

**ASSESSING THE PROSPECTS FOR INCLUSIONARY HOUSING IN
JOHANNESBURG'S PUBLIC TRANSPORT MANAGEMENT AREAS**

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**A Research Report submitted to the Faculty of Engineering and the Built Environment,
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the degree of Master of Science in Development Planning**

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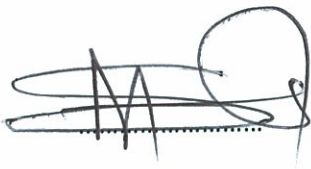
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Interview schedules, which were personally administered to interviewees

DECLARATION

I declare that this research report is my own unaided work. It is being submitted for the degree of Master of Science in Development Planning at the University of the Witwatersrand, Johannesburg and has not been submitted before for any degree or examination in any other university.

A handwritten signature in black ink, consisting of stylized, overlapping loops and lines, positioned above the printed name.

Mmonwa S.F.

On the ~~23~~²⁴ day of.....FEB.....2012

ABSTRACT

This study explores the prospects for inclusionary housing in the City of Johannesburg's public transport management areas. Inclusionary housing programme is meant to integrate affordable housing in every new private property development. In exploring the case of the City of Johannesburg, the study shows number of limitations in implementing inclusionary housing in the City's public transport management areas. The face to face interviews were conducted with the respondents from the financial sector, government; social housing and private housing developers. Data was also collected from extensive examination of literature on Inclusionary Housing Policy; relevant cases internationally and locally and a number of inclusionary housing statements on the internet were used. After gathering data, it was found that there are limited prospects for the development of inclusionary housing in the City. This can be attributed to issues such as steep income and price cliffs in the country triggered by skewed distribution of income, cost of land and lack of land in well located areas. Nevertheless, there are several mixed housing developments in the City's public transport management areas and this report emphasises that the City must channel its policy towards developing mixed housing developments as it seems to be achievable.

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ABBREVIATIONS AND ACRONYMS

AsgiSA: Accelerated and Shared Growth Initiative for South Africa

BNG: Breaking New Grounds

BRT: Bus Rapid Transit System

CoJ: City of Johannesburg

DoH: Department of Housing

GEAR: Growth, Employment and Redistribution

GPDS: Gauteng Growth Management Strategy

HWP: Housing White Paper

IHP: Inclusionary Housing Policy

JGMS: Johannesburg Growth Management Strategy

JHC: Johannesburg Housing Company

JOSHCO: Johannesburg Social Housing Company

MSA: Municipal System Act

NIMBY: Not in my back yard

NSDP: National Spatial Development Perspective

RDP: Reconstruction and Development Programme

SAPOA: South African Property Owners Association

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CHAPTER 1: INTRODUCTION: SETTING THE SCENE

0. Introduction

South Africa has made great progress in sixteen years since the election of the democratic government in 1994. However, a number of limitations in accomplishing essential change in its spatial, social and economic dimensions continue to be a cause for concern. These include lack of jobs, rapid urbanization, increasing population and sprawl which continue to affect the quality of cities (Department of Housing, 2008). In addition, the poor people are marginalized to the periphery of cities (Department of Housing, 2008). In some instances post-apartheid programmes have even unintentionally strengthened apartheid inequalities. Beside these challenges, current planning is trying to integrate development spatially through integrated development plans and spatial development frameworks with the aim of moving towards compact urban patterns (Watson, 2009).

In 2007 a draft inclusionary housing policy was introduced by the National Department of Housing with the aim of promoting integration amongst all the income groups. According to the Department of Housing (2007:27) inclusionary housing “generally refers to the “inclusion” of a percentage of affordable housing units in what is predominantly a market driven housing project” or “the harnessing of private initiative in its pursuit of housing delivery to middle higher income households to also provide (include) affordable housing opportunities in order to achieve a better socioeconomic balance in residential developments and also contribute to the supply of affordable housing” (Department of Housing, 2007:9). This means that it aims to

secure and encourage the provision of affordable housing in private sector housing developments. This policy should be seen as one which seeks to bring about an inclusionary housing programme that can assist in terms of addressing the issue of access to housing in well located areas and integrating communities across incomes. The issue of developing different types of housing units in well located areas has been documented locally and internationally as a serious problem, because of the costs that comes with it and also resistance from other groups in the society who do not want to stay close to or with low income groups.

Since 2007 the inclusionary housing policy has not been adopted nationally because of disagreements on certain aspects of the policy between the state and the relevant stakeholders. However, the City of Cape Town, Ethekwini and Johannesburg has decided to implement this policy in their jurisdiction without a national framework. In the case of Johannesburg the city decided to channel the development of inclusionary housing programme to public transport management areas. Therefore, the objective of this research report is to assess the prospects for inclusionary housing in transport management areas of the City of Johannesburg as outlined in its 2008 Growth Management Strategy. The study also looks at the initiatives and the constraints or difficulties experienced in terms of implementing inclusionary housing programmes in public transport management areas as outlined in the Johannesburg Growth Management Strategy.

1. Context of the research

The study should be seen within the global shifts in dealing with sustainable human settlements. South African policy and legislative framework are affected negatively or positively by influences that are defining or shaping the world. In order to deal with housing issues South Africa introduced the Housing Act No: 107 in 1997, the Housing Code in 2000, the Comprehensive Plan for the Development of Sustainable Human Settlements in 2004, and most recently the Inclusionary Housing Draft Policy in 2007. All these are in line with the United Nation Millenium Development Goal which seeks to achieve a significant improvement in human settlements and lives of the poor people.

2. Problem Statement

There are number of limitations in accomplishing essential change in South Africa's spatial, social and economic dimensions which continue to be a cause for concern. For instance, some people find themselves residing on the periphery of the cities whereas others are residing on well located land. There is a slow pace in terms of integrating these groups of people. What is appalling is that the poor people are the ones who end up staying in marginalized land and that, in some instances post-apartheid housing programmes have even unintentionally strengthened apartheid inequalities.

In order to deal with the above mentioned issues, the City of Johannesburg adopted the inclusionary housing policy which tries to address the above mentioned issues to give effect to aspects of the spatial framework which guides development in the city. According to the City of Johannesburg (2008) the Growth Management Strategy aims to provide ways of dealing with issues such as urban integration, economic growth, sustainability, improving the standards of living for the citizens and inclusionary housing in public transport management areas.

3. Rationale for conducting the research

There are various reasons, which motivated the researcher to choose this topic and focus the study on the City of Johannesburg municipality. It is clearly stated in the Constitution of South Africa and in the Bill of Rights that everyone has a right to shelter. The National Department of Housing responded to this challenge by introducing several policies, with the most recent one being the inclusionary housing draft policy introduced in 2007. Therefore, the rationale for conducting this study is to see if the idea of inclusionary housing programmes in the City of Johannesburg's public transport management areas can assist in enabling access to affordable housing in well located areas.

4. Aims of the study

The aim and objectives of the research is to explore the prospects for inclusionary housing in public transport management areas in the City of Johannesburg and to outline implementation

processes and challenges that should be addressed in order for the inclusionary housing policy to be effective. From this understanding and situating these in the debates in local and international literature, conclusions and recommendations are made for the improvement of the policy and promotion of inclusive cities.

5. Research question

5.1. Main research question

What are the prospects for inclusionary housing in public transport management areas as outlined in Johannesburg Growth Management Strategy?

5.2. Sub-questions

5.2.1. What does inclusionary housing entail?

5.2.2. What policies are in place to enable the implementation of inclusionary housing?

5.2.3. Who are the beneficiaries of inclusionary housing?

5.2.4. What is the progress in terms of implementing inclusionary housing?

5.2.5. What are the perceptions about inclusionary housing on the part of developers and financiers?

5.2.6. What determines the prospects for inclusionary housing?

5.2.7. What opportunities or obstacles have been encountered when implementing inclusionary housing or attempting to do so?

6. Assumed findings /hypothesis

This was exploratory research and therefore it was not driven by a clearly defined assumed solution or hypothesis. However, it was expected that the information to be gathered about the perceptions and experience of the financiers, developers and planners or housing officials (provincial and local officials) would provide a better understanding regarding the issue of inclusionary housing in the City of Johannesburg's public transport management areas.

7. Conceptual framework

This study focused on the concept of urban integration and compact city with a particular focus on integrating the poor in well located areas, reducing sprawl, the promotion of sustainable development in the City of Johannesburg municipality, inclusionary housing development and the constraints to these. A clear understanding of this concept helped in terms of developing a position on the issue and a framework for intervention. The above mentioned concept is spelled out in detail in Chapter 2 and 3 of this report.

8. Research Design and Methodology

The research design used in this study is qualitative as the study was based on the views, perceptions and opinions of different respondents. Interviews with thirteen respondents from the financial sector, government, social housing and private housing developers were conducted (see table 1 below). These respondents were selected as they have background on

the subject being investigated. The researcher also used information from a number of statements on the internet by various people of importance in implementing and addressing the issue of inclusionary housing programmes.

In addition, relevant case studies on inclusionary housing programmes from international and also South African context were also cited. The reason for the use of both local and international cases was to determine if there are similarities or differences in terms of implementing inclusionary housing programmes and if there are lessons that can be learned from both the international and local case studies. The local cases used are Pennyville, South Hills, Fleurof and Jabulani mixed income housing developments. These projects were selected because they are providing a variety of housing options for different income groups in public transport management areas of the City of Johannesburg. For instance, they cater for fully subsidised people, gap market and affordable housing units. However, they cannot be classified as inclusionary housing as they do not have upper market housing units but they have been used because they contain some elements of inclusionary housing. The international cases used in this study were from the United State of America (USA) and Canada, where these kinds of policies were first used. A significant difference between these contexts and South Africa is that they have a small number of poor people as compared to the middle class, whereas the opposite is the case here. Nevertheless it is useful to examine international cases as we can learn from their experience.

In terms of methodology, this study can be classified as exploratory research because it was attempting to explore the prospects for inclusionary housing in public transport management

areas as outlined in the Johannesburg Growth Management Strategy, and outline implementation processes and challenges that are presented by the policy. Extensive examination of literature on Inclusionary Housing Policy (IHP) and planning was undertaken. These included books, journal articles, presentations, discussion and reports, press statements, newsletters, news articles, lectures, website searches, government legislation, policies, strategies and programmes aimed at addressing inclusionary housing development in public transport management areas. The literature review was based on reading across the challenges involved in implementing inclusionary housing policy. Most significantly, the literature review was also exploring and examining the South African legislative framework that informs inclusionary housing development programmes.

9. Techniques used to collect data

The interviewer administered questionnaires to gather information from the respondents. Personally administered questionnaires allowed probing of the interviewees because of the open ended nature of the questions posed. The use of face to face interviews ensures that any uncertainties on the questions asked can be simplified on the spot by the interviewer. The interviewer was able to probe further for clarity required. The above technique is vital because it allows the interviewer to ask similar questions to all interviewees and it also gave him an opportunity to amplify the questions where clarity is needed.

10. Research sample

The interviewer conducted research with the people listed in table 1 below and he also included the perspectives of other sources from the internet search as they were relevant to the study. The key reason why certain respondents were selected is that they are respondents who are involved in issues relating to residential developments. For instance, some of them are housing officials, property financiers, property developers and town planners. Since there are social housing and private property developers in South Africa who serve different markets, the researcher decided to interview respondents from both types of companies in order to determine if they have similar or different perspectives with regard to the development of inclusionary housing programmes and also to check if they are both implementing the programme or not. It was therefore central for this study that non-probability sampling is used. Neuman (2000) states that non-probability sampling is applied in cases where the interviewees do not have an equal chance of being included in the study. It differs from probability sampling where interviewees have an equal chance of being included. This study has used the type of non-probability sampling called purposive or judgmental sampling. In this case the interviewer was relying on interviewees that are generally informative and selected based on their understanding of the inclusionary housing issues.

Those who are working in the financial sector were asked if they are willing to finance the inclusionary housing project and if they know about the concept of inclusionary housing and their perception about it. The developers were asked if they are willing to take part in inclusionary housing developments, whether they know about what the concept entails, if

they have developed these types of projects, and their perceptions about inclusionary housing programme. The officials were asked if they know about the concept, if there are policies in place, if there are opportunities or land available for this form of development to take place and generally their perception about the concept. Refer to the questionnaire in appendix A for more detail.

TABLE 1: A LIST OF PEOPLE INTERVIEWED

RESPONDENT	COMPANY	POSITION	REASONS FOR INTERVIEWING
Ewarts Malope	CITY OF JOHANNESBURG (CoJ)	ASSISTANT DIRECTOR: HOUSING INTEGRATED PROJECTS (HOUSING PERSPECTIVE)	He is involved in terms of dealing with integrated housing development in the City of Johannesburg
Sam Ramashala	CITY OF JOHANNESBURG (CoJ)	PROGRAMME MANAGER: RENTAL HOUSING STOCK AND FORMER EMPLOYEE UNDER HOUSING INTEGRATED PROJECTS (HOUSING PERSPECTIVE)	He was involved in terms of dealing with integrated housing development in the City of Johannesburg.
Zunaid Khan	CITY OF JOHANNESBURG (CoJ)	PLANNER/DEPUTY DIRECTOR RESEARCH (PLANNING & HOUSING PERSPECTIVES)	He is a planner by profession and currently he is dealing with research relating to housing developments on behalf of the city of Johannesburg
Pierre Venter	BANKING ASSOCIATION OF SOUTH AFRICA (BASA). The broad role of the Banking	GENERAL MANAGER (FINANCIAL PERSPECTIVE)	He is the general manger of human settlements

	Association is to establish and maintain the best possible platform on which banks can do responsible, competitive and profitable banking.		
Willem Odendaal	INTERNATIONAL HOUSING SOLUTION (IHS). This is a private equity firm focused on the development of residential housing. IHS partners with financial institutions, real estate developers, private capital groups and local government authorities to provide equity finance for residential projects, primarily in the affordable housing market.	TECHNICAL SPECIALIST & FORMER CHIEF OPERATIONS OFFICER AT GAUTENG DEPARTMENT OF HOUSING (FINANCIAL & HOUSING PERSPECTIVE)	He has been in the public sector as a housing official and currently he is dealing with financial issues relating to housing developments.
Johan van Niekerk	Paragon Property development and Construction (Private Property Developer)	QUANTITY SURVEYOR	His company is involved in terms of developing upper market property
Carel de Wet	JOHANNESBURG HOUSING COMPANY (JHC) (Affordable Housing Developer)	OPERATIONS MANAGER (DEVELOPERS' PERSPECTIVE)	His company is involved in terms of developing affordable housing property
James Maluleke	JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO) (Affordable Housing Developer)	PROGRAMMES MANAGER (DEVELOPERS' PERSPECTIVE)	His company is involved in terms of developing affordable housing property
Ruben Papenfuss	ITHEMBA PROPERTY TRUST COMPANY (Affordable Housing Developer)	OPERATIONS MANAGER (DEVELOPERS' PERSPECTIVE)	His company is involved in terms of developing affordable housing property

Sibusiso Mabuza	AFFORDABLE HOUSING COMPANY (AFHCO) (Affordable Housing Developer)	OPERATIONS MANAGER (DEVELOPERS' PERSPECTIVE)	His company is involved in terms of developing and managing affordable housing property
Peter van Zyl	Erfwise Property Developers (Private Property Developer)	OWNER	His company is involved in terms of developing upper market housing property
Reason Nemakulu	Talana Construction (Private Property Developer)	Procurement Manager	His company is involved in terms of developing upper market housing property
Christopher Mnisi	Mvuleni Estate (Private Property Developer)	Manager	His company is involved in terms of developing upper market housing property

The main literature review was based on:

(a) Literature review substantively exploring the literature that has examined policies, their attempts to promote compaction and integration in the South African context and the experience with it. This includes literature compiled inter alia, by Burgess (2000), Harrison et al (2003), Rosalind et al (2000), UN-Habitat, (2009), Todes, (2003) Watson (2009) and Harrison et al (2008).

(b) Legislative and policy review encompassing the inclusionary housing programmes, policies, strategies, debates and implementation in South African and international context. It was also crucial to look at the attempts to develop inclusionary housing policies locally and provincially in South Africa. The literature compiled by Olukon (2007), City of Johannesburg Growth Management Strategy (2009-2010), Smit, (2006), the Department of Housing (2007), Gurran et al, (2007) and Calavita and Mallach (2010) was reviewed in this regard.

11. Data Analysis

Thematic data analysis was used as it is not in conflict with the qualitative research design that has been indicated above.

12. Ethical considerations

The following ethical consideration are drawn from Babbie and Moutton (2001)

12.1. There was no harm for participants. This was guaranteed by not causing any physical, psychological and emotional problems.

12.2. Participants were not forced to participate.

12.3. Subjects were not deceived. This was guaranteed by not promising them presents or money for participating.

12.4. Confidentiality was guaranteed. This was guaranteed by making sure that information shared during the interviews is not disclosed to anyone but my supervisor.

13. Limitations of the study

13.1. The presence of the researcher might have influenced the respondents to reply in a way that is regarded by the society as morally good and this might affect the validity of the findings (Babbie and Moutton, 2001).

13.2. The opinions that were expressed by interviewees might not be representative of all the financiers, housing or planning officials and property developers.

14. Structure of the report

Chapter Two: Conceptualizing Inclusionary Housing

This chapter will provide a brief definition of inclusionary housing. It will also look at the issue of the beneficiaries of inclusionary housing, the origins of inclusionary housing, the constraints to the development of inclusionary housing, international case studies and the response of developers to inclusionary housing.

Chapter Three: Urban Integration and Good Location

The following section will provide analysis on the integration of the poor in well located areas, social arguments for allowing the poor in well located areas and the importance of a good location for the poor. The section will also cover issues that are preventing the low income groups from residence in well located areas. Finally the relevant local and international cases on well located areas will be outlined.

Chapter Four: South African Policy and Legislative Framework relevant for Inclusionary Housing Programmes

This section examines some of the key policies, legislation and frameworks that have been adopted to address the issue of inclusion or integration and progress thereof.

Chapter Five: The City of Johannesburg Metropolitan Municipality and Inclusionary Housing Programmes in Public Transport Management Areas

This section provides a brief outline of Johannesburg growth management strategy in line with inclusionary housing, outlines the inclusionary housing policy in the context of the City of Johannesburg, relevant case studies and the process thereof.

