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ASSESSING THE HOUSING POLICY FRAMEWORK IN PROMOTING INCLUSIONARY HOUSING DEVELOPMENTS

AT MATJIYA

A dissertation submitted in partial fulfillment of the requirement for the degree of Master of Science in Development Planning, to the Faculty of Engineering & the Built Environment, Department of Development Planning, University of the Witwatersrand.

Johannesburg, 2009

DECLARATION

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

_____

AMOS TEMO MATJIYA

29 April 2009

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ABSTRACT

The South African housing policy framework as reflected in the various national legislation, policies and regulations has been regarded as progressive. This is because the policy framework has resulted in the delivery of millions houses across the country in the urban and rural centers. What has not been clear, is whether the housing policy framework has been able to deal with access to housing in general including providing opportunities across different housing income bands (lower income, middle income and inclusionary housing)

The current housing policy framework therefore, has not succeeded in promoting inclusionary housing schemes. There are various constraints which have been identified as stumbling blocks towards providing housing opportunities for all. There are also specific policy proposals which require responsibility from private sector, government and communities to play their role in terms promoting inclusionary housing.

Internationally, it has been accepted, such as in the case of United States and other countries that have experimented with inclusionary housing that for the scheme to succeed, there is a need for government to legislate as well as proving general guidelines regarding implementation of such programmes. The paper concludes that the general feeling by stakeholders is that government need to do much more to ensure that they do not only provide free low cost housing; but also to appreciate the way in which ordinary civil servants such as policemen, firefighters can benefit from the housing process.

Inclusionary housing should be seen as one in a range of housing instruments (rental housing, project linked housing and others housing programmes) to address access to housing and integration of communities across incomes. The success of the housing policy will only be judged in its implementation; this means there is a need for government to structure institutional, financial and technical mechanisms that can ensure the success of inclusionary housing.

CHAPTER ONE: INTRODUCTION

1. INTRODUCTION

1.1 Motivation for the study

The motivation for the study came from my involvement in Nokeng Tsa Taemane Local Municipality as a Development Planner working in the Town Planning Division. The purpose of my Department has been to deal with the following issues;

- Integrated Development Planning
- Land use Management
- Spatial Development Framework

During the Integrated Development Plan (IDP) Processes and community consultation processes, it has become very clear that there is a need for housing delivery across all the wards within the municipal area of jurisdiction. The programmes that are outlined in the IDP refer to low cost housing located far from economic opportunities.

It came to my attention that matters of inclusionary housing programme and inclusionary housing programme have not been debated or at least argued about in the current policies and strategies in the municipality.

The municipality has developed IDP's (2001-2008) and a Spatial Development Framework (2007) and it is not very clear as to how inclusionary housing programme will be dealt with. The Gauteng Department of Housing funded a study to develop a Municipal Housing Development Plan (MHDP) and this set of plan did not address inclusionary housing programme because its emphasis is how to eradicate informal settlements.

This is despite the point that the mandate for the National Department of Housing and its provincial counterparts, is not only to deal with low cost housing; but more importantly to also deal the whole range of housing types across income bands.

The motivation for this study is firstly to assist the municipality to begin a debate and discussion on inclusionary housing programme and secondly to broaden this debate to variety of stakeholders. Finally, to challenge the municipality in providing a guideline that can be used as a basis for dealing with all housing in general inclusive of inclusionary housing programme.

Nokeng Tsa Taemane Local Municipality has generally experienced different levels of development. There are historically three main township; Cullinan, Rayton and Refilwe. Rayton and Cullinan have been predominantly white areas whereas Refilwe is totally black area. Refilwe developed due to diamond mining in the Cullinan area whereas Rayton was traditionally an agricultural area.

There exists different development trajectories; where in Rayton Town (which is predominantly white) there is urban development in the form of private residential estates catering for middle and upper income groups whereas there are few property developments around Refilwe Township area (predominantly black). For the whole area to be integrated in terms of incomes there is a need for deliberate housing strategy that will ensure that developments that do take place in Rayton and Cullinan do cater for inclusionary housing so as not to perpetuate the past residential segregation along the lines of race and class.

