affordable to all income groups and made possible to have transport links between high income areas and middle to lower areas”. Respondent 3 reported that if transport systems are efficiently established, the city could start increasing density on developments across various neighbourhoods around Johannesburg which will help reduce housing backlogs.

Respondent 4 also shares the same opinions as Respondent 1, 2 and 3 because he does not believe that there are efficient transport networks anywhere around the country. Respondent 3 has made a comparison to China that has high density buildings and is highly integrated and public transport is largely utilized by all income groups. According to Respondent 4, “this is a different case to Johannesburg and the rest of the country whereby most people prefer the use of private transportation depending on their affordability and avoid the use of public transport systems because of crime”. Respondent 4 presented an

example that government could attempt to shorten taxi routes by increasing the number of taxi-ranks in various areas however, it will not reduce crime which is the core issue in why most citizens have a preference for the use of private transportation instead of public transport.

Furthermore, Respondent 4 reports that council also faces a challenge in breaking down the apartheid spatial planning and transport network systems that were put in place which is currently difficult for them to dismantle. When one observes developed cities like Johannesburg and Cape Town, the inequality becomes visible comparing the structure and systems placed in inner cities compared to high income areas and compared to townships and informal settlements.

Respondent 5 shares the same sentiments with the other Respondents in that there is no support from local government to private developers and that the biggest challenge for the construction industry is obtaining the necessary approvals from council which takes 2 years on average and could be a process that can be shortened significantly if council used their human resources proficiently and put up the right systems and technology in place to shorten timelines. The delays in obtaining approvals can become a very costly exercise because of the long time period it took to break ground on a project and by the time you have obtained approvals, market forces may have changed and you have to come up with effective way to retain your market and make your development more appealing to them.

Furthermore, Respondent 5 added that there are no efficient transport systems nor are any of them proficiently integrated. Respondent 5 is of the view that “the first strategy be for government to reduce crime levels and build safer societies not just for the City but the country as a whole”. Once safety has been resolved, citizens would be encouraged to commute in their respective work and residential areas and are likely to be encourage to commute using public transport as a result. However, the transport systems need to also be improved and ensure that taxi and buses are road worthy; citizens are being transported by qualified and experienced drivers and trains are maintained on a regular basis in addition to providing an expanded train routes across the city.

Respondent 5 claims that alleviating crime and implementing the integration of better transport systems and transport networks could result in a reformed city whereby citizens could easily commute between townships; suburbs and economic nodes. This could encourage a group of citizens who may not feel the need to live closer to work because transport networks are efficiently integrated.

Respondent 6 is of the view that the incentives such as relaxation on parking and increased height of buildings as a result of adhering to the requirements of inclusive housing, is to some extent not be enough to meet the needs of private developers therefore he does not believe there is enough support from council from an infrastructure point of view. From his own experience, Respondent 6 does however acknowledge and commend council for driving the affordable housing market by adequately providing financial support through the Social Housing Regulatory Authority (SHRA) in the affordable housing space. As a result, Respondent 6 suggests that council consider an option to provide capital assistance towards inclusive housing in the strategic manner that they have done with affordable housing through SHRA. According to Respondent 6, “this would really go a long way to helping developing developers financially and they would see increased support for the policy from the private sector”. Furthermore, Respondent 6 advises that although the inclusive housing policy and framework have been well executed and are now in place even though the market has not yet adjusted to these changes as it is recent, continuous frustration related to delays obtaining approved council rights remains one of the biggest challenges for the construction industry.

Respondent 6 believes that South Africa does have a transport network system that is efficient even though he believes it could be improved. According to Respondent 6, “the taxi industry transports over 70% of the population which contributes significantly to the value chain of country’s economy however the road networks are not sufficient to support the taxi transportation system in terms of having adequate taxi stops in various neighbourhoods and providing safety for commuters”. The taxi system is very efficient in that it is accessible to a lot more neighbourhoods as well as commercial and industrial nodes because there is a higher demand and supply for taxis than there is for buses and trains. In Gauteng, the government has mainly focused on improving commuter transport in the form of Gautrain

which is a faster, convenient and safer commuter rail system as well as Rea Vaya which is a bus rapid transit system mainly in the province's cities and towns.