Chapter Six: Presentation of the Perceptions of Planners, Developers, Financiers and Housing Officials

This chapter highlights the perceptions of the financiers, developers and officials regarding the development of inclusionary housing in Johannesburg public transport management areas. It also look at their understanding of inclusionary housing; if there are policies in place to enable the implementation of inclusionary housing; the beneficiaries of the programme; the progress in terms of implementing inclusionary housing programme' and opportunities or obstacles that have been encountered when implementing inclusionary housing or attempting to do so.

Chapter Seven: Analysis of the Perceptions of Planners, Developers, Financiers and Housing Officials

The following issues are covered in analysing the outcomes of this study: defining inclusionary housing; the beneficiaries of inclusionary housing; inclusionary housing development and incentives; the progress in terms of implementing inclusionary housing in public transport management areas; policies in place to enable the implementation of inclusionary housing in public transport management areas; the cost of land in well located areas in public transport management areas and the prospects for inclusionary housing development in public transport management areas of the City of Johannesburg.

Chapter Eight: Conclusions: implications for planning and recommendations

This chapter draws conclusions based on the analysis presented in chapter seven, implications for planning and recommendations for policy in the City of Johannesburg, South Africa and other developing worlds will be provided. The chapter will also outline possible areas for future research.

CHAPTER 2: CONCEPTUALISING INCLUSIONARY HOUSING

0. Introduction

This chapter will provide a brief definition of inclusionary housing. It will also look at the issue of the beneficiaries of inclusionary; the origins of inclusionary housing; the constraints to the development of inclusionary housing; and the response of developers to inclusionary housing. The chapter will also outline the advantages and disadvantages of this programme and also outline some of the relevant case studies.

1. Defining inclusionary housing internationally

According to Drdla (2010: no page number) inclusionary housing refers to “a broad range of practices and policies directed at securing affordable housing in mixed-income projects through the development regulations and approval process”. Inclusionary housing is also defined by Mallach (Undated: 2) “as the use of the planning process to create social or affordable housing, by requiring or providing incentives to private developers to create social housing as a part of market-driven developments, either by including the social housing into the development, building it elsewhere, or contributing money or land for the production of such housing in lieu of construction”.

In addition, Calativa and Mallach (2009:16) also asserted that “inclusionary housing was originally a tool to provide affordable housing and create mixed-income communities in suburban areas, but today it is also being adopted in urban centres such as Denver, Baltimore, Chicago, and New York where redevelopment, infill, and densification—and often gentrification—are taking place”. Meda (2009) further emphasises that, the primary aim of inclusionary housing policy is to encourage greater social inclusion/integration and to break highly segregated processes of built environment by creating affordable housing. This means that it aims to remove affordability constraints in communities with poor delivery of affordable housing as a result of segregatory or exclusionary housing policies.

The inclusionary housing programmes are divided into two types, that is, mandatory and voluntary programmes. Mandatory programmes oblige the developers to agree to develop a certain percentage of affordable housing in their development as a condition of development approval. A voluntary programme requires the developers to develop affordable housing in exchange for incentives. In simple terms, the mandatory program means that if developers wish to develop houses they are obliged to include affordable housing whereas in the voluntary programme the developers have a choice of constructing with or without the incentives (Higgins, 2003).

Finally, affordable housing in the context of this study refers to housing for people who are not able to afford to buy a home or rent it on the open market. Kirk (2005: no page number) supports this statement by asserting that affordable housing can be defined as “housing within the financial reach of people unable to enter the private housing market”. In the context of

this study, these people should be earning from R3500 to R10000 on a monthly basis at the moment according to the Department of Human Settlement (undated in Loocha, 2011).

2. Components of inclusionary housing internationally

It is crucial to note that, the implementation of inclusionary housing policy differs from one place to another. However, it was found by Higgins (2003:16-17) that, regardless of the aim of its implementation, most inclusionary programmes internationally have all or some of the following components:

2.1. Mandatory or Voluntary approach

2.2. An exemption for small projects

2.3. Income or house price affordability criteria

2.4. The provision of incentives by government (usually in the form of density bonuses or tax credit schemes)

2.5. Restrictions on resale of affordable units

3. The origins of the inclusionary housing programme internationally

The inclusionary housing programme emerged as a result of demand for affordable housing on well-located land which exceeds the supply internationally. This is caused by shortage of land and high cost associated with it on such areas. These present difficulties for low income earners to access affordable housing on land that is not spatially marginalized. Coupled with the above mentioned statement, there is ongoing segregation based on race, land use,

opportunities and class. In the case of South Africa it was found by Huchzermeyer (2006) that the residential areas are still segregated geographically by class, whereby the poor live in informal settlements, low income housing and older residential areas near urban centers or on the urban periphery. It is important to note that some of the low income earners are the worst affected because they are concentrated in these areas but not all of these areas are problematic. Therefore, the idea behind the existence of inclusionary housing programme internationally is that it is seen as a vehicle that can bring about social housing that is socially inclusive and also reduces spatial segregation (Mallach, undated).

According to Smit and Purchase (2006) the inclusionary housing idea emerged in the United State of America in 1970s with the aim of promoting social inclusion. Calavita and Mallach (2009:16) further state that inclusionary housing programmes emerged in order to “foster racially and socioeconomically integrated communities and combat exclusionary practices; the rise of the environmental movement that spurred growth management programs; the use of exactions to make development pay for the costs of growth; and sharp housing cost increases”. The inclusionary housing programmes started spreading to other countries or states in 1980s according to Mallach (undated: 7).

4. The beneficiaries of inclusionary housing internationally

According to Calavita and Mallach, (2009) the inclusionary housing programme aims to integrate the low and moderate income earners in every housing development. What is interesting about the inclusionary housing programme is that, it is believed by its followers to

be a programme that gives people who were disadvantaged before, a chance to have access to improved educational opportunities, destroy economic segregation and discourage the concentration of affordable housing in dilapidated sections of cities and areas that are not well located. This view is confirmed in the Gautreaux housing mobility experiment of 1993 in Chicago (Rosenbaum, 1994), which asserted that, the lives of the low income earners and their children improved, through better education and job opportunities after they have been integrated in well located areas. The Gautreaux program emerged as a result of federal court consent ruling in 1976 on behalf of public housing residents' law suit against the Chicago Housing Department and United State Department of Housing and Urban Development (HUD) (Rosenbaum, 1994). It was highlighted in the suit that these housing departments discriminate racially in the administration of low rent public housing programmes. The Gautreaux was administered by a non-profit Leadership Council for Metropolitan Open Communities in Chicago which assisted the public housing residents and those who have been on the waiting list to get vouchers that would enable them to reside in private sector developments either in affluent white suburbs or in renewed areas in the City of Chicago (Rosenbaum, 1994). This means that inclusionary housing in this context played a vital role by improving the lives of the low income people. It is further emphasised that, the programmes has not only achieved the above mentioned benefits, but it also reduced the travel costs, traffic congestion, distances to work, absence from work and helped to diversify the labour market (Seitles, 1996).

5. The constraints linked to the development of inclusionary housing programme internationally

According to Centre for Housing Policy (2011) in the United State of America, private and non-profit developers can attest that, the cost of developing land near proposed or redeveloping transit stations and in well-located areas often increases as word spreads about future investments in infrastructure and other facilities. Additionally, in some cases a land owner may decline to sell his well-located land until the price is high, making it hard for the developers to buy and develop the targeted parcels and endangering the possibility of entire developments. The capability to successfully discuss with the sellers and buy a well located site before prices increase can be perplexing for non-profit developers of affordable housing, who often need extra time to get funds needed for a project to start. The problems associated with the procurement of well located land mean that new affordable houses will end up being built on lower-cost land at the periphery of the cities, where households have inadequate access to public transit, incur higher transportation costs and have limited access to basic services. This is impacting negatively on the objectives of inclusionary housing programmes.

6. The response of developers to inclusionary housing programme internationally

According to Westmoreland (2011) the majority of the developers do not want to develop affordable housing because of the cost of land and also the cost associated with the development of affordable housing units. Westmoreland (2011) further asserted that for

someone to build moderately priced units they must be afforded an opportunity to buy moderately priced land. In the case of the City of Juneau which is located in Alaska, it was found that land without bulk infrastructure and power lines was worth \$100,000 and the majority of developers found themselves spending money on developing such infrastructure before they could even put a single unit on the ground. Therefore, Westmoreland (2011) emphasised that, the state must meet the developers halfway by putting bulk infrastructure and making sure that the land is sold at a reasonable price, if they really want the developers to participate in developing affordable housing units. According to Westmoreland (2011) the state must also reduce regulations associated with the development of housing, as it consumes unnecessary time and also costs the developers during applications. This means, that the authorities must try by all means to make land available to developers at a reasonable cost and also provide bulk infrastructure if they want to see more development of affordable housing. Failure to do this will result in the poor being excluded from well located areas and further class segregation in society.

The above statement is being confirmed in the case study of the City of Santa Barbara in the USA, where it was found that the developers are given direct financial assistance and land use incentives by the government with the aim of encouraging them to include affordable housing in their developments. The agreement in this city is that when a developer is developing housing units in the city, he or she must include a certain percentages of affordable housing units for low to moderate income households for a certain number of years. In terms of the direct financial assistance, the city provides assistance to non-profit organisations to build affordable houses for rental to low and moderate income groups and their loan repayment

period is 30 years. In cases where the private developer is deciding to participate in developing affordable houses, the city gives it density bonuses. However, the issue of density bonuses was criticised in the sense that, it brings about unwanted city growth and affects the capacity of services in the city, because it allows the development of the number of units that are not permitted under the existing zoning (The City of Santa Barbara, 2011).

7. Advantages of inclusionary housing programmes internationally

According to Drdla, (2010), the following points are the advantages of an inclusionary housing programme:

7.1. It enables the state to use zoning ordinances to foster development of affordable housing in exchange for incentives

7.2. Affordable housing in mixed income residential development is physically indistinguishable from market rate housing. Therefore, they assist in terms of avoiding indignity attached to affordable housing and nimbysim (not in my backyard issue).

7.3. It is claimed that they foster integrated socio-economic neighbourhoods by mixing low income housing in the community.

7.4. The integration of all income groups into new residential developments gives all the residents an opportunity to access better schools, economic activities and better services.

7.5. The state has a better tool to meet the housing needs of the low income groups, by mandating the provision of affordable housing.

7.6. Pre-emptive clauses or resale regulations of affordable housing which accompanies inclusionary zoning ensures long term availability of affordable housing.

7.7. In lieu fees paid when developers do not want to include affordable units in their residential developments gives the state the revenue which can be used to buy or build more affordable units.

8. Disadvantages of inclusionary housing programmes internationally

According to Drdla, (2010), the following points are the disadvantages of inclusionary housing programme:

8.1. It is not fair to put the burden of providing affordable housing developments on the shoulders of the developers. Under this criticism the state is viewed as shifting the responsibility of providing affordable housing developments to the private sector instead of working with all the relevant stakeholders.

8.2. The inclusionary zoning programmes does not deal with the issue of high cost of land.

8.3. The pre-emptive clause or resale price control prevents the homeowners from achieving a reasonable profit on the resale of their homes.

8.4. The cost of developing inclusionary housing is high. Therefore, it is crucial for the state to provide subsidies on land purchases make land available, fast track application for developments and emphasise the idea of in lieu fees.

8.5. Many states using inclusionary zoning to collect in-lieu fees but they do not use this fee to develop more affordable housing.

9. Relevant international case studies

9.1. The case study of Sunnyvale (California)

According to the Higgins, (2003), Sunnyvale is a good form of international best practice of inclusionary housing which was established in 1980 and restructured in 1991. Sunnyvale is located in the northern part of California, and involves the development of thirty nine units yearly. The ordinances of the state clearly highlighted that, no developers have a chance to negotiate or ask for exemptions when developing inclusionary housing and it is stated clearly in the municipal ordinances that every development must provide housing for different income groups. The ordinance requires that the developers build 12.5% of units that are affordable to moderate income households when developing or else pay an in-lieu fee. This fee is calculated as the difference between the fair market value of a unit and the below-market rate price as established by the guidelines. It is stated in this case study that, for sale and rental inclusionary units carry a 20-year affordable term. In terms of administration the Housing Division of Sunnyvale's Community Development Department manages the programme. For instance, it keeps a list of all the units and does annual audits of all inclusionary units. The city in this regard deals with rent levels, verifies habitation and nominates families that qualify to reside in inclusionary housing units. The administering of this programme yearly is said to cost approximately \$90,000 to \$ 110,000. The developers'

incentives in this regard involves the offset of additional costs, density bonus, fast track permit processing and also assistance from the city and most importantly, they also get community development block grants to support off-site developments. The community development block grant program assists in terms of providing funding for housing and housing-related activities. The primary aim for the establishment of this grant is to benefit low and moderate income earners, and funds from this grant are used strictly for acquisition of property, predevelopment costs, rehabilitation, and interest subsidies but they cannot be used for new housing developments (Higgins, 2003).

9.2. The case study of Toronto (Canada)

Drdla (2010) asserts that, the inclusionary housing programme in Toronto was approved in 2002 but some part of the policy was contested and the programme was not implemented until mid 2006 after consensus was reached amongst the parties involved. The policy has not been implemented so far and there are no guidelines on how to put the plan into practice. However, the policy provides that there must be a mix of housing units in terms of style and affordability in a development that is taking place on a site that is greater than five hectares. It is further provided by the policy that in every new housing development thirty percent of housing units “presumably, all market rate must be provided in attached and multiple housing forms” (Drdla, 2010: no page number). The policy also makes a provision that in a situation where there is a need to increase height or density in certain developments, the city must make sure that twenty percent of the affordable housing units is being developed and this

process is referred to as community benefits in terms of section 37 of the Ontario Planning Act. Inclusionary housing policy in Toronto emphasises that affordable housing units must be developed in every market driven housing projects or near them. However, if the affordable housing units are not included in a market driven housing projects, the policy states that the developers involved in such developments must pay in lieu fees. The implementation of this programme is not mandatory in Toronto as the decision to make it mandatory was found to have no clear authority to impose twenty five percent of affordable housing in every new development and this obligation was cancelled in 2005. The city is only involved in terms of facilitating the provision of affordable housing. There is no mention of benefits in this policy and also a target group for the programme.

9.3. The case study of Montreal (Canada)

According to Drdla (2010) in the case study of Montreal the mayor called for 'une ville inclusiv' as a way for promoting a better life for all Montrealers. It is clearly stated in the city's 2004 Master Plan that housing development must include 30% affordable units. This plan of including affordable housing in new residential projects was approved by the city in August 2005. It is stated in the plan that, out of thirty percent affordable housing constructed in the residential developments, half can take the form of social housing and the other half can be affordable rental or affordable ownership provided by the private sector support by government incentives. The plan applies to developments that have 200 or more units. The strategy is applicable in large developments that require main alterations to the approved master plan or zoning provisions, this includes the changes of use from commercial to

residential, or when a developer needs to increase density or height; or when there are changes in public investment in basic infrastructure or environmental improvements. This plan targets people who are earning below 120 percent of the regional average income. The income groups that are targeted by this plan are people who are earning less than \$35000 per annum (people who are not able to get affordable rental stock in the city) and \$35000 to 50000 (which are people who want to own houses but fail to get affordable homes in the city). The legislative authority in this case study does not oblige the city to impose the implementation of affordable housing in all residential development like in a full mandatory programme. Therefore, city officials view it as voluntary because the city cannot impose the implantation of the programme and must also reach agreements with the development powers of certain boroughs which have control of local planning and development approval. In terms of incentives to the developers, the city and individual boroughs are making a contribution by selling their lands to developers at below-market value. The boroughs also contribute by providing regulatory concessions, and offering fast tracked approval process. The city also contributes by paying for infrastructure costs. For the people to access the affordable housing developed, the city provides financial assistance in the forms of a grant to first time buyers to enable them to buy a house in the city.

9.4. The importance of inclusionary housing in developing countries

In the case study of Malaysia it was found that, Vision Development Plan of 2001-2010 of put emphasis on the provision of adequate housing for all income groups (Shuid, undated). The five year national plan of Malaysia further emphasises the idea of prioritising the provision of low cost housing as a result of increasing demand for housing in this category (Shuid,

undated). The government is responsible for providing low cost housing for the poor in urban areas whereas the private sector is a key player in terms of providing medium to high income housing. In order to encourage the private sector to provide low cost housing, government uses its authority by imposing a 30% inclusionary housing quota provision in every residential development (Shuid, undated). This 30% is enforced in line with the state's objectives to offer chances for greater interaction between various ethnic groups, to eradicate poverty and reform the society. The state also offers various incentives to lure private housing developers to surpass the 30 percent inclusionary quota (Shuid, undated) and developers in Malaysia are expected to build the low cost portion of their projects upfront, even though there may not be ready buyers" of the housing units (SAPOA, 2007:15). These inflexible quota lead to oversupply of low cost housing development and to the situation where housing meant for the low cost earners remained unoccupied because demand was too low (Smit and Purchase, 2006). The incentives provided to developers in Malaysia when developing low cost housing are: fast-tracking of plan approval; lower land premiums; infrastructure cost subsidisation; relaxation in planning and housing standards; and concessions from financial contributions to utility authorities (Smit and Purchase, 2006). The incentives are applied at the national and local government level as they include land and matters such as planning approvals and building control. According to Smit and Purchase (2006) regardless of all the incentives offered by the state to the private sector developers, the developers are still having challenges in relation to high cost of development linked with the implementation of low-cost housing. Smit and Purchase (2006:9) further state that "development costs, land costs, construction costs, professional fees, fees and contributions to local government agencies, are still extremely high". This results in low profits for the developers and in order to avoid these, the developers end up using cheap material and labour, ultimately affecting the quality of low cost housing.