1.2 Research objectives

- To assess whether housing policy framework is promoting inclusionary housing programme
- To use Nokeng Tsa Taemane Local Municipality as a case study in assessing the impact of housing policy framework in promoting inclusionary housing programme
- To develop possible strategies and recommendations that should be considered to promote policy impact on inclusionary housing programme
- To establish implications for planning profession and planners on this subject matter

1.3 Research Design

The research design that is applicable in this project is Qualitative. The Researcher has elected to use this approach because of being interested in the views, perceptions and opinions of different respondents. Neuman (2000) lists the following as the key features of a qualitative research design:

- Capture and discover meaning once the researcher becomes immersed in the data
- Concepts are in the form of themes, motifs, generalizations, taxonomies
- Measures are created in an ad hoc manner and are often specific to the individual setting or researcher
- Data are in the form of words and images from documents, observations and transcripts
- Theory can be causal and non-causal and is often inductive
- Research procedures are particular, and replication is very rare
- Analysis proceeds by extracting themes or generalizations from evidence and organizing data to present a coherent, consistent picture

The research design (qualitative research design) is in line with the points indicated above and the research question. The key question that need to be answered by the choice of the research design is whether the housing policies that exist since 1994 do indeed promote inclusionary housing.

1.4 Data collection techniques

An interviewer administered questionnaire has been used to collect information from the respondents. In administering the questionnaire, it allowed probing from the responses because of the open ended nature of the questions posed. The use of interviews ensures that any ambiguities on the questions asked can be clarified on the spot by the interviewer. The Researcher was able to probe further for any clarity required.

The above technique is crucial because it allows the Interviewer to ask similar questions to all Interviewees whilst at the same time being able to amplify the questions where clarity is required.

1.5 Research sample

The research sample used is as follows:

Table 1: Research Sample

Private sector	Private Developers	2
	Estate Agents	2
	Town Planning firms	3
Municipality	Municipal officials	6
	Councillors	2
General Public	Community members	6
	TOTAL	**21**

According Neuman (2000) Non-probability sampling is used in cases where the respondents selected in the study have less equal chance of being included in the study. This differs from probability sampling procedures where subjects have equal chance of being included.

The key reason why certain cases have been selected is that they are respondents who are involved in the housing sector (estate agents, developers, town planners) whereas others (community members and politicians) are at the receiving end of the housing process. It was therefore central for this research that non-probability sampling is used.

This Research has used the type of non-probability sampling called ‘purposive or judgmental sampling’. Purposive sampling is used in three scenarios:

- Unique cases that are generally informative
- Members of groups that are difficult to reach
- Where cases are identified for in-depth investigation

The reason why this sampling procedure was used is because of “unique cases that are generally informative’

1.6 Data analysis

Thematic data analysis has been used. This is not in conflict with the research design that has been indicated above: Qualitative Research Design.

1.7 Limitations

Sampling procedure: there could be limitations in terms of the sampling procedure that has been undertaken. The opinions and views expressed by the respondents may not be representative of all persons within the entire municipal area. The expert cases that have been used (developers, estate agents, town planners) may also not be representative of their sectors and therefore the findings may not be generalized.

CHAPTER TWO: LITERATURE REVIEW

2. LITERATURE REVIEW

2.1 Definitions

2.1.1 Conceptualising Housing

The concept of inclusionary housing programme is quite slippery and has been used and re-used by many developers, policy makers and commentators to refer to different processes, outcomes and sanctions. Before defining what is meant by inclusionary housing programme it is very important to define the basic concepts of a house, home and housing.

Adams (1984:515) asserts that the word house, as a noun means, “a building in which people live, it is a structure used as a dwelling or a residence”. As a verb to house means “to remove from exposure, to put in a safe place, or to provide with a house or a dwelling” (Adams, 1984:515) The concept of home refers to family connections and comforts. Housing on a comprehensive level may refer to the stock of houses, apartments or a process of converting houses into homes.

The National Housing Act, 1997 refers to the concept of housing development which refers to “the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities…” (RSA, 1997) The definition by South Africa’s Housing Act moved beyond housing as a physical structure and a place for social interaction and included elements such as social amenities (e.g parks and recreation) and quality of engineering services (water, electricity, sewer, roads) that define a neighbourhood.

The above indicates clearly that there are different rationalities of housing, house and home which sometimes might refer to the same phenomenon. The definitions also show the extent to which housing changes its different forms from mental construct (home) and physical form (house).

Adams (1984:516) further explains the hidden meanings of housing when expressing that “like sex, death, and religion, housing has its hidden meanings. In the case of housing, the meanings concerns status, position, power, and personal identity. They seldom emerge directly, but they are continually reflected in things that are said, argued about, fought over” Flowing from the above, housing processes and outcomes can be influenced by the powerful in society to produce the desired outcomes which do not necessarily serve the interest of the majority of the population.

For example Murdoch (2000), using the case study of housing developments in East London, came to the conclusion that government authorities establish their goals and secondly; use different technologies to achieve these goals. This Foucauldian perspective asserts that government for instance, will use statistics that are generated nationally to standardize approaches to housing policy responses from national, provincial and local levels.