Formal transport systems have been well placed for buses and trains for both Gautrain and Rea Vaya, which are all improved transport systems that were provided by the government as opposed to the taxi system which has seen little improvement over the years. Respondent 6 reiterates that new affluent areas such as Waterfall in Midrand have transport stops for the Gautrain and its buses as well as the Rea Vaya buses however, there are not enough taxi stops even though taxis are able to access the same neighbourhoods faster and with easier access. The Gautrain and Rea Vaya transport systems are also safer to use and are mainly used by the middle-to-higher income groups whereas taxis are not safe for commuters due to crime and some of them are not compliant for road worthiness and they are largely used by the lower income groups. Respondent 6 concludes in pointing out that "the transport system is efficient but it is not maximized because taxis are excluded from the provision of safer transport for commuters and that it is only made safer and efficient for busses and trains". The first phase of the Gautrain system was aimed at providing better public transportation for the higher income groups because the train stations are predominantly built in the affluent parts of Gauteng.

Respondent 6 further added that the rolling out of a second phase of the Gautrain was meant to be inclusive by creating networking routes from the Soweto township (in the south of Johannesburg) to Ruimsuig (in the West Rand) to Honeydew (near to the northern suburbs of Johannesburg), which would also connect to Pretoria. This was meant to be inclusive by being accessible to the lower-to-middle income classes who live in the various areas noted. Therefore, taxis currently remain as the most efficient network transporting systems even though they are not safe and do not have enough taxi stops around various neighbourhoods.

4.4. Conclusion to Analysis

There are minimal contracting statements from the data collected. The data proves that there is common understanding and shared frustrations between developers in their respective industry. The areas whereby developers are entrenched in are almost similar; the views on how they view the revised policy from the initial draft are common and there are common thoughts on how they would like to apply the policy's requirements for future developments.

5. CONCLUSIONS, RECOMMENDATIONS AND FURTHER WORK

5.1. Summary of findings

The inclusionary housing policy is an effective tool that was approved and implemented by the City of Johannesburg to address the inequality issue that is rife in the city the country as a whole. The policy aims to integrate mixed income houses as well as increase the provision of social housing units in urban areas. Over the years, the government has implemented various housing programmes such as the RDP schemes; incentivized housing programmes as well as social housing schemes to provide housing for its citizens. However, issues such as government corruption and beneficiaries of these housing schemes selling their houses or renting it out to other people and moving back to informal settlements as a means to generate income are major issues that needs intervention to reduce the increasing housing backlog. The policy also aims to contribute towards solving for the housing backlog.

The first draft of the IHP was rejected largely by private developers because it proved to forcefully have developers provide housing for lower income groups which would generate lower financial returns for them therefore there were large cost implications. The revised policy was largely discussed between council and private developers in public participation discussion held by council. There is more support for the approved revised IHP based on the interviews conducted for purposes of this study and common understanding on the importance of integrating mixed income housing. There is however lack of support from council in how long it takes to provides requirement building approvals. Furthermore, there is also lack of efficient transport systems and transport networks to integrate citizens in addition to the preference of private transportation over public transport as a means to commute. Lack of efficient and safe transport systems and crime are seen to be challenges that needs to be addressed first before government can encourage citizens to make use of available public transportation.

5.2. Conclusions

Below is a conclusion on the four themes that were covered in the interviews conducted with the respondents in order to address the objectives of the study.

5.2.1. Social Justice on Inclusionary Housing

There are common sentiments shared amongst the respondents in that they do believe that housing integration does work and that the government delayed this process over the years but it is a step in the right direction of the betterment of the city and its citizens, mainly the lower income population. There is also mutual concern over how lower income households are perceived to be ghetto and that residents who live in established affluent areas such as the North of Johannesburg, may perceive mixed income housing as reducing the living standards of their respective areas and community life as a whole. Although the policy aims to reduce inequality, the psychological element of it will remain a social issue because perceptions drive people's opinions. This may be a social element that government could tackle in concurrent with the economic issue of solving for housing provision has been addressed. on certain measures that government has taken.

5.2.2. Financial Analysis on Inclusionary Housing

Based on the interviews conducted with various experienced developers, the preferred IHP option for residential developments is Option 3 which is more focused on the size of the units which should be built smaller than all the other market units the developer had planned to build. It is not aimed at a certain income group through by charging a specific minimum rental amount and nor is it categorized as a social housing unit because it is still marketed with other standard sized units and its benefit and what makes the smaller unit inclusive is that it is made available to a broader market because you have more people who can afford to rent from or buy the unit cheaper than the bigger sized units offered in the same development. This still allows individuals who would otherwise have not been able to afford living in a certain area, to now become residents in those areas because the inclusive units are more affordable than bigger sized units that they cannot afford.