In contrast, when looking at the case of China, it was found that affordable housing is known as economic and comfortable housing (Man, 2011). Chinese policy on affordable housing targets low income to middle income households residing in the urban areas and have city residents' permits. The aim of the policy is to encourage home ownership of housing units by the targeted group (Man, 2011). The Chinese government does not provide financial assistance to local or provincial government nor the developers to develop economic and comfortable housing. The Housing Provident Fund which is a mandatory saving plan for the employers and employees is used to assist the employees to buy houses with subsidised loan (Man, 2011). In addition, the local government is expected by the state to provide land freely or at no cost to the developers who are willing to develop and sell economic and comfortable housing units. The local government is also expected to reduce charges and fees relating to residential developments and also regulate developments profits in order to decrease the housing price for the targeted group. The critics of the Chinese policy lambast it for accounting for only a small number of housing units whereas there are many people needing economic and comfortable housing stock. For instance in 2008 about 7.4 million low income households were looking for economic and comfortable housing. Furthermore, in 2007 it was found that out of 256 cities implementing this policy in China, one third of these cities did not produce more than 5% of affordable housing stock (Man, 2011). The challenges that contribute to this situation were relating to the lack of government incentives or financial assistance for the developers and the local government provides land freely to the highest bidder through auction processes in order to increase revenue. The local government was also criticised for providing less incentives for the development of low and middle income households. Finally it was highlighted that the qualifying criteria is flawed because the targeted group end up being

excluded from economic and comfortable housing developments as more high and middle income groups end up occupying the units. The HPF is also relying more on the fees accumulated from land transfers which is not stable and adequate to sustain the provision of affordable housing (Man, 2011).

Looking at both case studies of Malaysia and China one can see that they implement affordable housing programmes in a different way; this may be attributed to the fact that they are implemented in different contexts. For instance, in the case study of Malaysia one can tell that, the inclusionary housing emphasises the provision of a small number of low cost housing. From the case study of Malaysia one can also realise that, the issue of luring the developers to build more low cost housing in exchange for incentives does not help as it ends up leading to unplanned development or oversupply of housing. The issue of development costs and development regulation can have a serious negative impact when attempting to implement inclusionary housing programmes. Therefore, it is crucial for the developing countries to take these matters into consideration if they really need to implement successful and sustainable inclusionary housing programmes. Finally, one may argue that, at the moment inclusionary housing programmes are of limited value in developing countries as they offer a small number of units and the programmes are not achieving their goals fully as they are faced by challenges ranging from the price of land to economic instability.

On the other hand, when looking at the case of China only people who have permits to reside in urban areas can access economic and comfortable housing. The state does not provide financial assistance or incentives for the developers like in Malaysia. However, land is provided

freely to the developers by the local government. In addition, when looking at the numbers of housing units constructed in 2007, one can tell that it is too small. Therefore in the case of China the demand is more than supply whereas in Malaysia supply is more than the demand. Finally, qualifying criteria for affordable housing in China has been classified as flawed as people qualifying for this units end up being excluded.

This means that both Malaysia and Chinese policies are limited and the fact that inclusionary housing is able to attain its goals in developed countries does not necessarily mean that it will succeed in developing countries. Therefore, the developing countries should adopt a policy that would suit their context rather than blindly following developed countries' inclusionary housing policies.

10. Conclusion

When looking at the above definition of inclusionary housing, one can easily realise that, it is based on preserving a mix of different income groups, ethnic groups and most importantly, different workforces. On the other hand, one can also realise that it has two components which are voluntary or mandatory. In addition, some countries or cities require developers to develop affordable units within the development whereas others allows the development of affordable housing units to be constructed in another areas and still others require the developers to contribute funds that can be used to build affordable housing units somewhere else. It is also suggested in this chapter that, one needs to consider the issue of providing

financial assistance and incentives for the developers if a successful inclusionary housing programme is to occur. This will encourage the developers to participate actively and ultimately we would end up having a healthy mix of different income groups residing in one development. However, this programme has been opposed for shifting the responsibility to other groups in society especially in the case study of California. This may be a challenge for the developers as they may resist the idea of being forced to take a sole role of developing mixed income developments. Looking at all cited case studies it seems like the inclusionary housing programmes are implemented differently in different contexts. For instance, some countries encourage the developers to implement it on a voluntary basis whereas others apply mandatory measures. . On the other hand, it seems like this programme is not relevant to developing countries like South Africa and China as it emphasises the provision of a small percentages of affordable units. This cannot work in countries like South Africa where there is a high demand of affordable housing units. But what is vital about inclusionary housing programme is that, it brings disadvantaged people or poor or moderate income earners closer to opportunities. Most importantly, it also promotes the idea of social inclusion and cohesion.

CHAPTER 3: URBAN INTEGRATION AND GOOD LOCATION

0. Introduction

The following section will provide analysis on the integration of the poor in well located areas, social arguments for allowing the poor in well located areas and the importance of a good location for the poor. The section will also cover issues that are preventing the low income groups from residing in well located areas. Finally the relevant local and international cases will be outlined.

1. South African background on integrating the poor in the city or well located land

Pieterse (2003: 123) views urban integration as having various meanings and connotations. For instance, he asserts that, it focuses on the following key components: "urban integration as high-level policy rationale and outcome; urban integration as object of spatial planning; urban integration as glue for social investments and urban integration as institutional rationale". In addition, Alemame (2006) defines integration as a multifaceted process that contains the following key elements: economic, environmental, political, physical and social. To explain this further, the economic dimension bestows people with an opportunity to participate in both formal and informal economic activities of the city, while the environmental element refers to the creation and maintenance of healthy environment. The political aspect of urban integration refers to the right of residents to exercise self-determination in the matters that affect them within the city (Mohamed, 2006). The physical dimension refers to spatial integration including people's access to resources and infrastructure, and to be given security

from crime and disasters (Alemane, 2006). The social component of urban integration is concerned with the acceptance and inclusion of the citizens in the formal processes (e.g. Integrated Development Planning) of the city (Alemane, 2006).

Integration is a very important concept for various South African development policies and legislation established in the post 1994 period. Among others, the intention of these policies and legislations is to redress the past development injustices in South Africa. For instance, the current South African planning tool (Integrated Development Plan) is based on the notion of joined up planning. Among others, this primary tool promotes integrated transport planning, integrated spatial development frameworks, integrated sustainable rural development strategies, and integrated environmental planning (Mohamed, 2006). It also promotes intergovernmental relations or planning for coordinated development. Regardless of its merits, integration also has obstacles that prevent it from happening in a full scale. For instance, Landman (2000:1) supports this statement by asserting that, "in many neighbourhoods in South African cities, especially in Johannesburg, residents have acted in an apparent attempt to prevent crime in their areas. In several instances this resulted in enclosed neighbourhoods with controlled access. These people believe that life within an enclosed village or neighbourhood provides a solution to crime and an improved quality of life".

The objective of forming more compact cities in South Africa is rooted in the broader goal of urban restructuring. This is intending to redress the fragmented spatial structure of the apartheid city and its socio-spatial marginalisation of the poor. It is also crucial for urban restructuring to improve the poor's access to employment opportunities, consumption, infrastructure and social facilities. According to Charlton (2001), Oelofse (2003) and Todes

(2003), the planning interventions proposed to achieve these objectives are based on mixed use activity corridors or nodes and higher density developments, which are aimed, inter alia, at enabling the provision of affordable housing in the proximity of these areas. The main aim of encouraging this type of development is to make sure that people live close to their employment and also close to different services in the city.

In line with the housing policy, a significant goal of both the Housing White Paper (HWP) of 1994 (Department of Housing, 1994), and the Housing Act (107 of 1997), was to alter the housing delivery pattern that had undermined the social, environmental and economic results of marginal locations for the poor. The National Urban Development Framework of 1997 restated this goal and sharpened its focus, while encouraging strategies that would achieve the integrated co-location of urban functions and their effective functioning (Department of Housing, 1997). Housing development for the poor would be developed on well-located land in the inner city or on buffer zones, whereas the informal settlements in well located areas would be legalised and upgraded in situ. Looking at the above statements one can realise that the state itself acknowledges its unintentional effect of continuing social, spatial and economic segregation of the poor with its housing programme. Ultimately, the poor will be included in housing developments that are taking place in the city. But this will depend on proper implementation of policies aimed at achieving this goal.

2. Defining a good location

A good location can be defined as a location that presents its residents with a variety of social and economic opportunities and most importantly reduces their cost of living. It is further

argued by Dewar (1994) that it also boosts their livelihoods and enables them to have access to better services, such as hospitals, schools and recreation centres. This statement is supported by Landman, (2010: no page number) who posits that, "residents will enjoy a higher quality of life and places to live, work and play in close proximity, allowing easy access".

However, one could argue that a good location is not only addressing the needs of the low income earners, rather it also goes to the extent of addressing the needs of different people or gender in the society. This view is confirmed by Mpantsha (2000: 113) in her case study of Cato Manor, a well located area in Durban, by asserting that the people she interviewed in the area did not choose to move there as it was a good location, but they ended up benefiting from such location as they benefited from reduced transport costs and access to public amenities and better services.

3. Opportunities for the marginalised people in well located land

According to Oelofse (2003) who was looking at the social integration trends in the City of Johannesburg, the inner city provides opportunities for marginalised groups of people to run away from various forms of tyranny. He stated that women manage to find socio-economic independence in the city which was not presented by the former apartheid government in their Black townships. During focus group discussion some women also mentioned that the city enables them to escape traditional patriarchal household structures. Similarly gays also benefit in the city by escaping discrimination in townships.

In addition, Dewar (1994) mentions that peripherally located settlements have a negative impact on the citizens as it imposes transport costs; time is wasted while travelling and poor location pushes them away from wider urban opportunities. Dewar views peripherally located land as characterised by poor services and facilities.

Miraftab (1998) also echoed the above statement in her study of housing preferences of female heads of low-income families in Guadalajara (Mexico) by stating that, these conditions are more critical for women than men because they increase the domestic workload for women. According to the findings of Miraftab's (1998) study, the unsuitable location of services (water, electricity and transport) affected women negatively by increasing their current domestic workload. She further highlighted that the location of women in well located areas has important implications for their ability to mix their multiple roles and responsibilities. Most significantly, she states that inner city locations make it easy for women to mingle production and reproduction roles more easily. Therefore, location should always be able to meet the needs of all human being equally.

Cook (1987) who is a feminist author further argued that, the peripheral locations is bad for women who are working because, it denies them an opportunity to spend time with their children, to do their house chores and shopping. Whereas women who are residing in city centre are enjoying and able to perform the above mentioned duties as they do not have to spend time travelling from the periphery to the inner city.

Eckstein (1990) further asserted that people who reside close to the city centres are better off than people staying at the peripheries in terms of economic opportunities. As the formal sector opportunities deteriorate, the people residing in well located areas or city centre find it easy to adapt to the changes. For instance, once a person residing in the city loses his or her job, it becomes simple for him or her to join the informal sector as it is available close to major commercial markets or busy transport routes. Therefore, they have an advantage of competing in informal markets (Eckstein, 1990).

Similarly, in the study conducted by Mpantsha (2000:50) at East Wiggins, Cato Manor, Durban, it was also found that a good location presents several opportunities to the residents. For instance, one of the respondents in her study Ms Madondo said "as a street vender operating in town the area helped me a lot, transport is accessible until late hours. It cost less in terms of time and money. It is easy to do shopping while I'm still at work". This respondent highlights that a good location can play a significant role in boosting her livelihood and also reducing her daily costs on transport. The respondents interviewed by Landman (2010) on the importance of proximity to socio-economic opportunities also shared the same sentiment about the benefits of a good location as one of them highlighted that a housing project which is well located, in the proximity of the city or in the city can assist people who cannot afford private cars. This means that pedestrians are afforded with the opportunity to walk or cycle to work. Furthermore, one respondent cited in Landman (2010:13) also emphasised that "housing should give people an opportunity to find jobs and access public services". This indicates that a housing development in well located area is seen as vital in providing people with economic opportunities and public amenities.

In contrast, the issue of differing locational needs of the poor in the city was identified by Adebayo (2010) as one of the barriers of integrating the poor in the city, especially when the policy makers do not understand the real locational needs of the low income earners. Napier (2006) agreed with this statement and emphasised that, there is a need to view individuals as unique and as having different aspirations and livelihood strategies. This means that, some people may be feeling comfortable staying on the periphery of the cities and are also able to meet their needs fully whereas others may need to be located in the city because they are failing to pay transport fees, to get employed or unable to meet their basic needs at the periphery. Schoonraad (2000:3) supported this statement by asserting that, "many people preferred living on the semi-rural outskirts of Pretoria, sending one family member into town to work, whilst the rest relied on informal activities carried out on the lot or in the neighbourhood". Therefore, there is a need for people to understand that there are changes in the economy and people can also meet their needs in their neighbourhoods through informal businesses rather than focusing on getting employment in the cities.

Royston (2003) also highlighted that, there is a need to group the poor in terms of their different locational needs, rather than adopting 'one size fits all approach' where people view the integration of the poor in the city as a general solution to the challenges faced by the poor at the periphery. Charlton (2003) also calls for initiatives that respond to these requirements in a proper way. Schoonraad (2000:3) supported this statement by arguing that, "there is a need for innovative ways of thinking on decreasing travel time and costs, rather than increasing density". Schoonraad (2000:3) further posited that "this does not, however, mean

that core housing on the periphery is the solution for the housing problem, as these projects often have limited success”.

In addition, unfamiliarity with the concept of integrated urban form was identified by Adebayo (2010) as a challenge for integrating the poor in the city. For instance, Schoonraad (2000) stated that, South Africa is inexperienced especially in planning for medium to high density, compact city ideas and mixed-use residential developments. Schoonraad (2000) further posited that current planning authorities are attempting to include the poor in the city but they still lack knowledge on how to achieve this goal practically. Adebayo (2010:8) also asserted that, “there existed no development control measures to ensure higher densities in central locations and to moreover ensure that mixed-use developments in such areas and elsewhere included low income housing”. Finally, there were either efficient incentives or political supporters for compaction of cities and the integration of the poor in them, and the municipalities’ dedication to this latter goal is questionable (Dewar, 2000, Schoonraad, 2000).

Finally, Todes (2003) argues that these unique pieces of evidence illustrates that there is not a single housing need, but different needs and housing policy should accommodate this diversity. Therefore, policies should be put in place to encourage the development of housing on well located land and also encourage housing development on larger sites at the periphery coupled with improved access to resources, opportunities and services.

Drawing from the above, one may argue that, for many groups of the urban poor, good location close to urban centres and areas of employment is important. Therefore, it is important for this study to discuss the aspect of compact city debate and show how it is relevant in terms of promoting inclusive and well integrated cities.

4. The compact city debate

The compact city idea aims to bring about sustainable development within the urban environment and to counter the negative social, economic and environmental effects of urban sprawl. Generally the compact city is defined as “relatively high-density, mixed-use city, based on an efficient public transport system and dimensions that encourage walking and cycling” (Burton, 2000:1970). Burgess (2000) supported this statement by emphasising that, compact cities are crucial in a sense that it helps in terms of reducing the use of fuel which cause carbon emissions and also allows people to access shops through bicycles or walking. Therefore, city compaction is based on the intensification of development within the city, and decreasing the developments of urban sprawl.

The policies associated with the compact city have often been initiated primarily to reduce the use of private transport and to reduce the loss of open spaces. However, promoters of the compact city concept stress more than just environmental benefits which can be achieved from intensifying the city; in fact “higher density settlements are argued to be more socially sustainable because local facilities and services can be maintained, due to high population densities, and therefore accessibility to goods and services is more equitably distributed”

(Williams, 1999: 168). Most importantly, "they view high density urban living as a requirement for vitality, vibrancy, cultural activities and social interaction" (Williams, 1999: 168). It is furthermore stated that, upgrading of local economies, mostly in downtown areas ignored by urban decentralisation and sprawl, can possibly be achieved through intensification. In addition, Thomas and Cousins (1996: 54), first impressions of the compact city "...invoke an intense medieval city, whose limits are clearly visible, and where the hubbub of activity is confined within the city's walls".

Finally, Lock (1995: 173) defines a compact city as a process of making sure "...that we make the fullest use of land that is already urbanised, before taking green fields", or Naess' (1993: 309) definition of promoting development in areas where "technical encroachments on nature have already taken place" characterize the approach of the compact city promoters. However, one could also argue that in urbanising cities, it is unlikely that this will be possible, but expansion could also be done in a more compact way. The notion of compact city is further supported by Burgess (2000: 9-10) who posits that compact city approaches aims to "increase built area and residential population densities; to intensify urban economic, social and cultural activities and to manipulate urban size, form and structure and settlement systems in pursuit of the environmental, social and global sustainability benefits derived from the concentration of urban functions". This means that, compact cities serve the needs of all its citizens on an environmentally friendly basis; they eradicate poverty and promote social justice. The issues such as poverty, social injustice, and geographical growth, lack of environmental infrastructure and low levels of economic growth should be taken into consideration if we are concerned about sustainability or compact cities (Burgess, 2000).

5. Local and international initiatives on integrating the poor in well located land: successes and failures

5.1. The case of South Africa (Durban)

It is stated by UN Habitat (2009) that Greater Durban metropolitan area was fragmented and racially segregated during the apartheid era. African low income earners were obliged to stay at the periphery by the apartheid regime. Ultimately, they had to commute long distances from home to work. The post-apartheid regime tried to address the above situation by consolidating the region under one municipality known as eThekweni through two phases of local government reorganisation and several rounds of spatial development framework development (UN Habitat, 2009). Despite this effort, the development pattern did not follow the spatial framework development nor did it prevent trends of low density urban sprawl. Ultimately the poor continued to reside in peripheral locations as they could not afford to buy or rent in the area (UN Habitat, 2009). On the other hand, the South African housing subsidy also failed to integrate the poor in urban areas as it supported the construction of low cost housing on areas where land costs are not high (UN Habitat, 2009).

This case shows the attempt to integrate low income earners in well located land and also include the poor in the city. However, because of factors highlighted under point 6 (below) of this section, the low income groups still find themselves living at the periphery of the city. Therefore, there is a need for officials who are well informed about the idea of compact city to intervene in addressing these challenges in order to avoid further marginalisation of the poor

to the periphery. In addition, when looking at the South African scenario, one would realise that, the housing subsidy scheme has played a role in terms of preventing the poor from being integrated in the city. Todes (2000), and Khan and Ambert (2003) also asserted that, the projects associated with this scheme encouraged isolation which was also supplemented by lack of integration with public amenities and facilities. This is due to the fragmented nature of how the projects were developed.