2.1.2 Defining inclusionary housing programme

I now turn to most important issue in this paper, which is inclusionary housing programme. The phrases “inclusionary housing programme”, “affordable housing programme” or “mixed housing” and “inclusionary zoning” will be used interchangeably. In the United Kingdom, the use of the phrase “mixed tenure” is hopefully understood to mean the same thing as the three phrases that have been indicated above. It should however be emphasised that the area of focus of this paper is Inclusionary housing.

According to the definition that has been provided in the Inclusionary Housing Policy in South Africa, (Department of Housing, 2007:9) “inclusionary housing in South Africa means the harnessing of private initiative in its pursuit of housing delivery to middle/higher income households to also provide (include) inclusionary housing programme opportunities in order to achieve a better socio-economic balance in residential developments and also contribute to the supply of inclusionary housing programme”. The key themes and assumptions that emerge out this definition are the following:

- That the inclusionary housing programme programmes can be achieved through private housing development initiatives
- That these developments where inclusionary housing programme is envisaged consist mainly of middle and upper income brackets
- That inclusionary housing programme will lead to socio-economic balance

One may argue that the South African definition of inclusionary housing programme programmes is not different from international conceptualisations. Burchell & Galley (2000:3) articulate that “a typical inclusionary housing ordinance will set forth a minimum percentage of units to be provided in a specific residential development affordable to households at a particular income level, generally defined as a percentage of the median income of the area”.

The key points emphasised by this definition are the following: determining the percentage of housing units that are defined as affordable; customizing the definition in a specific residential area and clearly defining what median income is.

It must however be noticed that the definition provided for in the South African policy document on Inclusionary Housing and the one advanced by Burchell & Galley (2000) share the same sentiments. They both attest to the fact that inclusionary housing is possible in private developments and secondly; that there should be a percentage determination within a development (inclusionary housing units)

Smit (2006:31-32) undertook an international comparison of inclusionary housing programmes in selected countries such as United States of America, Canada, United Kingdom, Belgium, Netherlands, Australia, China, Malaysia and Ireland. What is important about the review of these international experiences in Inclusionary Housing Programmes is conclusion that Smit reached:

"*Substantial thought will need to be given to what is meant "inclusionary housing programme" in the context of an inclusionary housing programme. The monthly repayment of a mortgage of R100 000 is approximately R1000 per month at prevailing interest rates. Together with an individual or project linked subsidy, someone earning R3500 per month can just afford this payment.*

If government want to reach this far down market in the inclusionary programme then inclusionary housing programme would be defined as units costing less than R100 000. It may however be better to define inclusionary housing programme as housing costing less than R200 000 with incentives for provision even further down market"

Table 6 of the Report indicates the salary scales of civil servants in South Africa. The implication flowing from the above is that for a police constable earning R7, 000 Gross Monthly income, the mortgage repayment should be around R2, 100 per month. The balance of R4, 900 can take care of other home necessities.

Most of the proposals that are evident in the South African Policy on Inclusionary Housing reflect what has been proposed by Smit (2006).

Morrow (2001) further summarises that inclusionary housing programme should not cost more than 30% of the household's gross monthly income. That is, for someone earning a net salary of R10, 000 per month, the monthly repayment of a bond should not cost more than R3, 500 per month.

2.2 The genealogy of inclusionary housing programme

Tustian (2000) contends that in order to understand "inclusionary zoning" or "inclusionary housing" it would be best to understand the opposite, which is "exclusionary zoning" and at a basic level to grasp what is zoning?

The earliest forms of land use management were found as far as 3500 BC with the Greeks and Romans. They provided the first gridiron layout of streets to replace the crooked narrow lanes of that time (Van Wyk, 1999). This regular layout is accredited to Hippodamus who is regarded as the father of Town Planning.

In the 1850's there began a movement to fight against the negative impacts of industrial cities. The movement thus found concrete expression with establishment of city beautiful movement of the 1900's and rise of the new profession called city planning in the 1920's.
In 1926 the USA Supreme court decided that the mandate for land use regulation was within the ambit of the state.

In its historical form, zoning was about exclusion. The protection of residential land uses from industrial and commercial uses, the imposition of density and bulk limits on buildings to prevent overcrowding, congestion, lack of light and air (Tustian, 2000) It is clear that under zoning concept the protection of single family residential use was of utmost importance.

The growth of suburbs after the Second World War made denser settlements less attractive and produced housing far from work and economic opportunities.

The 1960's saw the reaction to the notions of low density towards a more compact settlements form and this reaction may be regarded as the birth of inclusionary zoning. Initially, it involved the clustering of detached single family units (Planned Unit Development) and latter allowed attached houses in the clusters to allow for open spaces and natural features.