In addition, respondents confirmed that inclusive unit developments will generate similar returns to those of a development that would otherwise have not incorporated inclusionary

units. However, only one respondent perceived that returns on bigger units generate more financial returns but the market has been seen an increase in the demand for smaller sized units so the smaller units will in the short to long term become preferable to bigger sized units. Overall, the policy is seen to be a financially viable policy by private developers.

5.2.3. Government Intervention on the Inclusionary Housing Policy

There is mutual frustration in how long it takes for government to provide the necessary approvals required before developers can break ground on their construction projects. This is seen as a major stumbling block which prevents the industry from proving any sustainable growth economically. The respondents view this lengthy and frustrating process as a lack of support from council even though council relies on private developers to provide housing for the city. Reduced turnaround times for obtaining council approvals for developments could add value in seeing an increase in housing developments that would help solve for the housing backlog. Furthermore, respondents perceived transport systems and networks to be lacking effectiveness, efficiency and safety. The taxi system is the only system that is seen to be effective as it has access to the majority of neighbourhoods across the city however it is also seen to be unsafe because of crime levels across the city and reckless taxi drivers on the road. The bus and train systems need better inventions to be accessible to most areas and be more affordable.

5.3. Recommendations

Inclusive housing appears to be implemented mainly in affluent areas whereby units are considered to be inclusive based on the unit size and not the rental charged or targeted inclusionary housing policy beneficiaries in the form of social housing. This is a result of most developers having concentration in those areas.

Since all data is based on self-reporting and respondents have given their inputs based on their individual experiences in their fields of work as developers then social desirability bias might exist in the results, particularly where inclusive units, as described under Option 3 of the approved IHP, is commonly promoted and encouraged as a financially desired strategy to meet government’s new housing requirements to solve for the housing backlog and

bridge the inequality gap. To solve for the housing backlog to ensure that the inclusionary housing policy is effective and conducive, it is recommended that focus be given to incentivizing developers who focus on high density residential developments in various areas.

Low-to-middle income urban areas should also expand into the provision of inclusive housing as data suggests that it is currently mostly being done in the northern suburbs of Johannesburg which is an affluent area. Social housing projects such as the Fleurhof Junction project should also be a focus point for council in reducing housing backlog and look into building social housing schemes in various suburbs and townships and aim to do away with informal settlements in the long run because there is low quality of in townships. Research findings also suggests that more black people have been moving into affluent areas and investing in properties by opting to purchase their homes as opposed to renting. Furthermore, data also suggests that the inclusive units in one of the recently completed developments that have incorporated the inclusionary housing policy's requirements in Midrand, have been successfully taken up by tenants who want to rent. Most developers perceive the residential property market as currently experiencing a higher demand in lower income units which are mainly smaller sized units than the bigger units which are pricier. Therefore, there is anticipation that the policy does work and it satisfies the needs of both government in helping solve for the housing backlog and integrating various income households as well as the desired financial returns that developers aim to generate.

The application of the IHP in solving for the housing backlog is that the government has implemented it in a manner that allows residential developers to choose from the four options to ensure it is aligned with their development vision and desired financial outcome. There is currently no improvement in how long it takes for developers to obtain zoning rights and associated development approvals which has been an ongoing challenge for years.

It would be ideal to relook into investigating the policy after five years which may be a sufficient time period for the housing market to have adjusted to the policy requirements and observe trends in how the market has performed and how effective it has been for council, developers and most importantly citizens in the City. Furthermore, the delays

experienced in council approvals are over a 2-year time frame and this excludes the average 12 – 18 months period for developers to complete the construction of their projects. This essentially means research would have about 18 months of market data once residents have occupied respective inclusive housing developments in order to determine the policy's effectiveness on its citizens.

It is further recommended that council relook into creating better and efficient process systems to reduce the time frame it takes to provide the necessary approvals required by developers both in the housing and commercial construction sectors. This will go a long way in that it is perceived as lack of support from council because their lengthy processes can at times have cost implications that result in losses because of holdings costs incurred during the waiting period to get council to finalize on the necessary building approvals.