5.2. The case of Brazil (Curitiba)

The 1965 master plan development in Curitiba was structured around transport routes with dedicated lanes for public buses and express buses. These transport routes were surrounded by residential developments, offices and service centres. Passengers in this case are allowed to use one ticket for inter district and local buses. It is further asserted that, the residents' use less money on transport. For instance, it is asserted that they spend ten percent of their income on travelling and twenty five percent of their income on fuel as compared to other residents in Brazilian cities. While there are lot of people owning cars in Brazil, 1.3 million people take a bus on a daily basis. The achievement of this development has been credited to a planning process that strongly integrated land use, transport planning and the firm long term execution of the plan. The aim of this master plan is to guide development, the use of suitable systems and incentives for the development to be successful. Despite the success of the plan, it has not managed to address the issue of spatial inequalities as the poor are still located on the periphery with insufficient services, amenities and lack of public transport. This development achieved a lot in terms of encouraging development along transport route or providing infrastructure. The transport routes within Curitiba were put in place with the aim of

serving the middle and low income groups, but it failed to achieve its mandate. The reasons for the failure of this plan has been attributed to the availability of good infrastructure which increased property value or prices, good transport and easy access to different parts of the city to the point where it is no longer easy for the targeted group to stay around transport routes. It ultimately pushed the poor away from the city to the periphery as they could not afford to buy or rent houses in the city (UN-Habitat, 2009).

When looking at the case of Brazil one would realise that there are several barriers preventing the poor to reside in well integrated areas. For instance in this case study one would realise that, good transport system and easy access to different parts of the city pushes prices of the properties up, thus attracting the advantaged group in the society and preventing the poor from accessing properties in the city because of lack of funds. This is a problem because when this development is done, it was done in order to accommodate the poor but ultimately it did not accommodate them. The tune changed because of the issue of affordability and as a result the low income earners end up staying on the periphery.

6. Obstacles to location of poor in well located areas

According to the findings of the study done by Charlton (2003) in the case of Durban, expenses and complications linked to undeveloped land, the additional 15% national subsidy allowance was not able to deal with extra costs of development, lack of information or understanding on how the development can affect the established development in well located land and the issue of NIMBY (not in my back yard) reactions of the owners of established development and

some of the ward councillors who had interest to benefit from the development were found to be serious obstacles in terms of accessing well located land. For example, Chalrton (2003) posits that when the residents of Canaan informal settlement were relocated to a well located land near Kwa Mashu section D and New lands, the members of the established settlements protested against the decision because the community and ward councillors wanted the housing development for themselves. Therefore, this challenge means that development can only take place in their backyard if it benefits them or else it can take place on land that is not well located as it also requires additional funding to be found to add-on subsidy money.

On the other hand, one may attest that, there are several barriers to location of the poor in well located land. For instance, when looking at the case of Brazil one would realise that, a good transport system and easy access to different parts of the city pushes prices of the properties up, thus disadvantaging the targeted group in the society because they could not afford to reside there anymore.

7. Conclusion

It has been reiterated in this section that, there are negative effects of sprawl on the poor whereas integration, compaction or development for the poor on well located land assists the poor to have access to variety of opportunities and resources. However, it is also crucial to note that, people who are staying at the periphery might be meeting their needs at this location, as asserted by Schoonraad (2000) on her Pretoria case study. Therefore, there is a need to assess this location and upgrade it, especially if it is able to meet the needs of the

citizens fully. In addition, one needs to understand that, sustainable development or compaction of cities should not only be seen in line with infrastructure rather it must also be seen as based on the promotion of health and well being of the community members, promoting social justice and decreasing the environmental impact on the environment. Finally, sustainability is as much about today as it is about preserving the survival of future generation.

CHAPTER 4: SOUTH AFRICAN POLICY AND LEGISLATIVE FRAMEWORK RELEVANT FOR INCLUSIONARY HOUSING PROGRAMMES

0. Introduction

The government of South Africa has come up with policies and legislation supporting housing delivery for all its citizens since 1994. This section will briefly examine some of the key policies, legislation and frameworks that have been adopted to address the issue of inclusion or integration and progress thereof.

1. Evolution of the South African Policy and legislative framework

Integration is a very significant concept for various South African development policies and legislation established in the post-apartheid era. The intention of these policies and legislations is to redress the past development injustices in South Africa. For example, the current South African planning tool (Integrated Development Plan) is based on the notion of jointed planning. Among others, this primary tool promotes integrated sustainable human settlements, integrated transport plan, integrated spatial development frameworks, integrated sustainable rural development strategies and integrated environmental plan (Mohamed, 2009).

On the other hand, it is only recently that the Department of Human Settlements and relevant stakeholders has engaged in discourse on the issue of inclusionary housing, and has produced an Inclusionary Housing Policy draft (IHP) and it remains to be seen whether this policy draft will reach parliament in the form of legislation. It is nonetheless important to analyse these important policy developments and the degree to which they have guided and continue to have an impact on housing delivery.

2. Reconstruction and Development Programme (RDP) 1994

The Reconstruction and Development Programme document was introduced in 1994 by African National Congress. The Reconstruction and Development Programme asserted that, although housing may be provided by different parties, the democratic government must be responsible for ensuring that housing is provided to all. This statement is also asserted in the Constitution of the Republic of South Africa, which emphasises in section 26 that “everyone has the right to have access to adequate housing; the state must take reasonable legislative and other measures, within its available resources, to achieve progressive realization of this right”. One may suggest that, ‘all’ includes a variety of income groups whether low, medium and high, although there is no specific mention of inclusionary housing, or any obligation on the private property industry to provide it. Nor was this addressed in the Reconstruction and Development Programme, which focuses more on the provision of low cost housing, although it does mention that general approach to housing should include affordable units.

This is confirmed under point 2.5.6 of the RDP document which state that, “the approach to housing, infrastructure and services must involve and empower communities, be affordable, developmental and sustainable...”. Furthermore, sections 2.5.12 of the RDP policy document also posits that there must be affordable rental housing stock (ANC, 1994) which must be made available to low income earners, although this is not the same as inclusionary housing. Therefore, one needs not to be despondent that since 1994, there are still no clear plans at national level with regard to the implementation of inclusionary housing programmes. It is clear from this statement that, the Reconstruction and Development Programme did not specifically address the issue of inclusionary housing.

3. The National Housing Act, 1997

The National Housing Act, 1997 provides the broad principles relevant to housing development in the country. According to the Act (The National Housing Act, 1997:2) the parliament of South Africa views housing as “as adequate shelter , fulfills basic human need; both a product and a process; a product of human endeavour and enterprise; a vital part of integrated developmental planning; a key sector of the national economy and vital to the socio-economic well-being of the nation”. The Act further highlighted that, all the spheres of government, that is the National, Provincial and Local government must:

- Prioritise the needs of the low income groups during housing development,
- Promote participation of people affected by housing development,
- Give the citizens a wide choice of housing and tenure alternatives,

- Make sure that the housing developments are sustainable, affordable and lead to socio-economic development,
- Make sure that the housing development are well located,
- Promote the integration of social, racial, economic and physical integration in urban and rural areas and also,
- Promote high density in order to ensure that the land and services are utilised in appropriate way.

It is very clear that, the issues relating to inclusionary housing are not covered in the National Housing Act, 107, 1977.

4. Breaking New Ground (BNG)

The BNG was introduced in 2004 by the National Department of Housing with the intention of meeting the following objectives

- Accelerating the delivery of housing as a key strategy for poverty alleviation,
- Utilizing provision of housing as a major job creation strategy,
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment,
- Leveraging growth in the economy,
- Combating crime, promoting social cohesion and improving quality of life for the poor,
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and second economy slump and,

- Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring. (Breaking New Ground document, 2004: 1).

This implies that the policy intends to change the enormously fragmented and racially or class based institutional framework inherited from the apartheid regime, while simultaneously creating new systems to address the housing backlog. The most important highlight in this document is that it supports mixed housing development for different income groups that are mostly implemented with the assistance from the state through various subsidies. Most importantly this housing development caters for people who are targeted by the proposed inclusionary housing policy. This means that, the Breaking New Ground (2004) document also takes into consideration the idea of providing affordable housing seriously.

5. Municipal System Act, 2000 (MSA)

The systems of local government under apartheid failed to meet the needs of every citizen of South Africa. The recent one is determined to meet all the needs and right of the citizens of South Africa covered in the Constitution of the Republic. The intention is to make sure that the municipality works hard in terms of uplifting social and economic aspects of the communities. It promises the provision of services to all, most importantly the poor. It furthermore, intends to involve the affected parties in decision making, this involves service delivery issues. It also requires transparent and efficient public administration. There is a need to create economically viable municipalities and also to create and maintain relationships between the

municipality and communities they are working with according to this Act. This Act emphasizes serious issues as it attempts to address the unjust issues of the past and make sure that people participate actively in terms of dealing with their issues. As a result of this Act people would have access to any basic services without being discriminated against and they would also have an opportunity to make decisions on their daily issues. Whether, this is currently happening in all developments taking place in the City of Johannesburg is not yet known.

6. Gauteng Province's Development Strategy (GPDS)

Gauteng Province's development strategy addresses the issue of social justice where people can participate in the development of the country's economy, assist poor people to have access to livelihood strategies and meet urban life's demands. The strategy also:

- Facilitates social mobility by accelerating access to the opportunities in the city and
- Regulates urban growth and sprawl,
- Suggests the need to restructure settlements by bringing job opportunities closer to people and create sustainable human settlements,
- Indicates a need to bring about sustainable development and environmental justice by greening townships and creating innovative governance solutions by improving participatory governance and making sure that there is a better cooperation between different sectors of government.

It is clear from the above statements that this strategy tries by all means to address issues holistically as it covers issues relating to social, economical and infrastructure. This really shows that, development is not only about physical structures but it is connected to the social and economic fabric. Therefore, when one attempt to develop inclusionary housing, he or she needs to take these issues into consideration.

7. Inclusionary housing policy in South Africa

Inclusionary housing can be defined as “the harnessing of private initiative in its pursuit of housing delivery to middle/higher income households to also provide (include) affordable housing opportunities in order to achieve a better socioeconomic balance in residential developments and also contribute to the supply of affordable housing” in a South African context (Department of Housing, 2007:9). According to the Department of Human Settlement of South Africa (2009: no page number) inclusionary housing can help to “achieve a more balanced outcome of built environment creation in the direction of more racially integrated and income inclusive residential environments”. The Department of Human Settlement (2009: no page number) further stated that, “ inclusionary housing programme can assist in terms of providing accommodation opportunities for low income and lower middle households in areas from which they might otherwise be excluded because of dynamics of the land market”. One may argue that, this is a positive outcome of the programme, however, based on the international case studies provided in Chapter 2 one can assert that it provides a very small number of housing units for the poor. This cannot help in a context like South Africa given the

scale of housing need in the country and also the backlog in terms of providing housing to the citizens.

Nonetheless, the South African definition of inclusionary housing does not differ from the international one, as they both encourage the integration of affordable housing in every private sector residential housing development. Currently, the policy has not yet been officially accepted by national government. There are several reasons that prevent the policy from being implemented nationally according to the Department of Human Settlement (2009). These include lack of municipal capacity to implement the policy and the judgement by the Appeal Court on Chapter v and vi of the Development Facilitation Act (DFA) according to the Department of Human Settlement (2009). Chapter v and vi (DFA) were found to be unconstitutional as they were limiting the powers of the municipalities to exercise their constitutional powers in terms of section 156(1) because they allowed interference from other spheres of the government in municipal planning processes. The court noted that these chapters wrongly give powers to the provincial government through Development Tribunals. The other reasons cited by SAPOA (2006) includes issues like steep income and price cliffs in the country triggered by skewed distribution of income, the lack of land in well located areas and a weak capacity of municipalities in terms of processing agreements and approving projects. These challenges have implications for the adoption of inclusionary housing policy in South Africa. Therefore, one need to be wise when importing policies internationally as the contexts are not the same and if the issue of different context is not taken into consideration the policy can lead to outcomes different to those that are anticipated.

It is stated in the 2007 draft policy on inclusionary housing that, programmes linked to IHP can be done voluntarily or in a mandatory form. In terms of the voluntary form the IHP highlighted the allowed incentives that can be used by government at all levels and gives power to government departments to set non-mandatory aims for inclusionary housing in projects. For instance it is stated by the Department of Human Settlement (2009: no page number) that, the municipalities must:

- classify named inclusionary housing projects that they desire to pursue with the private sector
- bring local government-owned land to the process as well as other incentives,
- require the provision of a proportion of the units as affordable stock which will vary depending on the extent of the incentives provided
- and state things that should be adhered to in order to make the mixed income project viable.

In addition, when implementing the programme in a mandatory form the IHP put procedures in place for the building of reasonably priced houses by the private sector and shows different forms of inclusionary housing models from which municipalities can select. The policy spells out incentives that municipalities (including the City of Johannesburg) can utilize which apply to the whole country's housing developments. These include: credit linked subsidies, tax reduction, social housing subsidies, zoning, density bonuses or the acceleration of development approval procedures. Under this component, it is crucial to note that development will only take place based on meeting the requirements of inclusionary housing

defined at local level. Finally there are key national inclusionary housing parameters highlighted by the Department of Human Settlement (2009: no page number) which are:

- Inclusionary housing does not apply in low income areas and in projects supported by subsidies made available in terms of the programmes outlined in the National Housing Code. This means that developments cited in chapter 5 are really not inclusionary housing.
- Affordable units should be similar in style to the more up-market units, be integrated into middle and upper income developments and not located in separate areas. It seems like the City of Johannesburg case studies in chapter 5 are not in line with this idea as they are more about lower to middle income housing which came through BNG.
- Rezoning or subdivision approval should be made subject to meeting specified inclusionary requirements in return for being awarded certain development rights.
- “Win-win” opportunities must be based on:
 - Public investment in bulk and connector infrastructure as an incentive.
 - Density bonuses.
 - Allow for multi-story units and some commercial rights but may require that 30% of the units in the project must be affordable.
- Compulsory prescriptions must vary between 10 and 30 percent of housing units developed. However, this approach is currently under evaluation because it was ruled as unconstitutional recently by the Appeal Court as it was obliging the developers to include affordable housing in their developments without financial contribution from the state (Department of Housing, 2007). This means that municipalities have to find ways of

encouraging the developers to include affordable housing in their development. Failure to do this will cause further urban segregation and encourage development for the poor to take place at the periphery.

Mokonyane (2009: no page number) (Premier of Gauteng Province) supported the above statements by asserting that “the provision of sustainable human settlement remains a challenge but we are steadily but surely making progress towards overcoming it. Our approach in Gauteng is to ensure that the provision of human settlements should be used as a catalyst to break racial barriers and integrate communities whilst also dealing with the issues of poverty alleviation and job creation. Many poor people are still confined to residing on the urban edge of cities and towns, which deprives them of the socio-economic opportunities available in the urban areas, resulting in the perpetuating of inefficient and dysfunctional human settlements”.

In order to address the above mentioned issues, the Gauteng Provincial Government would like to introduce an inclusionary housing policy, but so far no policy has been approved. Consultation processes are still going on provincially and nationally according to Gauteng Department of Local Government and Housing (2009). According to Mokonyane (2009: no page number) “the inclusionary housing policy will contribute to the development of economically and racially integrated communities”. This means that the developers will be encouraged to build mixed income housing units within one location and the interpretation of the policy is in line with the international and the South African one. Mokonyane (2009: no page number)

further posited that “studies have shown that mixed income developments can benefit communities in a number of ways and that there will no longer be exclusive residential areas for the wealthy and rich while the rest of the people live in the periphery”. However, she did not mention if the province will take a voluntary or mandatory approach to implementing the policy.

To date, there are no visible projects that resemble the definition of inclusionary housing in the province and nationally as there is no policy. The only visible projects in the inner city or outside the city centre are catering for affordable housing and higher income housing separately (see chapter 5).

8. Conclusion

This chapter outlined relevant policies that are guiding the idea of inclusionary housing in South Africa. This legislation and policies emphasizes the need to integrate the low-income group families in ‘well-located land’ or the proximity of services and economic opportunities. The intentions of the legislation and policy are clear and intend to ensure an equitable city. Finally, despite the country’s effort to adopt the above mentioned legislations, currently there is no inclusionary housing policy. The reason for the non-existence of the policy can be attributed to the challenges ranging from the constitutionality of the policy, the issue of steep price income cliff, municipal capacity and the availability of land in well located areas.

CHAPTER 5: THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY AND INCLUSIONARY HOUSING PROGRAMMES IN PUBLIC TRANSPORT MANAGEMENT AREAS

0. Introduction

It is highlighted in the city of Johannesburg's growth management strategy 2008 that inclusionary housing development must take place in public transport management areas. This section will provide a brief outline of the Johannesburg growth management strategy in line with inclusionary housing; and outline the inclusionary housing policy in the context of the city of Johannesburg and the process thereof.

1. Johannesburg Growth Management Strategy (JGMS)

The City of Johannesburg adopted the Growth Management Strategy to give effect to the spatial framework that guides every development in the city. According to the City of Johannesburg (2008) the Growth Management Strategy aims to provide ways of dealing with issues such as urban integration, economic growth, sustainability and improving the standards of living for the citizens. The approach intends to ensure that investments are prioritized and focused in order to achieve long term sustainability for the citizens. The high priority investment areas are places around public transport routes, or Public Transport Management

Areas, and include areas around the Gautrain, Bus Rapid Transit System (BRT) and Passenger Rail Agency of South Africa (PRASA) (see figure 1 below). These include Orange Farm, Ivory Park, Soweto, Diepsloot, Zandspruit, Alexandra and (Informal, Kya Sands/ Lion Park). The medium priority investment areas are termed Consolidation Areas and Expansion Areas whereas Low Priority Investment areas are peri urban areas where growth is to be prevented. If the strategy could be implemented properly in the city, there would be a closer link between residence, transport and work opportunities. This strategy promotes inclusionary housing in strategic areas identified by the spatial framework, namely Public Transport Management Areas, which are areas 1kilometer around rail and BRT routes. These areas are intended to include higher density residential development (including social housing), business nodes, and other land use mixes.

GMS...