Then this moved further to allow the mixture of land uses, residential and commercial. By the 1970's the idea progressed to include not just the densities and mixes, but also the price of housing. Thus the term "inclusionary zoning"

According to Tustian (2000) inclusionary housing can mean:

- Any zoning action that works to increase housing quantity or density or
- Any zoning action that requires a reduction in the market price of housing units

Inclusionary housing schemes originated in Washington, D.C in the early 1970's. To be precise, the earliest forms of Inclusionary Housing Programmes were employed in 1971 in Fairfax County, Virginia where the mandatory ordinance required developers of more than 50 multifamily dwelling units to provide 15% of their units within an affordable range (Burchell & Galley:2000). In the 1990's it was found that in California alone, there were more than 50 inclusionary housing programmes.

The United Kingdom became concerned about the need to implement inclusionary housing programmes during the mid 80's (www.jrf.org.uk). The most important instrument that local authorities used is section 106 the Town and Country Planning Act, 1990 which gave local authorities to negotiate with developers regarding the provision of inclusionary housing programme units within a private development.

South Africa has only produced a policy document "Inclusionary Housing Policy for South Africa". It is expected that in the near future government may enact legislation and provide national guidelines with regard to implementation of inclusionary housing programmes.

The South African Policy makes an important point that "it should be noted that imposing inclusionary requirements outside of a national policy framework is neither illegal in South Africa or without precedence elsewhere in the world" (Department of Housing, 2007:3). The policy further notes that lack of uniform standards may lead to confusion, naivety of policy and fleeing of developers from one area to another.

Based on the above, there has been more than three decades of experimenting with Inclusionary housing programmes across the globe. Therefore South Africa has many lessons to learn in terms of the experiences of other countries but also looking at the specific South African realities.

2.3 Key issues and processes in inclusionary housing programme

To understand and characterize inclusionary housing programme, the research will elaborate on a number of key issues involved in the planning, implementation and design of inclusionary housing schemes.

More importantly, these are the critical issues that require the attention from policy makers, developers, communities and benefactors when considering and planning and implementation of inclusionary housing programme.

These are densities, building codes and standards, manufactured housing, voluntary versus enforcement, incentive provisions and zoning, moderate impact fees, linkage programmes, permitting processes and local plans. It is also important to note that there are various key stakeholders involved in the implementation of inclusionary housing programme programmes; government, developers, communities, voluntary sector and private sector. Let us then examine the various issues involved and what characterize inclusionary housing programme schemes.

2.3.1 Density aspects in inclusionary housing programme

The implementation of inclusionary housing programme schemes varies across different countries. The South African Housing policy proposes that at least 20% of all private sector housing projects provide inclusionary housing units.

The table below indicates how different countries have undertaken in terms of making provision of inclusionary housing programme units in a single development.

Morrow (2001:30) states that “the percentage of units required by Montgomery county (12,5% - 15%) has worked relatively well for the community, and most studies recommend that a reasonable set aside is between 10 and 15 percent of the units in a development project”.

Although Montgomery situation reflects what has happened in the United States of America, it does however give an indication of what can be a reasonable set aside for inclusionary housing programme units in a private development.

Table 2: Inclusionary housing set asides

Country	**% of Inclusionary housing programme Required for Developers to set aside**
United States of America	10-20%
Belgium	20%
United Kingdom	25-30%
Malaysia	30%
Canada	20%
South Africa	20% (proposed)

This table has been adapted from Smit (2006:22)

2.3.2 Inclusionary housing programme and land use policies

The preserve of planning and of land use management in particular has always been to deal with making decisions about better societal outcomes and with regard to what is socially desirable. There is therefore, an assumption that the decisions of planners and planning practitioners will result in a better society.

The question that is central is whether land use policies can be used to integrate inclusionary housing programme outcomes? More, importantly, what is the role of local government in relation to the idea of promoting inclusionary housing developments? What are the appropriate tools that are available at a policy level for local government to follow in order to promote inclusionary housing programme and income mix?

This section of the report will look at the three important tools that are land use management related. The tools are important in terms of positioning the role of local government and land use management is particular, to champion inclusionary housing programme programmes by integrating that into the land use management role.

The broad tools that will be discussed are as follows; zoning, exactions and planning certainty.

2.3.3 Zoning as a tool to promote inclusionary housing programme

Morrow (2001) argues that the core purpose of zoning is to promote orderly development of the urban land market. Zoning protects the interests of the investor against undesirable land uses. Zoning for higher densities can support the implementation of inclusionary housing programme schemes.