5.4. Contribution of study

The contribution of this study is limited to the Gauteng province because City of Johannesburg is currently the only metropolitan area that has approved and implemented the policy which can serve as a guideline to council, private developers as well as communities at large in other metropolitan areas/ provinces whereby there may be plans to implement the inclusionary housing policy. Furthermore, the study can also be used as a comparison to countries across the globe that have also implemented and made use of inclusionary housing policies and measures.

5.4.1. Limitations

The study is limited in the way it focused on developers only, without evaluating the concerns of inclusionary housing occupants. The study also applies to residential developments that fall under City of Johannesburg Metropolitan Municipality only, because the policy is aimed at that specific region for now, which falls under the Gauteng province and may not be suitable to be applied in other provinces given the vast difference in economic development between City of Johannesburg as the country's economic hub and other metros and/ or provinces which are less developed than Johannesburg. In addition, the data was collected from developers who have mainly been involved in residential

developments in and around the Johannesburg area because they understand the demographics and market factors better than other experienced developers who specialize in other provinces. These are developers who are primarily residential developers and not necessarily commercial property developers (e.g., industrial or retail).

5.5. Further Work

Due to the policy having been recently approved in February 2019, it may take a few more years until we beneficiaries or occupants of inclusive units can provide substantiated data on whether the policy has effectively worked for them or not and what can be done to improve it. Future research can aim to interrogate how effective the policy has been for council and citizens at large.

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Annexure A: Research Interview Questionnaire

Interview for Developers who have implemented the Inclusionary Housing Policy rule in their respective developments

Duration: 30 Minutes at minimum

Number of Sessions: 1

Venue:

Stage 1: Admin

- Introductions. Researcher introduces herself and background.
- Researcher explains how the interview will be conducted.
- Researcher presents the introductory letter and explains the purpose of the research study.
- Researcher explains the consent for the participant to sign.
- Researcher confirms that questions will be clearly explained if the participant does not clearly understand it.

Stage 2: Interview Commences

Section 1: Background Profile

Developer's Career Experience

1. What is your experience in the property industry? (Please note that you may elaborate on your experience without mentioning names, parties or organizations involved).
2. Have you completed an inclusionary housing development before?
3. How many inclusionary housing developments have you been part of thus far?
4. If yes to the question above, what minimum percentage of inclusionary units have you incorporated in the said development?

5%	10%	15%	20%	➢ 20%

Section 2: Interview Themes

Theme 1: Social justice Analysis on social justice in relation to the Inclusionary Housing Policy

5. Do you believe the social housing/housing programmes are suitable for spaces near urban workplaces?
6. Do you think there has there been resistance to integrate poor households into urban areas both from a public sector and private sector point of view?
7. Are you of the view that housing integration/mixed housing is working?

Theme 2: Financial Analysis on Inclusive Housing Developments

8. What is the targeted LSM for beneficiaries of the inclusionary units?

9. Have the inclusionary units have been successfully taken/ occupied up by beneficiaries?
10. How will the inclusionary policy affect the outcome of investment returns of residential developments?
11. Are returns on these developments below or above expectations? Have they increased, remained consistent or have they decreased?
12. How viable are inclusive housing developments?

Theme 3: Government intervention to support private developers with the Inclusionary Housing Policy

13. Does government provide sufficient support towards developers to successfully carry out the inclusionary housing policy?
14. Are there efficient transport networks and systems in place to integrate all modes of transport to create safer transport environments & attain maximum transport efficiency?

Annexure B: Ethics Clearance

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Sakuneka

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H20/06/40**
PROJECT TITLE	How effective has the implementation of the inclusionary housing policy been in South Africa? A Gauteng Case Study
INVESTIGATOR(S)	Miss B Sakuneka
SCHOOL/DEPARTMENT	Construction Economics and Management/
DATE CONSIDERED	19 June 2020
DECISION OF THE COMMITTEE	Approved Risk level: Minimal
EXPIRY DATE	17 September 2023

DATE 18 September 2020 **CHAIRPERSON** _____
(Professor J Knight)

cc: Supervisor : Dr P Simbanegavi

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10004, 10th Floor, Senate House, University. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

_____ _____/_____/_____
Signature **Date**