High Priority

- ☐ Public Transport Priority Areas
- ☐ Marginalised Areas

Medium Priority

- Consolidation Areas
- Expansion Areas

Low Priority

- Peri Urban Areas

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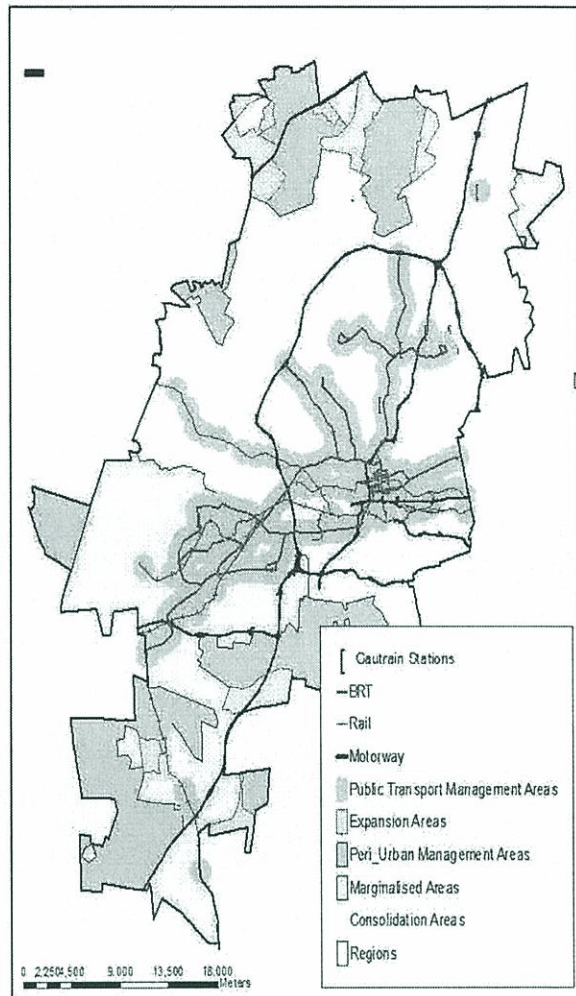


Figure 1: A map showing public transport management areas (City of Johannesburg, 2008)

2. Background on Inclusionary Housing in the City of Johannesburg Public Transport Management Areas

Inclusionary housing in the context of the City of Johannesburg “requires that a portion of all newly developed housing must be allocated to affordable housing” (City of Johannesburg, 2009:35). However, at the moment inclusionary housing projects do not exist in the City of

Johannesburg. Although there are some projects directed at mixed (low and medium) income groups in well located areas, these do not include higher income housing.

Internationally allocation of the units for affordable housing ranges between 10-30 percent, however in some instances “fees can be paid in lieu of building inclusionary housing” (City of Johannesburg, 2009:35). The Department of Housing nationally has proposed inclusionary housing policy but it is not yet adopted because of issues highlighted in Chapter 4 point 7. Currently, the City of Johannesburg has adopted the concept and came up with models to put it into practice. The City of Johannesburg introduced the following aspects in order to make sure that, the policy is implemented well in the city. These are:

- ☐The provision of additional affordable housing stock by leveraging off higher income residential development;
- ☐The provision of affordable housing in good locations; and
- ☐The promotion of partnerships between the private developers and the City in the promotion of affordable housing (City of Johannesburg, 2009: 35).

The City also uses the incentives such as density bonuses, fast tracking of applications, tax relief, provision of bulk infrastructure, subsidies from the state and reasonable cost of land to lure the developers to participate in the development of the housing programmes in public transport priority areas (City of Johannesburg, 2009). The inner city developers also get an incentive known as Urban Development Zone (UDZ) tax incentive (SAPOA, 2006).

Finally in the City of Johannesburg development is been earmarked to take place on key development nodes, this includes the inner city, Gautrain station precincts and public

transport management areas as highlighted in figure 1. This policy targets people who are earning between zero and above on a monthly basis. This means that it also targets people whose income disqualifies them from accessing a government housing subsidy and who earn too little income to get a bank mortgage.

3. Initiatives and Processes of Implementing Inclusionary Housing in the City of Johannesburg in Public Transport Management Areas

There are integrated developments such as, Pennyville, South Hills (Moffit Park), Jabulani and Fleurhof which create an environment similar to inclusionary housing but it is based on voluntary principles and negotiated agreements between the developers, Gauteng Provincial Government and the City of Johannesburg in public transport management areas. These projects are about providing a variety of housing options for different income groups. For instance, they cater for fully subsidised people, gap market and affordable housing units. Projects such as South Hills, Pennyville, Fleurhof and Jabulani were placed close to the public transport routes to make it more attractive from a transport point of view. A brief outline and maps of these case studies will be provided below.

3.1. The Case Study of Pennyville

Pennyville project is one of the relevant case studies for this study as it is integrated development that caters for different income groups in one residential development and it is

located in City of Johannesburg's public transport management areas. This project is in Pennyville and it is a model for mixed income housing. According to Malherbe (2011:1) Pennyville consists of family rental, communal rooms and affordable housing projects in Pennyville extension one opposite New Canada Station which is in South West of Johannesburg. This project has been planned with three resident categories and on completion Pennyville will comprise 2 752 fully subsidised housing existing. There are 36m², 40m² and 42m² variants, mainly as single-storey units, but also as double and triple storey units at Pennyville. Approximately "1 400 houses were allocated by the city of Johannesburg to qualifying RDP beneficiaries from the Zamamphilo informal settlement" (City of Johannesburg: 2004, no page number). These projects form part of the City of Johannesburg, Gauteng Provincial and National Housing departments' commitment to housing development, and houses are owned by the beneficiaries under sectional title. One of the advantages of this project is its close proximity to transport routes and Johannesburg central business district. It is also stated by the City of Johannesburg (2008) that Calgro M3 Property Development Company and ABSA GROUP were involved in terms of developing this property through negotiated settlements. The ABSA group is responsible for funding the project whereas the Calgro M3 Property Development Company is responsible for constructing the residential developments. However, Malope (2011, pers.com) could not state how they have benefited from contributing to the development, but he mentioned that there were negotiated settlements between parties involved. Johannesburg Social Housing Company manages 400 units in this development according to Maluleke (2011, pers.com) and it also allocated 800 units to financial bodies as rental stock according to Malherbe (2011). At Pennyville the residents are given choices of either leasing family units or individual rooms within three bedroomed units, depending upon their needs (Malherbe, 2011). This development is

inclusionary as it consists of different types of housing units for ranging from R256,000 to R600,000. The strength of this development is that, it is in a well located area. For instance, it is close to New Canada train station and also the M1 (see figure 2 below). Therefore, this will make it easy for the residents to commute easily and choose their favourite mode of transport.

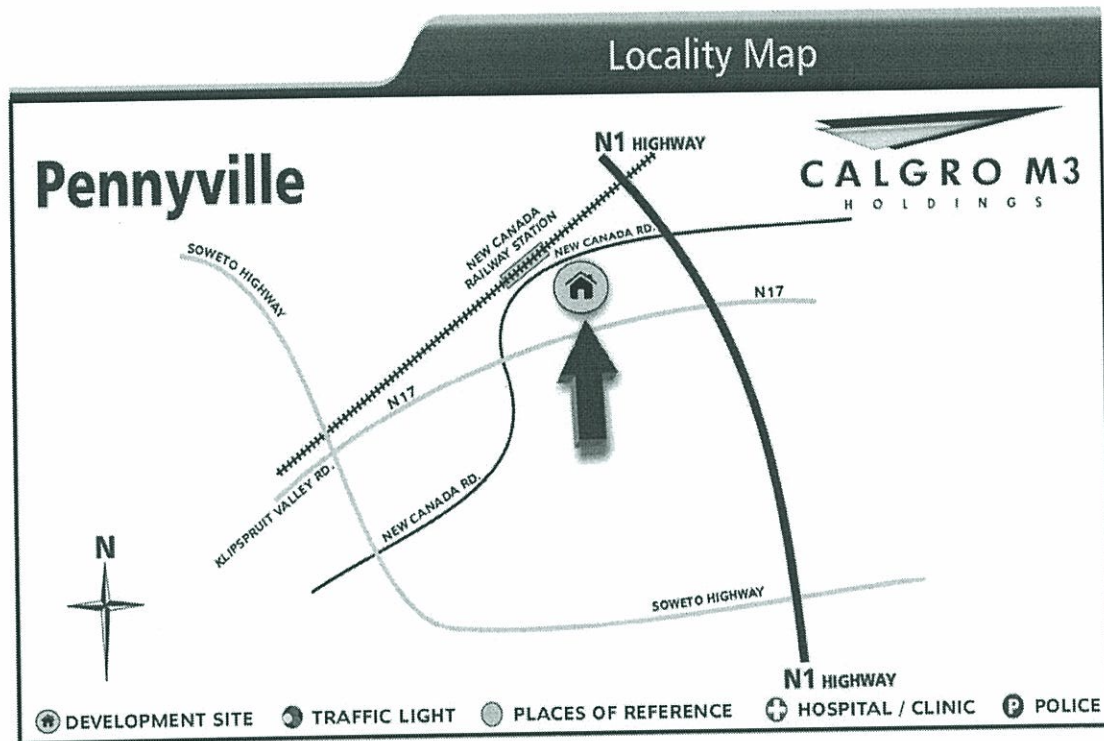


Figure 2: Pennyville locality Plan (<http://www.calgrom3.com>)

3.2. The Case Study of Fleurhof

This development is also done by Calgro M3 company and it will have 9 600 units on completion. Fleurhof Ext 2 is located in south west of Johannesburg close to the existing Fleurhof ext 1 residential township. It is being labelled as one of the largest integrated housing developments in Gauteng. It is on a 291ha land site of Fleurhof Ext 2 and comprises of various

types of residential units and tenure. This development targets the economic market of people who qualify for fully subsidized RDP/BNG housing, Gap, Social rental and Affordable housing. This development has four business centres, five religious sites, one community centre, three schools and twenty to thirty parks in and around it. This development is also done in partnership with the City of Johannesburg, Gauteng Provincial Government and the private sector. Most importantly it is constructed close to transport routes such as Main Reef road and also the N1 (see figure 3 below) (<http://www.calgrom3.com>).

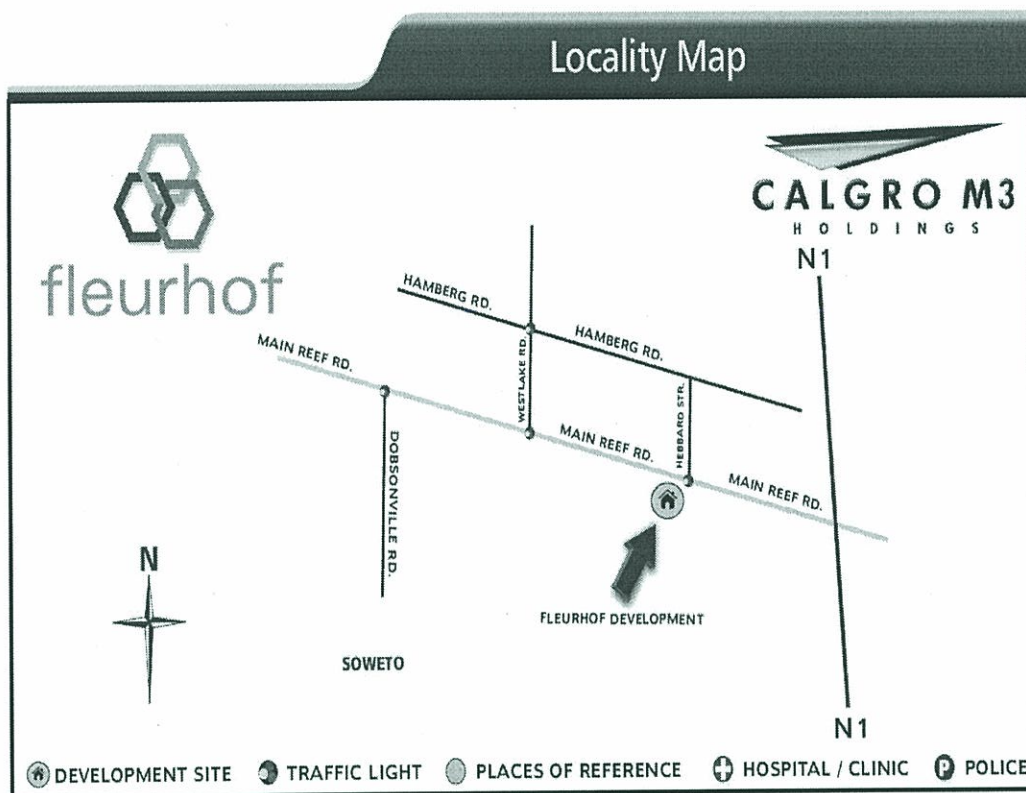


Figure 3: Fleurhof locality plan (<http://www.calgrom3.com>)

3.3. The Case Study of South Hills

South Hills is also an integrated development in the south of Johannesburg. It is located in 5km South of Johannesburg Central Business District. The city of Johannesburg awarded R1 356 billion tender to Standard Bank and Calgro M3 to develop the site as partners. The project will consist of 4 217 units on completion. In the case of South Hills, the gap market will have 1485, fully subsidised housing units, and there will be 1702 rental units whereas some 1030 social housing and freehold affordable housing units will be developed. This integrated development is located in the proximity of N12 highway and also the Heidelberg road (see figure 4) (<http://www.calgrom3.com>).

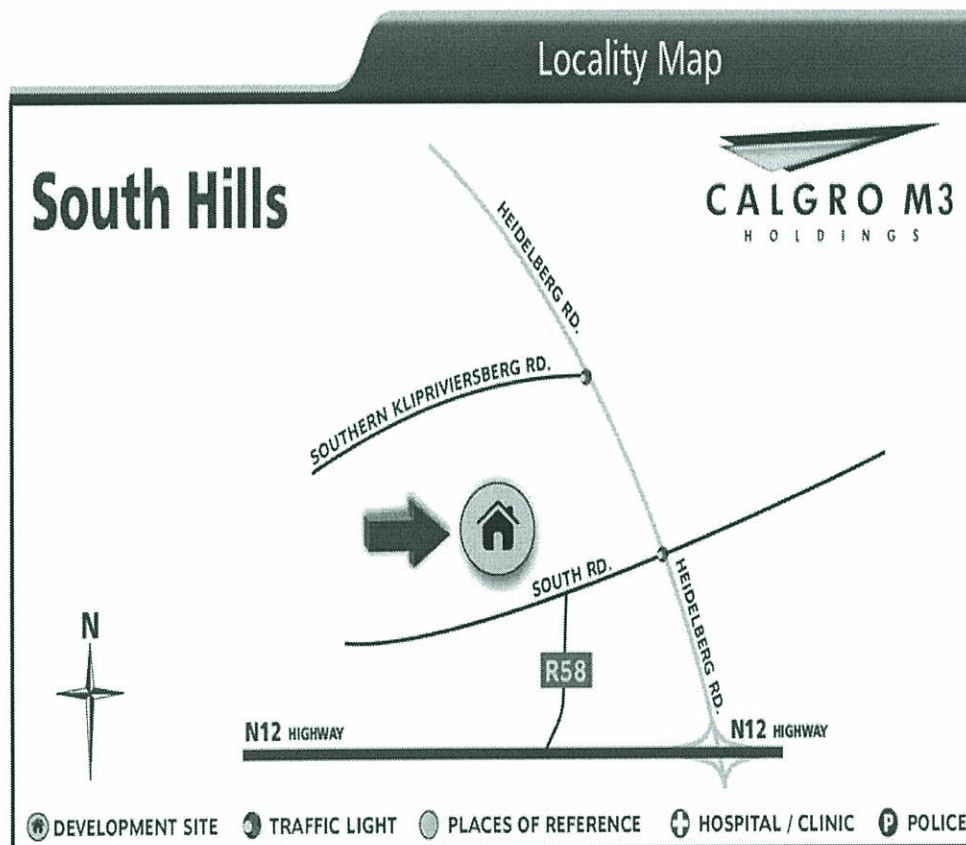


Figure 4: South Hills locality plan (<http://www.calgrom3.com>)

3.4. The Case Study of Jabulani Heights

Jabulani Heights is a set of integrated multi storey residential units which are located in the middle of Soweto, close to the Jabulani Mall and Baragwanath hospital. The project is done by Calgro M3 in partnership with Inkanyele Projects. This development will comprise 4 199 sectional title residential units providing secure apartment which are close accessibility to a range of major transport nodes. This R1,35 billion development will consist of social housing, rental units and open market gap units. The units are sold in a price range of R260 000 to R400 000. This integrated development is close to a performing arts theatre, Jabulani Mall and offices. Most importantly it is close to local Bolani, Koma road, Main Reef and not far from the N1 highway (see figure 5 below) (<http://www.calgrom3.com>).

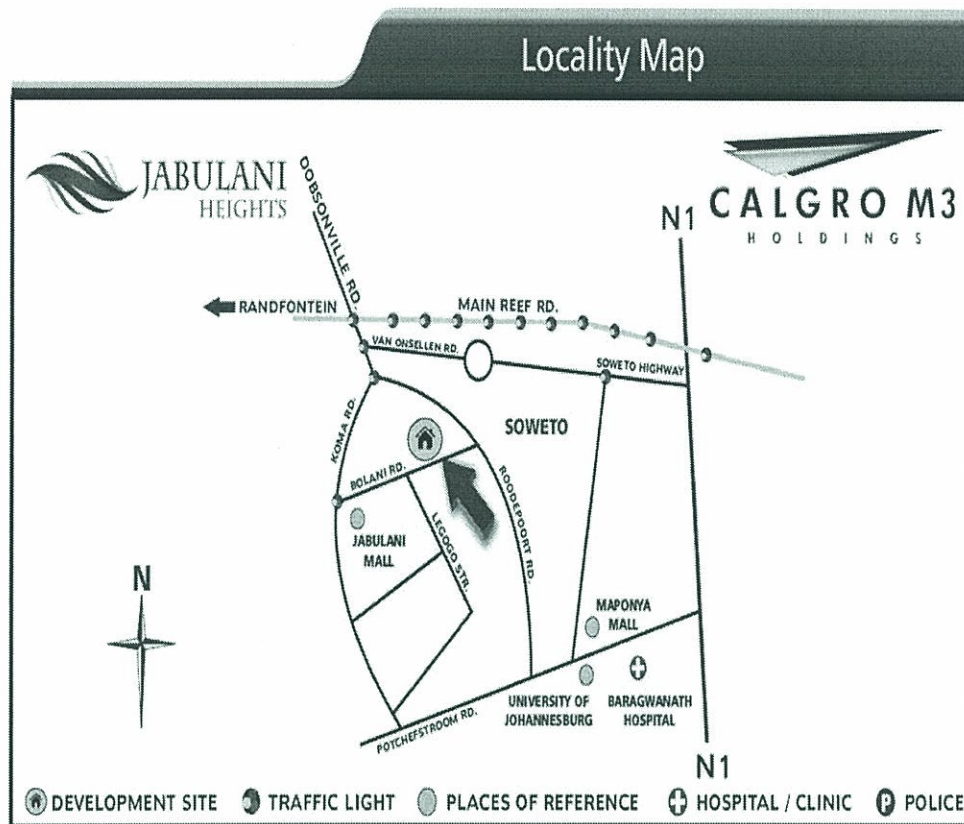


Figure 5: Jabulani Heights locality plan (<http://www.calgrom3.com>)

3.5. The Case Study of Jabulani hostel

Jabulani Hostels is a tri-party agreement between the Gauteng Department of Housing, Nedbank as a financier and Calgro M3 as a developer. The project phase is said to be valued at R117 million. The development consists of 500 fully subsidised family units. Four hundred of them are fully subsidised multi-storey units and hundred of them are Community Residential Units (CRU). The whole project will consist of 2 100+ units on completion which consists of a mixture of RDP multi-storey units, CRU, open market gap and Affordable Housing units. This

integrated development is close to performing arts theatre, Jabulani Mall and offices. Most importantly it is close to local Bolani, Koma road, Main Reef and not far from the N1 high way (see figure 6 below) (<http://www.calgrom3.com>).