It is for the above reason that White (1992) observed that “multi use, cluster, and planned unit development promote housing affordability by allowing developers more flexibility in project design”. To illustrate this point, under normal circumstances a developer who undertakes residential township development might have a right to develop 25 units per hectare. That implies that the smallest size of an erf is 500m². When the same developer undertakes to implement inclusionary housing programme scheme, they may obtain a higher density of 100-125 units per hectare as incentive for having incorporated inclusionary housing programme in their development. By so doing local government can be proactive in using land use policy such as zoning and densities to encourage inclusionary housing programme schemes.

The following development types are therefore instrumental in promoting inclusionary housing programme schemes:

- Multi family housing
- Attached single family housing
- Multi use development
- Cluster development
- Planned unit development
- Manufactured housing

The second aspect of zoning is subdivision design and building standards. The most notable aspect is building codes. Building codes establish the minimum standards for housing construction by prescribing requirements for sanitary facilities, electrical, lighting, ventilation, building construction, building materials, fire, safety, plumbing and energy concerns.

It is based on the above that if building codes are too rigid and inflexible, they can discourage inclusionary housing programme developments in the longer term. Morrow (2001:26) argues “when localities create excessive standards in an effort to enhance the community’s aesthetic value, inclusionary housing programme can be affected. No matter how attractive new housing is, if the price is beyond the reach of low and moderate income residents then inclusionary housing programme can become a problem”

Local government should thus ensure that some of the building codes are relaxed to ensure that inclusionary housing programme is supported while maintaining safety standards. That is, the National Building Regulations and Building Standards Act, 1977 (as applicable to South Africa) should be examined to check if there are any impediments to the provision of inclusionary housing.

2.3.4 Zoning for manufactured housing

The definition of a house or dwelling unit in most land use policies refers to a structure mainly brick and mortar that has been designed for occupation by single family with a kitchen of its own. There has generally not been any appreciation for manufactured housing to deal with housing challenges.

Morrow (2001:27) adds “the affordability of the manufactured housing can be attributed to its efficient assembly line production, and not necessarily a reflection of substandard quality”.

The statement above reflects that there is a need to use different building materials and design in order to address inclusionary housing programme need. Manufactured housing is seen as reasonable also in relation to cost and pricing.

There has not been much experimentation in South African housing delivery especially of exploring manufactured housing. It is only recently that a pilot project is being undertaken in the City of Tshwane where different housing designs and materials are being piloted.

2.3.5 Voluntary implementation versus enforcement

There is a lot of debate in South Africa and internationally as to whether the implementation of inclusionary housing programme schemes should be voluntary or mandatory. It has been indicated earlier that in the United States, at least in the early 1980's, the implementation of inclusionary housing programme programmes were met with legal action as detailed in the Mt. Laurel court cases.

It appears from international literature as indicated in (HLR, 1995) that voluntary set aside for inclusionary housing programme programmes has not worked. Developers have been forced to consider legal actions before being obliged to accommodate inclusionary housing programme units in private projects.

Smit (2006) argues that in cases where developers are unable to integrate inclusionary housing programme units in a single project, they should be allowed to develop the units in another project or alternatively pay in lieu fees without necessarily constructing the actual units.

It is based on the above idea that Smit (2006) extended that four considerations must be taken into account when implementing inclusionary housing programme schemes namely;

- Population being targeted for these inclusionary housing programme units
- Percentage of units in a development that should be set aside as affordable
- Alternative options besides actually constructing inclusionary housing programme units
- Design standards for the set asides

In summary, it is important that the integration of inclusionary housing programme units in a single development be mandatory and that guidelines be provided at national level to guide the minimum percentage of units.
This should however allow for flexibility by local authorities to enter into negotiations with developers based on local circumstances.

2.3.6 Incentive provisions and zoning

The reason why developers undertake development projects is based on profit motive. It is therefore crucial that any partnership between private sector and government regarding inclusionary housing programme programmes take into account this basic assumption.

Morrow (2001) points out that “an inadequate supply of inclusionary housing programme indicates market failure. Developers have little economic incentive to build inclusionary housing programme in an unregulated market because inclusionary housing programme generates less profit than other units”. The following Land use incentives have been regarded as a step forward in relation to addressing the gap in inclusionary housing programme provision:

- Density bonuses
- Multi use, cluster, planned unit development
- Relaxation of zoning and subdivision codes
- Relaxation of building codes
- Direct subsidies to the developer
- Exemption from impact fees

It is believed that a package of incentives as indicated above will lure developers and investors to participate in the production of inclusionary housing programme units. It is primarily the responsibility of government and local authorities in particular to ensure that these incentives are provided and structured to lure developers towards participation.

2.3.7 Engineering Services

One of the key requirements in terms of the Town Planning and Townships Ordinance, 1986 (Ordinance 15 of 1986) as well as the Development Facilitation Act, 1995, is that developers who undertake any development contribute towards engineering services. Engineering services are paid to local authorities for contribution for electricity, water, sanitation, refuse removal and roads and storm water.

Morrow (2001) suggests that local authorities should establish a housing fund to deal with inclusionary housing programme. The purpose of such a vehicle is to collect the ‘impact fees’ or ‘engineering services’ for purposes of implementing inclusionary housing programme schemes.

The importance of establishing special accounts for bulk services contributions is to allow for investment in the upgrading of municipal engineering services infrastructure. Most developers will be willing to participate in inclusionary housing schemes if they are certain that engineering services will be available and that some rebates will be payable based on their participation.

2.3.8 Linkage programmes

Linkage programmes is a complicated form of an attempt to increase the implementation of inclusionary housing programme schemes. This is because in terms of its intention, developers of non-residential units such as industries and commercial developments could be required to provide a certain percentage of inclusionary housing programmes. The view is that there is an indirect correlation between non-residential development and increased demand for housing. For instance, a 50 000m² of industrial development may lead to a demand for 200 residential sites. This then implies that the developer of the industrial development may be required to contribute towards inclusionary housing scheme.

Morrow (2001:34) contends that “the programme attempts to make the development accountable for its impact on housing demand”. It is obvious that the application of linkage programmes may sound controversial however if used appropriately they can assist in speeding up the implementation of inclusionary housing programme schemes.

The implication of the above model is that when the local authority approves a development that either has business or industrial components, such development must be assessed in relation to its impact on housing demand. A model could be developed which will assist local authorities in making such assessments.

2.3.9 Permitting processes

Development applications go through a lot of steps and procedures. A simple rezoning application in South Africa may require the authorization and comment processes from various agencies and authorities. Permitting processes are essential when it comes to actual implementation of inclusionary housing schemes. Some of the common flaws identified in the literature by Morrow (2001), Smit (2006) are as follows:

- Multiple agency jurisdictions
- Lack of agency cooperation, communication and coordination
- Unclear directions and instruments for submitting proposals
- Procrastination and delays
- Excessive and overlapping permit requirements

Morrow (2001) remarks that “the permitting process is political, so in addition to actual administrative delays are politically motivated delays. Preferential treatment through partisanship or discretionary abuse can also contribute to Red Tape that complicates the permitting process”. It is suggested that a one-stop permitting process would go a long in making development application process much more efficient and effective.

2.3.10 Local Planning Instruments

In South Africa there are various instruments of planning and of land management that have been adopted. These are instruments such as National Spatial Development Perspective, Spatial Development Frameworks and Provincial Growth and Development Strategies. The idea of local comprehensive plans speaks to the fact that there is a need to develop a vision for a Neighbourhood regarding what it should look like in the future.

A local comprehensive plan should include matters of housing and of inclusionary housing programme in particular. The idea here is to use instruments of planning to integrate housing priority issues. In South Africa the building block that can be used is the Integrated Development Plan (IDP). The IDP can be used as a strategy to integrated inclusionary housing programme issues by identifying mechanisms that a locality will employ to address these matters.

In summary, this section of the research has examined the important processes and characteristics of inclusionary housing programme planning and implementation. The above factors are crucial for debate and consideration when planning and implementing inclusionary housing schemes. It is generally acknowledged that local planning instruments (such as Integrated Development Plans and Spatial Development Frameworks) tie all the other aspects together to give priority and direction regarding housing planning and implementation.

2.4 CRITICAL DEBATES AND ARGUMENTS

2.4.1 Understanding the problem

The approach towards mixed income developments does not happen in a vacuum. It responds to certain social problems that exist in the communities. Six examples of issues that may necessitate inclusionary housing programme programmes are listed as follows (www.atlantaregional.com):

- People driving long distances to work
- Teachers and police men who can not afford to buy a house in the community where they work
- Families which can not afford to purchase a home
- Older generation who can not afford housing costs
- Unemployed and underemployed people

Joseph (2006) contends that inclusionary housing programme is a policy response to high rates of joblessness and welfare dependency, high proportion of female headed households, out of wedlock births, teen pregnancies, high levels of social disorganization, violence and crime. Morrow (2001:6) makes a point that “issues of poverty and unemployment are often recognized as causing widespread housing affordability problem”

Harrison et al (2008:177) sum the argument by emphasizing that “planning can no longer divorce itself, as it did in the past, from the pressing social issues of poverty, inequality and disease, and it has been forced as well to confront the reality of conflicting values and cultures in a context of scarce resources” Planning academics and practitioners will therefore need to find a way in which their contribution to inclusionary and housing provision in general housing can be articulated.