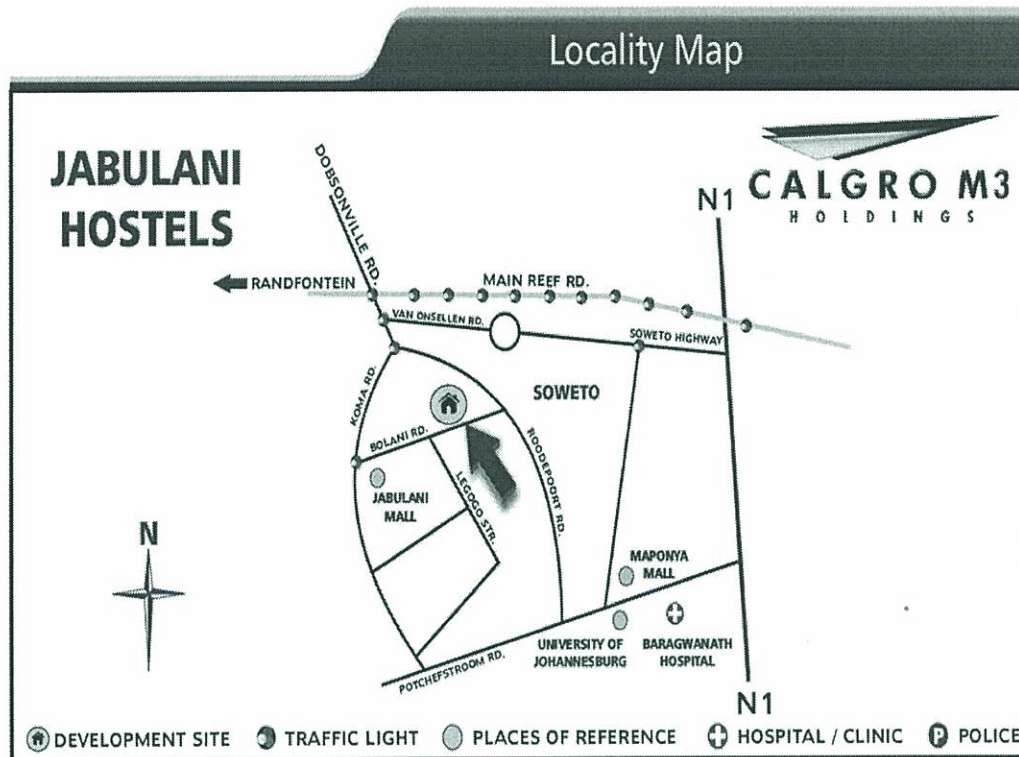


Figure 6: Jabulani Hostel locality plan (<http://www.calgrom3.com>)

4. Experience with these Projects

These projects are funded by the state through subsidy programmes such as integrated residential development programme, individual subsidy programme, institutional subsidy programme and social housing programme. In addition, these programmes came through

Breaking New Ground (BNG). Unlike other companies it was mentioned by Malherbe (2011) that Calgro M3 is not only relying on state subsidies to develop mixed income housing in South Africa because it has formed partnerships with the financiers such as First National Bank, Nedbank, ABSA, Development Bank of South Africa, National Housing Finance Corporation, International Housing Solution and Standard Bank in order to achieve its goals. This is good because the company does not see the issue of providing sustainable human development as the sole responsibility of the state through its subsidies.

Therefore, what can be said about these programmes is that their success can be attributed to negotiated agreements and partnership between the government, private developer and also the banking sector. Although the details of the agreement are not spelled out, what is crucial is that they bring a different form of residential development which is aimed at addressing the issue of spatial and social inequalities. In addition, these programmes are developed in well located areas in order to make it easy for the residents to have access to transport, work opportunities and basic services. However these case studies provided in this chapter do not resemble a true definition of inclusionary housing as they have lot of affordable housing and zero upper market housing developments.

5. Conclusion

Looking at the above case studies one would argue that, they do not resemble a true definition of inclusionary housing. For instance, these projects are not done by the private developers; they are funded by the state through subsidy programmes such as integrated

residential development programme, individual subsidy programme, institutional subsidy programme and social housing. In addition, they came through BNG and they do not have much upper income housing in these developments but they certainly improve access to housing in well located areas. This means that, the policy must be channelled towards developing this type of developments in well located areas. At the same time strategies should be put in place to assist in terms of introducing inclusionary housing programmes in well-located areas in order to create a well mixed society close to job opportunities, services and amenities easily.

CHAPTER 6: PRESENTATION OF THE PERCEPTIONS OF THE OFFICIALS, FINANCIERS AND DEVELOPERS ON INCLUSIONARY HOUSING PROGRAMMES

0. Introduction

This chapter will highlight the perceptions of the financiers, developers and officials regarding the development of inclusionary housing in Johannesburg transport management areas. Most importantly, it will look at their understanding of inclusionary housing, if there are policies in place to enable the implementation of inclusionary housing and the beneficiaries of the programme. Finally, it will highlight the progress in terms of implementing inclusionary housing programmes and opportunities or obstacles that have been encountered when implementing inclusionary housing or attempting to do so.

1. Perceptions of the officials/planners on inclusionary housing

1.1. Defining inclusionary housing

The question that was asked under this category was based on the respondents' understanding of the concept of inclusionary housing. According to Odendaal (former public official at Gauteng Province's Department of Housing and Local Government, 2011, pers.com), and Khan (City of Johannesburg housing officer, 2011, pers.com), Ramashala (COJ housing

officer, 2011, pers.com) and Malope (City of Johannesburg housing officer, 2011, pers.com) inclusionary housing programme, is the programme that aims to integrate different income earners in one residential development. Khan (2011, pers.com) also asserted that the inclusionary housing programme "is about changing the face of the city whereby certain groups of people are living at the periphery whereas others are living in the proximity of resources and opportunities". This means that the inclusionary housing programme is concerned about addressing the issue of social inclusion, cohesion and bringing about equity in the society. Malope (2011, pers.com) further argued that inclusionary housing is the programme that aims to give poorly located people a chance to have housing options in well located areas. Odendaal (2011, pers.com) also supported these statements by positing that, the aim of inclusionary housing programme is to afford people who are earning between R0 to R7500 an opportunity to get housing units that are located within or close to other forms of housing options on land that is close to transport, business, jobs and with good access to basic services. These include subsidised housing, social housing and mortgage bond housing according to Odendaal (2011, pers.com). However, this is not consistent with the definition of inclusionary housing as it is about integrating affordable housing in every new private property development as highlighted in chapter 1.

1.2. The opportunities of inclusionary housing in public transport management areas

When asked if there are opportunities of inclusionary housing in public transport management areas. Mabuza (Operations Manager at AFCHO, 2011, pers.com) mentioned that he is not sure

if there are opportunities in public transport management areas in the City of Johannesburg. However, Khan (2011,pers.com), Malope (2011,pers.com) and Ramashala (2011,pers.com) mentioned that, there are lot of opportunities that are presented by the existence of Bus Rapid Transit System (BRT), Gautrain, public transport routes and railway lines in the city of Johannesburg. Khan (2011, pers.com) further stated that,

“if the developers can use these public transport networks to their advantage, by developing along them they will make a lot of money as people would be attracted by the availability of transport close to their accommodation or place of work and ultimately they would buy or rent those properties”.

However, Odendaal (2011, pers.com) mentioned that, “I think it is low as upmarket areas are normally not serviced by public transport as the residents do not use public transport”. In his view, these areas are not very attractive for upmarket housing.

1.3. Availability of land in City of Johannesburg transport management areas

When asked if land is available for development around the public transport management areas, all the respondents agreed that there is land which can be developed in public transport management areas and that it can help the poor to have access to opportunities in the city. For instance, Khan (2011, pers.com) mentioned that,

“There is land in public transport areas and what we need to do is to also promote the idea of densification in this land and make sure that, all the income groups are catered for in developments that are taking place on such land”.

This idea is supported by the City of Johannesburg (2010-2011) which stated that, there is also a need to densify infrastructure around transport routes and nodes and also to encourage mix usage of land. However, all the respondents who claim that there is availability of land could not provide the exact number or quantity of land available, the only information available from the City of Johannesburg documents is that, the inclusionary housing development must take place in public transport management areas but it does not specify the amount of land available.

Finally, when asked why this land which some of the respondents claim to be available has not been used, Malope (2011,pers.com), Khan (2011,pers.com) and Ramashala (2011,pers.com) asserted that, the main reason for why this land has not been used for residential developments before, is because of the costs of land and also to develop it. This means that, the cost of land serves as a barrier for the development of inclusionary housing programmes in the city of Johannesburg. Harrison who is the former City of Johannesburg planning department’s executive director (2011, lecture) also asserted that “developers do not want to develop in the inner city because most of the properties in the city are zoned for commercial use and they are expected to pay rates of business rather than residential rates”. Harrison further asserted that “business rates are high as compared to the residential rates”.

Nevertheless, considerable redevelopment of buildings for affordable housing is occurring in the inner city. Further, not all public transport management areas are in the inner city as it stretches beyond that.

1.4. Attempts to address challenges in terms of implementing inclusionary housing

Currently, the challenges that are faced in terms of implementing inclusionary housing programmes in the City of Johannesburg is the lack of national policy and lack of interest from the developers to participate in this type of programme because they complained during the interviews about the cost of land. However, the respondents mentioned that, in order to encourage the developers to participate actively in this type of development, there is a need for the national government to pass a policy on inclusionary housing. Most importantly, the respondents emphasised that, the state must provide incentives and Khan (pers.com. 2011) asserted that, the City requested the national Department of Human Settlements to go through a report compiled by Smit (2006) which is based on the a review of the international experience with inclusionary housing programmes: implications for South Africa. Khan further stated that, the City of Johannesburg requested the national Department of Human Settlements to provide a legal framework for inclusionary housing. For this programme to be a success in the City of Johannesburg or the whole country "the developers must be given land that is well serviced with bulk infrastructure and this land must be sold at a reasonable price" according to Khan (2011, pers.com). Kahn however questions the affordability of this approach.

Finally, all of the respondents shared the same sentiment by asserting that, the main problem hindering the development of more inclusionary housing programmes in well located areas in the City of Johannesburg is the issue of expensive land. When asked about who should assist in terms of addressing this challenge, surprisingly all of them mentioned that, the city must assist the developers in the form of subsidy or grant that can help them to purchase the land at a reasonable price. This is not fair because the city cannot be expected to take the responsibility of addressing the issue of land costs solely. Therefore, all the relevant stakeholders (financiers, developers, and the state) must be engaged and come up with a plan that can assist in terms of addressing this problem.

1.5. Initiatives of inclusionary housing in transport management areas in the City of Johannesburg and the progress thereof

According to Odendaal (2011, pers.com) developments such as "South Hills, Pennyville, Jabulani and Fleurhof were developed close to the BRT, railway and national routes to make them more attractive from a transport point of view". He further stated that, "they create an environment similar to inclusionary housing but is based on voluntary principles or own choice".

On the other hand Khan (pers.com. 2011) asserted that, the developments that are happening in the City of Johannesburg are currently taking place based on "negotiated settlements". This indicates that, the City of Johannesburg embraces the concept of integration and sustainable development – whereby different income households are provided with different housing

options in one development, regardless of the absence of national framework. What is also interesting is that the developers such as Calgro M3 and Inkanyeli are also willing to assist whether there is policy or none in the city of Johannesburg. This means that they are also concerned about urban integration and most importantly providing affordable housing units for the low to moderate income groups.

2. Perceptions of the financiers on inclusionary housing

2.1. Defining inclusionary housing

When asked about the understanding of inclusionary housing Venter (General Manager at the Banking Association of South Africa, 2011,pers.com) asserted that inclusionary housing programmes are initiated in order to integrate different income groups in one development and that they play a crucial role in terms of addressing dynamics such as spatial marginalisation in the society. When asked about the different groups which the programme is targeting, Venter (2011, pers.com) mentioned that he refers to the people who are earning less from zero to R1500, R1500 to R3501, R3501 to R7500 and above. This means that in his view, inclusionary housing targets people across the income spectrum as he highlighted that the programme caters for people across the income spectrum (zero to high income). However, in terms of draft inclusionary housing policy in South Africa, inclusionary housing does not include people earning less than R3500.

2.2. The effects of inclusionary housing in public transport management areas on property values

Venter (2011,pers.com) mentioned that inclusionary housing in public transport management areas has a positive impact on property values in the sense that, they address dynamics in the society and also make sure that people residing close to transport corridors have access to public transport. Most importantly, he emphasized that it would not only have an effect on the people, rather it would have a serious impact on the environment, because people may not use transport to travel to work and ultimately this would reduce air or noise pollution. Odendaal (2011,pers.com) confirmed this statement by emphasizing that "inclusionary housing along the transport routes, close to work opportunities and business nodes would definitely attract the investors and developers to develop more housing as they are likely to get more customers as a result of a well located area". This indicates that, inclusionary housing can have a positive impact on property value when it is in the proximity to the inner city, transport routes and work opportunities.

2.3. Willingness to fund the development of inclusionary housing as outlined in Johannesburg Growth Management Strategy in public transport management areas

Marais (FNB's housing finance unit: Chief Executive Officer) cited in Jawitz Properties Swellendam (2011, no page number) stated that,

“we see integrated housing development¹ as a great market; there’s massive demand and a proven business model,..... everybody wants to get a share of this market,..... and it is a very exciting place to be right now, and there’s still so much left to do.”

This is not the same programme as inclusionary housing as it is about including fully subsidised housing units, partially subsidised housing units, social housing units and also mortgage bond houses in one development. Nevertheless, it shows that, financiers have different interest in the field of residential developments. For instance, some of them may be interested in developing fully subsidised housing, inclusionary housing, low to mid income housing or upper market housing units. However, at the moment no developers are involved in developing inclusionary housing. This can be attributed to the fact that the respondents interviewed do not understand the meaning of inclusionary housing and the cost of land in well located areas. It is also documented in SAPOA’s assessment of members on whether they support government’s proposal on inclusionary housing policy, that 90% of the respondents did not support the proposal. For instance, some of them stated that “the proposal is inappropriate in South Africa as income of the households being targeted by the arrangement is far lower than the incomes of the target groups in Ireland, the UK and Malaysia” (SAPOA, 2007:8). In addition, Venter (2011, pers.com) stated that, it is good to invest in property as it brings a lot of profit when done in a well located area. However, he argued that, the only way the financiers can fund the development of inclusionary housing as outlined in Johannesburg

¹ Integrated housing development refers to a housing development that includes the RDP/BNG housing units, social housing units, rental housing stock, affordable housing units, gap market housing units and also mid-high income housing units (www.calgrom3.com).

Growth Management Strategy in public transport management areas, is when the development is financially viable, attracts value and if the government does not put a 'pre-emptive clause'² on properties constructed. This means that, there is willingness from the financiers to assist in the process of funding this programme, however, they assess if the project will be financially viable before they could participate.

Most importantly, Venter (pers.com.2011) mentioned that, "the primary reason why banks participate in housing developments, is because they want to make profit at the end of the day".

Therefore, if the project proves to be not financially viable the banks would not participate. In addition, Odendaal (2011,pers.com) asserted that, "if a development is located in a good location, the banks will be interested in terms of investing in such areas as they view them as having less risks for their investments".

² *Pre-emptive clause refers to the conditions on when one can sell the property, how much it can be sold and to which income groups can it be sold to. For instance, it is highlighted by the Department of Human Settlement (2009: no page number) that, "in the first five years the unit can be sold at the original price and building inflation. If the house is sold within five years, it must be sold to a person who is eligible to reside in that unit. However, it can be sold on the open market after five years".*

2.4. The obstacles in terms of implementing inclusionary housing in public transport management areas

Venter, (2011, pers.com) emphasized that, regardless of the intention of the programme to integrate the different income groups in the society, "both the rich and the poor do not want to stay together". Venter (2011,pers.com) stated that, "the poor have a fear of being stigmatized as criminals especially when things get missing or stolen from their rich neighbours whereas the rich are afraid that their properties would lose value when they are mixed with the affordable housing".

The other obstacles faced by financiers in terms of implementing inclusionary housing are the cost of land, cost of developing it and the preemptive clause that is put by the government to prevent the sale of affordable housing with a market price according to Venter (2011,pers.com). For instance, Venter (2011,pers.com) asserted that, the current housing policy emphasizes that, the units within inclusionary housing developments cannot be sold under a period of five years and that the house can only be transferred to the people who are only entitled to benefit from the inclusionary housing programme. Venter (2011, pers.com) further highlighted that "banks do not want to fund affordable housing because they do not bring profit".

For instance, Venter (2011, pers.com) argues that instead of building a R50 000 house and making a profit of R20 000 on sale he would rather build R800 000 worth house and make a profit of R300 000 on sale. This is a serious problem and it means that, there would be an ongoing segregation of people in the society because of lack of financial support from the

financiers who are only concerned about making profit rather than helping in terms of integrating the society.

2.5. The attempts to deal with the obstacles involved in addressing inclusionary housing issues

In terms of dealing with the issue of expensive land or few developments of inclusionary housing both Venter (2011,pers.com) and Odendaal (2011,pers.com) asserted that, it is crucial for the government to come up with a strategy which encourages the provision of subsidies to families who are failing to access money from the banks to buy houses or who are not affording to buy houses to rent anywhere and make sure that they get training or make sure that their children are assisted financially to further their studies. This would really assist in terms of reducing government expenditure on developing inclusionary housing and it would also contribute to sustainability and livelihoods in the future. Most importantly, they may stop depending on the state, to assist them in terms of addressing their challenges of accessing sustainable human settlement. Venter (2011, pers.com) further supported this statement by positing that, "ultimately, these people would get jobs or create businesses and start to contribute to the country's economy instead of giving them subsidized housing unit in areas that are not well located". This is a key statement but one cannot expect the state to take a sole responsibility of addressing the issue of few or lack of inclusionary housing developments in well located areas. Therefore, it is crucial for all the relevant parties to engage and come up with better strategies that can assist in terms of addressing the issue of inclusionary housing developments in well located areas.

When asked if they are involved in terms of developing inclusionary housing, Odendaal (2011, pers.com) mentioned that his company is involved in terms of funding some of the projects run in Soweto (Jabulani) but these are not inclusionary housing as they focus on providing housing to low and middle income earners. For instance, the affordable housing highlighted in Chapter 3 of this report ranges from R250 000 to R600 000 in price (Calgro M3, undated). Since there are no upmarket units we cannot say that the projects are in line with the definition of inclusionary housing. Venter (2011, pers.com) mentioned that, his unit is not involved in terms of funding inclusionary housing issues but they come up with better policies that encourages financiers to participate in integrated housing developments.

3. Perception of the developers on inclusionary housing

Under this section eight perspectives of property developers were used and South African Property Owners Association and Calgro M3 company websites and internet articles were also used. The private property developers who were interviewed in this study are from, Erfwise, Mvuleni, Paragon and Talana which are big companies dealing with medium to upmarket residential developments and operating in Gauteng Province. Social housing companies which are targeting low and middle income earners interviewed in the study are Johannesburg Housing Company, Johannesburg Social Housing Company, Ithemba Property Trust and Affordable Housing Company. These companies have a different target market and they were interviewed with the aim of getting their different perspective on the issue of inclusionary

housing and if they are implementing it or not. Presumably the policy must try to work with these companies.

3.1. Defining inclusionary housing

When asked about their understanding of inclusionary housing and their experience with it, Mnisi (Manager at Mvuleni Estate, 2011, pers.com), Nemaakulu (Procurement Manager at Talana Construction, 2011, pers.com) and van Niekerk (Quantity Surveyor at Paragon Property Development and Construction, 2011, pers.com) from the private sector did not understand the concept until the researcher clarified its meaning. This is amazing because the City of Johannesburg expects relevant parties to participate and if they do not even know the concept, how are they going to assist. The reasons behind failure to understand the meaning of inclusionary housing could be attributed to the fact that, the policy has not been adopted nationally. However van Zyl (Owner of Erfwise Property Development, 2011 pers.com) who is also from the private sector understands it as a “programme that includes everyone in a single housing development irrespective of their different income level”. This is not the official definition of inclusionary housing as defined in Chapter 1 of this report.

In addition, Papenfuss (Director at Ithemba Property Trust, 2011, pers.com) and Mabuza (Operation Manager at AFHCO, 2011, pers.com) who are dealing with inner city’s affordable social housing units stated that inclusionary housing can be defined as a programme which is focusing on providing affordable housing to the low income earners in the city. Mabuza (2011, pers.com) further stated that “my experience with inclusionary housing is that it gives the

poor people a chance to be close to many opportunities in the city". It seems like the above mentioned respondents confuse the notion of affordable housing with inclusionary housing as the inclusionary housing programme only wants to integrate affordable housing within every new private development. When asked about the types of opportunities provided in the city, Mabuza (2011, pers.com) mentioned that "the opportunities range from good health care systems, schools for their children, good services and also job opportunities". It is true that inclusionary housing has the element of affordable housing but it seems like these respondents do not have a clear understanding of the concept, this is because they are only dealing with low cost rental stock.

However, when looking at Calgro M3, SAPOA, JOSHCO and JHC interviews and articles, the researcher found that their understanding of inclusionary housing is the same. They all define it as a programme that aims to integrate different income households in one development. de Wet further asserted that "the term inclusionary means that you are including everyone in your development irrespective of their level of income". Malherbe (2011) supported this statement by stating that, inclusionary housing plays a crucial role in our society in the sense that it integrates the different income groups and brings about a dynamic and vibrant society. Gopal (2007: no page number) also agrees with the view that, "inclusionary housing is not primarily aimed at accelerating the delivery of low-income housing, but is rather an opportunity to deliver housing solutions to different income groups in particular locations".

In terms of the experience with the development of inclusionary housing programme it was found that Calgro M3 is involved in Pennyville, South Hills (Moffit Park), Jabulani and Fleurhof. According to Maluleke (Programmes Manager at JOSHCO, 2011, pers.com), JOSHCO is also

involved in terms of managing the social housing units at Pennyville, South Hills (Moffit Park), Jabulani and Fleurhof. The Johannesburg housing company has done projects that are similar to inclusionary housing at Brickfields (Newtown) and Cosmo City according to de Wet (Operations Manager at Johannesburg Social Housing Company, 2011,pers.com). But all these developments do not resemble the way in which the programme is defined locally and internationally.

Finally, the private developers stated that, they have never done any project that caters for different income groups. When asked why they are not catering for the low income earners or mixing the developments of all income groups in a single development Mnisi argued that “ we will never build a fully subsidised housing close to a twenty million rand estate house as it will devalue the property and that no investor can buy such a property”. This idea was supported by Nematikulu who stated that “the rich people do not want to stay close to the poor people as they are afraid that they will steal from them as most of them are not employed”. On the other hand, van Niekerk and van Zyl mentioned that, inclusionary housing project is not their focus at the moment.

3.2. The opportunities in public transport management areas

Papenfuss (2011, pers.com), Mabuza (2011, pers.com), Maluleke (2011, pers.com) and de Wet (2011, pers.com) asserted that, there are lot of opportunities in public transport management areas especially in the inner city, along public transport routes and railway lines. However, the respondents were all concerned about the price of land and developing it. For example, Papenfuss (2011, pers.com) stated that, “It is very costly to buy and develop the land and that

is the reason for why we develop in areas where we know that we would be able to get value for our money". de Wet (2011,pers.com) also shared the same sentiment by positing that "properties are expensive to buy and develop in the city and since there are lot of companies who are interested in developing properties in well located areas, the land owners increase the land prices because of a need by developers to buy land in well located areas".

The private property developers also cited the issue of the cost of land and land use regulations as some of the impediments for developing inclusionary housing in public transport management areas. Mnisi mentioned that "land is very expensive in such areas" whereas Nemakulu asserted that, "private owners of land keep land for more than twenty years and they put a hefty price when you need to buy it". Van Zyl supported these statements and also emphasized that, "the state need to relax its township development regulations in order to attract the private developers to partake in such programmes".The problems highlighted are that the state often take a long time to issue out clearances to developers; these include land clearance, permission to develop and also environmental clearance.

This means that, the developers are concerned about the cost of land in well located areas and this will definitely undermine the implementation of the policy. Further, when the developers notice that a certain development is going to cost them lot of money, they would certainly not participate in terms of developing it. Consequently, this would not assist the beneficiaries of inclusionary housing to have access to well integrated and located developments, as the developers may opt to develop affluent areas which would attract only the rich in the society.

3.3. The availability of land around public transport management areas

All the private sector property developers agree that, there is enough land in public transport management areas but could not reveal how much it is. For instance, Nemakulu (2011,pers.com) mentioned that, “one can look at the idea of increasing density or buying pieces of land around public transport management areas”. Whereas van Zyl (2011,pers.com) stated that, land is available, but we are failing to access it because of its high cost in public transport management areas”.

According to Maluleke (2011, pers.com) and Mabuza (2011, pers.com), land is available in public transport management areas, namely BRT corridors, South African railways, Gautrain railway and the public transport roads. However, the respondents mentioned that they can only participate in such developments if they are financially feasible in a sense that they will be able to get value for their money. When asked if they are not sure whether they will recover their cost Mabuza (2011, pers.com) stated that, “their target group do not earn lot of money and they may default and get kicked out of the units as a result. Ultimately, the company will recover money in a slow pace”.

However, Papenfuss (2011, pers.com) and de Wet (2011, pers.com) mentioned that, they are not aware if the land is available in public transport management areas. For instance de Wet (2011, pers.com) said that “we are not concerned about land in public transport management areas, as our focus is in the inner city development”. When asked to clarify this statement he mentioned that, “there is lot of transport system in the city which includes Rea Vaya Bus,

public taxis, private taxis and also trains and therefore, there is no need for us to worry about the availability of land in public transport management areas especially outside the inner city". This is true because the whole of the inner city's developments are in public transport management areas.

On the other hand, Papenfuss (2011, pers.com) further stated that "vacant land, not really...there are a couple of hundred bad buildings in the city which are in the hands of the municipality. Once these buildings are released to the private sector for refurbishment thousands of affordable accommodation will become available and we do not have to count jobs which can be provided when doing this".

3.4. Readiness to implement inclusionary housing as outlined in Johannesburg Growth Management Strategy in public transport management areas

When asked about their readiness to develop inclusionary housing, three respondents mentioned that, they are ready and willing to participate in such developments if the government can sell land to them at a reasonable price, provide bulk infrastructure, density bonuses, fast track the applications for developments, offer tax exemption and subsidies. To support this statement, de Wet (2011,pers.com) said that, "as a company we cannot afford to carry the burden of buying and developing expensive land on our own, the state must meet us half way by providing financial assistance or incentives when developing inclusionary housing programmes".

Papenfuss (2011,pers.com) also said that they are ready to participate “when bad buildings are made available through private sales or auction by the City of Johannesburg Municipality in public transport management areas”. However, Mabuza (2011, pers.com) mentioned that currently the company’s focus is on developing properties in the inner city and not specifically in public transport management areas outside the inner city. When asked why they are not doing it because it is in the Growth Management Strategy, he stated that “maybe as time goes on they will explore the inclusionary housing market in public transport management areas but for now their focus is in the inner city”.

However, Nemakulu (2011,pers.com) and van Niekerk (2011,pers.com) mentioned that, this is not their focus at the moment. But, Mnisi (2011,pers.com) and van Zyl (2011,pers.com) asserted that they can only participate in developing inclusionary housing, if the state can meet them half way. van Zyl (2011,pers.com) mentioned that “the state must relax regulation when one applies to undertake a certain development and that it must also assist with the provision of bulk infrastructure”. These incentives are in place in the City of Johannesburg, but the developers are not aware, therefore the city needs to make the developers aware about this issue, ultimately the private developers would join the party.

3.5. The challenges faced in terms of implementing inclusionary housing in public transport management areas

The developers emphasized during the interviews that, there are several obstacles when coming to the implementation of inclusionary housing in public transport management areas. For instance, they range from the cost of land, the cost of developing bulk infrastructure and

developing the affordable housing itself. This view is further supported by Gopal (2007) who stated that,

“On-site schemes should be further incentivized through relaxation of unit sizes; increased density allocations; reduced parking requirements; design incentives; and reduced bulk infrastructure contributions”.

Papenfuss (2011,pers.com) also mentioned that the main challenges which they are facing is the “availability of land or properties to be developed in public transport management areas, to ensure that people are housed close to their job opportunities and also afford to pay their rental on a monthly basis”.

The above views were supported by the private developers who were also concerned about the rules around developing the land, the cost of land and also a need for the state to assist in terms of providing bulk infrastructure. For instance, van Zyl (2011,pers.com) mentioned that, “I have a land in Diepsloot but I cannot develop it, as the City of Johannesburg is expecting me to provide bulk infrastructure alone and also maintain it”.

3.6. Strategies to address the challenge faced in attempting to develop inclusionary housing programme

Mabuza (2011, pers.com), de Wet (2011, pers.com) and Papenfuss (2011, pers.com) do not have any inclusionary housing projects in public transport management areas outside of the inner city. However, they emphasized that, they do not have a problem in terms of taking part

in this type of development as it would bring a well-mixed society and contribute towards reducing class divisions in the society. Papenfuss (2011, pers.com) mentioned that, it will be important to encourage the government to provide more incentives if it really needs their assistance in terms of achieving their goal of having developments that accommodate different income earners and promote equity. According to Malherbe as highlighted above (3.5) it seems like Calgro M3 has solutions to address challenges which they may face because they have a strong relationship with their counterparts and this will give them an advantage of getting quick solutions through team work.

On the other hand, Mnisi (2011,pers.com), Nemaakulu (2011,pers.com) and van Niekerk (2011,pers.com) mentioned that they do not have strategies to address some of the challenges relating to inclusionary housing development as their focus is mainly on estate property developments and also upper market housing developments. However, van Zyl (2011,pers.com) mentioned that, for his company to be involved in terms of developing inclusionary housing developments "the state must assist him financially and meet him half way in terms of providing bulk infrastructure".

3.7. Incentives granted when developing inclusionary housing in public transport management areas

Under point 3.4. of this section the developers mentioned the types of incentives which they wish to get from the state when participating in developing inclusionary housing programmes. Currently, Papenfuss (2011, pers.com) and Mabuza (2011, pers.com) mentioned that their company do not get any incentives from the state when implementing affordable housing. All

the private developers also stated that, their companies are not getting any benefits when taking part in any form of residential developments.

However, de Wet mentioned that, when they started the Brickfields integrated project the “state assisted us financially to deal with bulk infrastructure issues and that, the land was sold at a lower price”. Since the researcher did not manage to secure an interview with Calgro M3 and Inkanyeli company which are implementing mixed income housing project at Pennyville, South Hills (Moffit Park), Jabulani and Fleurhof, the researcher asked the officials (Khan (2011, pers.com), Maluleke (2011, pers.com) and Malope (2011, pers.com) who were involved in the project about how the city lured this company to participate. Then they mentioned that, the City of Johannesburg and the Gauteng Provincial Government made negotiated settlements on developments highlighted in chapter four of this study.

For instance, in the case of the Pennyville development, the city had to swop land with Calgro Property Development Company according to Malope (2011, pers.com), Khan (2011, pers.com) and Maluleke (2011, pers.com). The city exchanged their Pennyville land with part of land owned by Calgro at Riverlea. Then the city provided bulk infrastructure and agreed with Calgro M3 to build a certain percentage of subsidised housing and also rental housing in its Pennyville development. This is a good initiative that aims to bring about integrated development, and it shows the state’s willingness to address the past spatial urban segregation and bring about sustainable human settlements through its subsidies or grants.

Finally, all the private developers mentioned that, they have never developed inclusionary housing. Therefore, they are not aware of any incentive in place when one participates in the development of inclusionary housing.

4. Conclusion

Looking at the above perceptions of the developers, financiers and officials one would realize that most of the respondents view inclusionary housing programme as a programme that is aimed at integrating different income groups in one residential development. This is not in line with the definition of inclusionary housing as defined in this report and it means that they are not clear as to what inclusionary housing means. However, when looking at the issue of beneficiaries the respondents highlighted that it aims to benefits the low to moderate income groups. Furthermore, they did not rule out the challenges that come with the project and most of them mentioned the issue of the cost of land, the issue of 'nimbyism', lack of national framework and demand for incentives for this project to be successful. Finally, at the moment mixed income housing seem to be achievable in the city's public transport management areas by drawing on various national subsidies, therefore the city must try by all means to channel its policy towards this mixed income housing programme as it seem to be achievable.

CHAPTER 7: ANALYSIS OF THE PERCEPTIONS OF THE OFFICIALS, FINANCIERS AND DEVELOPERS ON INCLUSIONARY HOUSING PROGRAMMES

0. Introduction

It is very clear when looking at Chapter six and projects highlighted in Chapter three which are taking place in public transport management areas of the City of Johannesburg that; currently there are no inclusionary housing projects even if it is emphasised in the City of Johannesburg Growth Management Strategy. What transpired in the study is that there are mixed income housing projects in such areas but they do not have high income housing. In addition, the respondents in this study were not very clear as to what inclusionary housing includes, as they thought that it is about integrating all the people from zero income to higher income. This is not in line with the definition of inclusionary housing policy as it is about integrating affordable housing units in every new private sector property development. The concept of compact city theory and urban integration can assist in terms of addressing the issue of sprawl and bring people closer to different opportunities presented in well located areas. To achieve urban sustainable development and inclusive cities, there is a need to look hard at various dimensions of integration which includes spatial, socio-economic, environmental and institutional aspects.

The following issues will be addressed in analysing the outcomes of this study: defining inclusionary housing; the beneficiaries of inclusionary housing; inclusionary housing

development and incentives; the progress in terms of implementing inclusionary housing in public transport management areas of the City of Johannesburg; policies in place to enable the implementation of inclusionary housing in public transport management areas; the cost of land in well located areas in public transport management areas; and the prospects for inclusionary housing development in public transport management of the City of Johannesburg.

1. Defining inclusionary housing

The presentation of the respondents' views regarding inclusionary housing revealed that, it is a housing programme that caters for all the income groups in one residential development. However policy documents state that this is not true as inclusionary housing is about integrating affordable housing in new private sector property developments. The idea of integrating different income earners in well located areas is viewed by the respondents and is also stated in chapter 3 of this study as presenting lot of opportunities for the low income earners. The benefits identified in the study ranges from access to transport, proximity to workplaces and access to basic services. This is very important as it will assist the poor by reducing the amount of time and money travelling from the outskirts of the cities to the inner city in order to access the above mentioned benefits. Mapantsha (2000:50) also found out in her study that "desirable sites for housing are along existing urban activity corridors that is, along the routes in a city or town where most of the developments exist, or where most economic activity takes place". Landman (2000), Dewar (1994), Eckstein, (1990), Cook, (1987) and Miraftab (1994) also supported the idea of developing housing for the poor in well located

areas. However, Schoonraad (2000) argues against the idea of developing in well located areas in her case study of Pretoria by positing that, it is significant to note that, there are changes in the economy whereby some people participate in small businesses in their yards and do not look for jobs in the cities. She further argues that, people who are staying at the periphery might be meeting their needs at this location through their informal businesses. Therefore, there is a need to assess this location and upgrade it, especially if it is able to meet the needs of the citizens fully.

2. The beneficiaries of inclusionary housing

It was found from the respondents' perspectives that the intended beneficiaries of the inclusionary housing programme ranges from people who do not have an income, low income groups, the middle income and high income earners. However, inclusionary housing as per the South African definition does not include the very low income groups. For instance it deals with affordable housing, which ranges from R3500 to R10 000. Therefore, this programme encourages a mixture of different income groups and it is inclusive in nature. Most importantly, it changes the picture of the city where it is well known that people who are residing in the affluent part of the cities are likely to be rich or high income earners whereas people who are residing in marginalized areas are likely to be poor or low income earners.