2.4.2 Debates and arguments

There are various arguments either in support or objection to inclusionary housing programmes. This is despite the fact that internationally, there are more arguments in support of inclusionary housing developments.

2.4.2.1 Arguments for inclusionary housing programme

Joseph (2006) developed a model referred to as “Mixed Income propositions and Path ways of influence” The model works as depicted in the following table:

Table 3: Mixed income propositions and pathways of influence

PROPOSITION	PATHWAY(S)	DESCRIPTION
Social networks	A	Proximity and interpersonal contact at the community level provide opportunities for social interaction between residents of different income levels and backgrounds.
Social control	A	New and strengthened interpersonal relationships among particular individuals lead to greater accountability to each other and to others who they both know, such as their children
	B	Increased social control at the community level as a whole and an increased collective sense of vigilance on behalf of the community promote individual behaviour modification among those previously inclined to delinquency and crime
	C	Greater social control at the community level promotes greater neighbourhood safety and reduced crime, which directly improve the quality of life for individuals and families
Culture and behaviour	A	Proximity and interpersonal contact at the community level provide opportunities for social interaction, which may include proximal role modeling
	B	The socioeconomic activity in a community creates a dominant culture of work and social responsibility
Political economy of place	A	Individual and collective leveraging of external resources leads to higher quality local services and infrastructure, thus directly promoting an improved quality of life for local residents

This model has been adapted from Joseph (2006:218)

The basic assumption of the model as depicted above is that it is crucial for low income households to locate nearer to higher income households so that the behaviour of the higher income households can provide role modeling for low income earners. This complicated process of social control, social networks, culture and behaviour and the political economy of space are used to understand the role-modeling behaviors of poor households.

For instance, on the social network level it has been argued that low income households can gain better employment opportunities by networking with high income households. The model proposes that delinquent behaviour is generally tolerated in poor Neighbourhoods whereas it is not such in high or mixed income developments. The model assists in terms of understanding the social dynamics of income integration and it does however, move away from explaining the economic aspects of individual families and whether mixing income automatically leads to social interaction.

The model above suggests therefore, that it is desirable for mixed income developments to be designed as they assist low income earners in modeling appropriate behavior and therefore moving up the social ladder.

Smit (2006) summarised the benefits of inclusionary housing programme developments as follows:

- Creation of mixed income, diverse and integrated communities
- Smart growth, less sprawl, preservation of open spaces
- Deconcentration of poverty
- Housing for a diverse labour force
- Increase in inclusionary housing programme supply

Brophy & Smith (1997) also indirectly confirmed Joseph's model of 'Mixed Income propositions and Path ways of influence' by also confirming that the following results are evident when low income households have been integrated into middle and upper income Neighbourhoods. The following findings were made:

- The behaviour patterns of the lower income residents will be altered by emulating those of their higher income Neighbours
- Non-working low income tenants will find their way into the workplace in greater numbers because of the social norms of their new environment
- The crime rate will fall because of the higher income households will demand a stricter and better enforced set of ground rules for the community
- Low income households will have the benefit of better schools, access to jobs, and enhanced safety enabling them to move themselves and their children beyond their current economic condition

2.4.2.2 Arguments against inclusionary housing programme

Urban Land Institute (www.uli.org) has highlighted the following issues as myths and responses associated with inclusionary housing developments:

Table 4: Inclusionary housing myths and facts

Myth	**Response (Fact)**
Inclusionary housing programme developments can not work –high income residents will not live near low income residents	Healthy Neighbourhoods have long included a blend of incomes- and new developments can achieve the same compatibility
Local regulations make it too difficult to develop inclusionary housing programme	Local and state regulations, incentives, and technical assistance can help the private sector to produce inclusionary housing programme
Only non-profit developers and public housing authorities build inclusionary housing programme	For-profit developers produce inclusionary housing programme in many forms
Inclusionary housing programme is unattractive and a blight to the neighbourhood	Inclusionary housing programme developments help raise the standards for good design in inclusionary housing programme, providing appealing residences that blend in with the surrounding communities
The market place can meet the demand for moderate-income housing	The market place needs help to supply enough housing, especially for working families, mixed income developments can alleviate that need, providing housing that is safe, livable, and close to employment centers
Financing for inclusionary housing programme developments is unavailable or hard to come by	There are many sources of financing to support the development of inclusionary housing programme
Inclusionary housing programme brings down the values of neighbouring properties	Inclusionary housing programme has been found to make no difference in the values of adjacent properties
Community opposition to new inclusionary housing programme is an insurmountable obstacle	Inclusionary housing programme can be an appealing option that lends itself to community acceptance

The table above is a summary of the article by the Urban Housing Institute (www.uli.org) regarding the myths and facts about inclusionary housing programme programmes.