However, it was also revealed by Nemakulu (2011,pers.com), Mnisi (2011,pers.com) and Venter (2011, pers.com) in the study that some people do not want to be mixed with the low

income earners in one development or do not want to reside close to them as they are afraid that their property value will reduce or that the poor will steal from them.

3. Inclusionary Housing Development and Incentives

Morrow (2001) asserted that, insufficient supply of inclusionary housing programme shows market failure and that developers have little incentive to develop inclusionary housing programmes in an unregulated market as inclusionary housing programmes makes less profit than other units. This means that there is a need for the state to look at the issue of providing better incentives to the developers, so that they can develop more inclusionary housing in well located areas. For instance, in this study the developers mentioned that, they would like to get incentives such as density bonuses, fast tracking of applications, tax relief, provision of bulk infrastructure, relaxation of regulations and subsidies from the state when partaking in developing inclusionary housing. Since the City of Johannesburg has some of the above mentioned benefits, it means that, more developers would participate in terms of developing inclusionary housing. However, the respondents in this study from the property development sector seem to be unaware of the above mentioned incentives as some of them were complaining about the cost of developing or buying the land. Therefore, the City of Johannesburg has to work hard in terms of making the relevant stakeholders aware about the incentives in place when developing inclusionary housing and also workshop with them about the concept of inclusionary housing so that they are able to implement it properly.

There is a need for the City to inform the developers about the benefits in place as some of them are not aware of their presence or they never used them. Therefore, this will assist the

developers to start using the incentives and ultimately we may see a growing number of inclusionary housing developments in the City of Johannesburg's public transport management areas.

4. The progress in terms of implementing inclusionary housing in public transport management areas

Based on the information gathered from the interviewees and observations from the researcher it was found that there is no progress in terms of implementing inclusionary housing projects in public transport management areas of the City of Johannesburg. However, four housing projects have been identified in chapter four of this study in the City of Johannesburg public transport management areas and they are all done through a joint venture between the state and the private sector. However, they are not inclusionary housing programmes as they are mixed income housing and cater mostly for the lower to middle income earners by drawing on various national subsidies. Since they do not have upper market housing units, they cannot be called inclusionary housing but they can be called mixed income housing development that aims to integrate the lower and middle income earners in well located areas. This is crucial as the parties involved do not see providing housing as the responsibility of the state, although they do get subsidies from the state.

This approach is supported by Kim (1997) who posited that, there are generally three lines of action which complement each other in addressing development issues and one is not complete without the other. One line of action is based on the state's involvement in addressing development issues, the second is based on the participation of the community

members in dealing with their own challenges and the third line is based on the involvement of the voluntary agencies from the private sector. Therefore, it is crucial for the community, the state and relevant stakeholders to work collectively in order to address the issues relating to the development of inclusionary housing in transport management areas as it is not happening in the city at the moment. Most significantly, in view of fiscal constraints, poor economic growth, increase in population and the need to reconstruct social life in the city of Johannesburg, it is noted in the UN-Habitat (2003) that government cannot accept the sole role of addressing needs of all the residents. Thus, for more mixed income housing programmes to be developed there must be a collective responsibility and cooperation among various stakeholders. These include the state, the private sector and community networks.

5. Policies in place to enable the implementation of inclusionary housing in public transport management areas

Currently there is no national policy guiding the development of inclusionary housing but there is a draft introduced by the National Department of Housing in 2007. Like international inclusionary housing policy the Department of Human Settlement (2009) also sees the importance of attaching incentives such as tax credit scheme, fast tracking of development approval, provision of bulk infrastructure, density bonuses, provision of bulk infrastructure and also subsidies such as Credit Linked Individual Subsidy and Social Housing Subsidy. Currently, the City of Johannesburg has adopted the inclusionary housing policy and develops mixed income housing through negotiated settlements with the relevant parties in order to encourage the development of housing units for different income groups. This is a good initiative by the City of Johannesburg as it is assisting in terms of reducing developments which

are segregatory or spatially polarised. The approach of negotiated agreements in the City of Johannesburg differs from the approach used in some of the international cases in Chapter 2 of this study as they have national policies that set out clearly the number of inclusionary housing units that should be developed and also highlight if the process of implementing inclusionary housing should be voluntary or mandatory. Therefore, this confirms that, the implementation of inclusionary housing programmes differs from one context to the other as some reach agreements with the relevant parties, be it voluntarily or in a mandatory form. However, at the end of the day they all attempt to address the issue of integration of different income groups of people in the society.

6. The cost of land in well located areas in public transport management areas

All the respondents revealed that the price of land is one of the factors that prevent more development of inclusionary housing programmes in transport management areas. The respondents argued that, in most cases well located land is expensive and that people buy land and keep it for many years so that they can sell it at a high price. If this problem does not stop, it will be difficult for the developers to partake in the development of inclusionary housing in well located areas and ultimately there would not be affordable housing in such areas. Therefore, the City of Johannesburg and private land owners must come up with strategies to sell their own land with a reasonable price and also encourage the land owners to sell their land with reasonable prices or come up with land value recapture strategies.

7. The prospects for inclusionary housing development in public transport management of the City of Johannesburg

Based on the research done the researcher can say that, there are limited prospects for the development of inclusionary housing in the City of Johannesburg's public transport management areas because of some of the challenges identified by the Department of Human Settlement (2009) in Chapter 4 point 7. These include issues such as the constitutionality of the policy, the issue of steep price income cliff, municipal capacity and the availability of land on well located areas. On the other hand, the fact that inclusionary housing policy is not approved or still going through consultation processes has implications for the compulsory provision of the policy and delays for its implementation in the City of Johannesburg (Gauteng Province Local Government and Housing (2009-2014)).

In addition, some of the impeding factors can be attributed to lack of knowledge about inclusionary housing programme by people who are supposed to know more about the concept of inclusionary housing. These include the financiers, developers and officials. However, all the respondents revealed that this is a good programme as it brings people with different incomes together and it also promotes the idea of integration in the city. But, their perceptions cannot be taken into consideration as what they were talking about is not inclusionary housing. For instance, their definition of inclusionary housing was not in line with the local and international one. Perhaps they find it difficult to see inclusionary housing as in the form of affordable housing in every new private sector property development, but more limited forms of mixed income housing may be possible. The mixed income housing includes

aspects of the idea, but not necessarily as formulated in the policy as sometimes it does not include the high income housing units and it has housing units that are developed using state subsidies.

In addition, currently the City is not the only party responsible for developing housing units, as it works in partnership with the Provincial Government of Gauteng, the developers and financiers. However, the cases available in public transport management areas do not resemble the true definition of inclusionary housing, as the case studies presented in the study under chapter 5 have only affordable units for low to middle income earners and does not have upper market units. Perhaps well located affordable housing is all that is realistic in public transport management areas and there is space for this policy in those areas, but less so in the northern areas of the city. Most of the projects are done by social housing developers. Therefore, they fail to integrate affordable housing units with the upper market housing units in one residential development. The essence of the inclusionary housing idea is that when developers are doing property development, they should include a certain proportion of affordable housing in these developments. Housing developments that focus entirely on affordable housing is not inclusionary in this sense – its affordable housing.

Finally, it is clear from this study that the city and all the relevant parties involved are continuing to work effectively and providing sustainable human settlements. However, at the moment there are no inclusionary housing projects in the City of Johannesburg public transport management areas and the officials and stakeholders interviewed are not clear as to what the project should entail. This means that there are small chances of having more

inclusionary housing development in the City of Johannesburg's public transport management areas. The only visible projects are affordable housing in the City and also mixed low to medium affordable housing units on well located areas. Since, this is achievable, it would be better if the City of Johannesburg channel its efforts on implementing projects of this nature. Ultimately, this will bring about a variety of cultures and present different opportunities or benefits to all the income groups who will be residing in this kind of developments. Most importantly, this may contribute to decreasing the extent of peripheral development for lower low income groups.

8. Conclusion

This chapter has analyzed and illustrated various challenges faced by the parties involved in developing housing programmes in the City of Johannesburg's public transport management areas. More importantly it has revealed that many of these challenges are due to the cost of land in well-located areas such public transport management areas and there is no national policy guiding the development of inclusionary housing. More interestingly, this chapter has revealed the conflict of ideas between the commentators who favour the development of inclusionary housing in well located areas and those who do not view location as a problem. There is also a need to understand that, there are different housing needs as emphasised by Todes (2003). . In short the City of Johannesburg has managed to bring four new housing projects on the ground through partnership with relevant stakeholders with a few elements of inclusionary housing in public transport management areas. This shows the commitment of the City of Johannesburg to provide sustainable human settlements to its residents. However, since mixed income housing is possible and being implemented at the moment, the City needs

to channel its policy to this form of programme rather than emphasising the idea of inclusionary housing programmes which seems less realistic. Finally, the above mentioned challenges and obstacles to the development of inclusionary housing programmes reaffirms that the city has to work hard in terms of reducing factors that are perpetuating segregatory developments and producing an unjust city to those living in the marginalised areas.

CHAPTER 8: CONCLUSIONS: IMPLICATIONS FOR PLANNING AND RECOMMENDATIONS

0. Introduction

South Africa has urban spatial segregation and a high rate of inequality, like many developing countries. The situation in this country is made by its past background of racial and socio-economic exclusion and the current policy guiding economic growth known as GEAR (Growth, Employment and Redistribution) or Accelerated and Shared Growth Initiative for South Africa (AsgiSA). After the post-apartheid regime took over, several interventions to address the above mentioned issues were introduced. Some of these interventions generated programmes such as subsidised housing (Reconstruction and Development Programme), Informal Settlement Upgrading Programme and Emergency Housing Situation Programme within a framework of intergovernmental cooperation and planning. However, some of the above mentioned programmes “have mimicked apartheid planning and remained segregationist of class, land use and urban opportunities” according to Adebayo (2010:12). Currently, there is an inclusionary housing policy draft on the table and it is being discussed by the relevant bodies. The aim of the above mentioned policy is to provide sustainable human settlements for different income earners in one development, thus promoting integration.

This research report set out to establish the prospects for inclusionary housing in the City of Johannesburg public transport management areas. Most importantly, it looked at international literature and experience of these types of policies. In terms of the literature review, the issue of urban integration and compaction was emphasized in addressing the spatial exclusion and promoting equity and also bringing about a vibrant and dynamic society.

It was argued in the report that, the concept of urban integration could lead to a situation whereby the low to moderate income groups have access to a range of opportunities and most importantly meet their basic needs. It was also established that, the City of Johannesburg embraces the concept of integration and sustainable development – whereby each and every citizen must feel proud to be a South African through the development of inclusionary housing in public transport management areas. The Constitution of the Republic of South Africa also provide that “everyone has the right to have access to adequate housing; the state must take reasonable legislative and other measures, within its available resources, to achieve progressive realization of this right”.

Nevertheless, one needs to understand that, it is not easy to achieve goals set under each and every programme aimed at uplifting the standard of living for the low to moderate income groups, because for these programmes to achieve their goals, good quality resources are required. There is also a need for sound policies, intervention strategies, organizations and officials that are well informed about issues relating to the importance of a good location. However, the cost of land and delays in terms of adopting national framework guiding the development of inclusionary housing programmes will result in parallel development challenges such as spatial fragmentation and impact negatively on the issue of providing human settlements in well located areas in South Africa.

1. Conclusion on the prospect for inclusionary housing in transport management areas

Based on the context of this study, one would realise that there are multitude of complex dynamics that challenge the implementation of inclusionary housing programme in South African cities. Not only do attempts at such developments have limits already imposed on them by the past footprint of spatially and socially fragmented cities, the cost of land and the lack of national framework for inclusionary housing programme are also significant barriers. "The expected slow recovery from the economic recession also challenges municipal ability to increase funding towards the poor's integration by, for example, purchasing more costly, better located land for low income housing developments, while the national fiscus can only make modest improvements on the housing budget" (Adebayo, 2010:12).

However, what is important is that, the officials, some of the developers (private and social housing) and financiers are involved in terms of developing mixed income housing, therefore, the City must try to channel its policy towards this programme as it proves to be possible and also inform the interested parties about the subsidies in place when partaking in such a programme. This would assist in terms of reducing the housing backlog in the City and also bring people closer to a variety of opportunities. Unfortunately, the developers and financiers stated clearly in the study that, they can only participate in a variety of housing programmes if the state can provide better incentives and if the development proves to be financially viable. One may argue that it is not guaranteed that the latter parties can participate voluntarily with the aim of promoting integration and bringing about a dynamic society, as their participation is based on whether they will benefit from the programme. Therefore, the City needs to sit

down with relevant parties and undertake workshops with them about subsidies in place when involved in developing mixed income housing.

It is stated clearly in the study that, inclusionary housing is about integrating affordable housing units in new private property developments, but it is also important for the City of Johannesburg to come up with strategies to address the issue of stigmatization and promote the spirit of Ubuntu. For instance the City of Johannesburg can organise campaigns and teach the people about the importance of staying together in one area with different incomes or how they can benefit from one another's presence in the area.

In nutshell, one may conclude that, the issue of land costs has been identified as one of the main problems preventing development of affordable housing in new private sector development or in well located areas. This view is supported by Department of Housing (2006) which posits that, the demand for affordable housing in well located land exceeds the supply in South Africa. This is caused by shortage of land and high cost associated with it on such areas (Department of Housing, 2006). Therefore, this presents difficulties for low income earners to access affordable housing in well locate areas. Some of the interviewees argued that the state must come up with a strategy to address this matter and make sure that land in well located areas is sold at a reasonable price. This is not fair, because the private sector must also participate in terms of addressing issues relating to the development of housing programmes in the country.

2. Recommendations

In terms of the study, the urban problems that cities across the world face relate to how to deal with issues of urban inequality, access to resources by different income groups, climate change, sustainable human settlements, traffic congestion and ways in which public transportation is linked to economic and social opportunities. Therefore, inclusionary housing programmes adopted some aspects of the compact city approach in order to address some of the above mentioned issues, which indirectly lead to spatial disintegration and class divisions.

This section will provide recommendations that should be considered when encouraging the implementation of inclusionary housing programmes in South Africa. These include recommendations on, policy, developers and financiers, officials and community members.

2.1. Policy recommendations

The government should make sure that the national legislation on inclusionary housing is enacted in order to achieve uniform and broad national guidelines when implementing the programme. Since the policy was found to be unconstitutional by the Appeal Court the state has not enacted it even now, therefore, if it finds it to be unrealistic it must therefore come up with a new policy that can encourage the idea of constructing affordable housing in well-located areas. The legislation must also equip and empower the officials with a better guideline and knowledge of how to implement the policy.

What comes out of the study is that, for an inclusionary housing programme to work effectively incentives such as density bonuses, fast tracking of applications, tax relief, provision of bulk infrastructure and subsidies from the state and reasonable cost of land should be put in place. However, these incentives are available in the City of Johannesburg and it is not known as to why the developers are too hesitant to take advantage of them and develop inclusionary housing. In addition, the implementation of inclusionary housing policy would cost the City of Johannesburg a lot of money considering the fact that, there is a small number of affordable units that will be included when implementing the programme. Therefore, implementing inclusionary housing policy in the City of Johannesburg will need a careful analysis of housing needs of different income groups, its viability and the administrative responsibilities that would be required. Finally, partnership with relevant stakeholders can serve a paramount role in allowing the City of Johannesburg and the stakeholders to identify developments that could benefit from the inclusionary housing programme and also clarifying their objectives for taking part in inclusionary housing programmes (SAPOA, 2007).

2.2. Developers and Financiers

The government must come up with a national package for developers and financiers. This may include density bonus, tax exemption, reasonable cost of land and provision of the bulk infrastructure which have been outlined in international literature and emphasised by some of the interviewees as crucial for luring the relevant parties to partake in the process of developing inclusionary housing.

2.3. Officials

The local government must empower and train the officials in order to enable them to engage with processes competently and passionately when dealing with inclusionary housing programmes.

2.4. Community members

It is crucial for the community members to be involved when initiating this programme, in order to determine their needs and expectations from this programme.

3. Implications for planning profession

The main objective of planning is to reach better societal outcomes. Planning is about representing the voices of all the people in the society whether they are rich or poor and improving on these voices to come up with solutions that can address the past urban spatial segregation and unjust distribution. The planning profession is guided by sound codes of conduct and therefore there is a need for planners to adhere to these by encouraging the development of integrated residential units in well located areas.

4. Areas for further research

It is of paramount significant for further research to be done on whether inclusionary housing programme meets the needs of different income groups equally. Most importantly, a study should be done in order to assess the impact of high cost of land on the development of inclusionary housing in public transport management areas. Despite the fact that there are subsidies or incentives in place inclusionary housing programmes are not implemented in the City of Johannesburg's public transport management areas. Therefore, a study should be done in order to determine why the current incentives or subsidies are not being used.

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APPENDIX A: QUESTIONS FOR THE INTERVIEWEES

1. QUESTIONS FOR THE OFFICIALS/ PLANNERS (Local and Provincial government)

- 1.1. What is your perception about inclusionary housing?
- 1.2. What are the opportunities of inclusionary housing in public transport management areas?
- 1.3. Is land available in public transport management areas?
- 1.4. What are the constraints facing inclusionary housing in public transport management areas?
- 1.5. How are you attempting to address the challenges?
- 1.6. Is there any initiative which is addressing the issue of inclusionary housing in public transport management areas in Johannesburg?
- 1.7. Where has it been developed or agreed on and what is the progress?

2. QUESTIONS FOR THE FINANCIERS

- 2.1. What is your perception about inclusionary housing?
- 2.2. What are the effects of inclusionary housing in public transport management areas on property values?

2.3. Are you willing to fund the development of inclusionary housing as outlined in Johannesburg Growth Management Strategy in public transport management areas?

2.4. What have been the obstacles in terms of implementing inclusionary housing in public transport management areas?

2.5. How are you attempting to deal with them?

3. QUESTIONS FOR THE DEVELOPERS

3.1. What has been your experience in terms of developing inclusionary housing?

3.2. What are the opportunities in public transport management areas?

3.3. Is land available around public transport management areas?

3.4. Are you ready to implement inclusionary housing as outlined in Johannesburg Growth Management Strategy in public transport management areas?

3.6. What have been the challenges in terms of implementing inclusionary housing in public transport management areas?

3.7. If any, how are you attempting to address them? Are there any projects

3.8. Are there any incentives granted when developing inclusionary housing in public transport management areas?