Burchell & Galley (2000) also identified the negative features of inclusionary housing programmes in this manner:

- The shift of the cost of providing inclusionary housing programme to other groups in society
- Breaking up pockets of the poor (affordable units have controls for resale)

Tetreault (2000) identified the negatives of inclusionary housing programmes:

- Inclusionary zoning amounts to government “taking”
- Density bonuses are a bad idea
- Inclusionary zoning is a form of discredited social engineering
- Developer can not make money on inclusionary housing units
- Developer should not have burden of curing a community’s social/inclusionary housing problems
- The programme should be voluntary, not mandatory

Morrow (2001) further explains that many communities associate inclusionary housing programme with reduced property values, increased crime and loss of community character, Therefore Not in My Backyard (NIMBY) tendencies often prevail when inclusionary housing programme development is proposed.

2.5 Theoretical framework

Two planning theories will be used to analyse the philosophy behind the need to undertake inclusionary housing programmes. These are the compact city and new urbanism. The former emphasises land use and densities and the latter is focused more on the design aspects (architecture). The compact city model argues that inclusionary housing programme programmes will lead to compact towns and settlement. That is, high densities which are being advocated by inclusionary housing programme practitioners can lead to fewer sprawls and effective and efficient use of infrastructure. New Urbanism on the other hand hammers strongly on incorporation of better design for housing delivery. That is, the traditional design of match box (standard RDP Housing) would require rethinking if we are to encourage interest in inclusionary housing schemes.

2.5.1 Compact city

It is important to understand that there is a direct link between inclusionary housing programme and desire by urban planners and policy makers to address broader questions of urban management and sustainability. In this context, the notion of compact city is thus important to provide a theoretical analytical framework for inclusionary housing programmes. Firstly we need to define what exactly the compact city is before looking at the benefits that it brings in terms of planning for delivery of inclusionary housing.

However, it is important to understand the opposite of compact city which is urban sprawl. Nelson et al (1995:1 as cited in Libera: 2003) have summarised the various definitions of urban sprawl in the planning literature as follows "unplanned, uncontrolled, and uncoordinated single use development that does not provide for a functional mix of uses and/or is not functionally related to surrounding land uses which variously appears as low density, ribbon or strip, scattered, leapfrog, or isolated development"

Urban Sprawl has been described as a negative feature of the urban environment that characterized many city fringes after the industrial revolution. This does not suggest that there are no benefits for urban sprawl especially for those who have decided to reside in the decentralised parts of the inner cities such as large plot sizes and gardens.

Given the above, Compact city is therefore defined as "relatively high density, mixed use city, based on efficient public transportation system and dimensions that encourage walking and cycling" (Burton, 2000:1970). There are various definitions and views as to what the compact city should focus more attention on. This is clearly reflected in the ideas from various authors such as Goodchild who focuses on population density; to Williams et al: 1996 whose attention on mixed use developments and Elkin et al (1991) who have a particular focus on nature and quality of the development.

The compact city therefore, with its broad focus, can resolve some of the bigger urban problems such as urban city centre decay and traffic congestion.

The United Nations Local Agenda 21 and Habitat Agenda also make provision for certain principles that need to be adhered to, in order to achieve urban sustainability; a compact urban form, the preservation of the open space and sensitive ecosystems, reduced automobile use, reduced waste and pollution, the creation of liveable and community oriented human environments, decent-affordable and appropriately located housing, improved social equity and opportunities for the least advantaged, and the development of the restorative local economy (Wheeler, 2000:134). It is important to note that at a global level there is both a realisation and a commitment that the compact city is the preferred direction to pursue in order to achieve sustainable urban living.

Critics have posed important questions regarding the broad and vagueness with the compact city approach regarding its promise to deal with the complex urban problems of urban centre decay, pollution and traffic congestion. Scoffman & Vale (1996) have posed these important questions regarding the compact city thesis and what it intends to achieve ‘whether buildings should be brought closer together, whether the number of people living in buildings should be increased, whether it is dwelling density or activity density that needs to be compacted, and what role a mixed use of urban land uses has in the compact city’ Scoffman & Vale (1996) contend that it is important to ask these hard questions about the compact city thesis.

From the above it can argued, that the notion of inclusionary housing programme can be related to the broad ideas of trying to achieve compact settlements closer to work opportunities. These ideas have been reflected in the policy documents such as Breaking New Ground (RSA, 2004) which refers to “Densification policy” to be developed to guide government in the implementation of housing programmes. The issue of densification implies encouraging high density (e.g erven as small as 400m² based on 25 units per hectare) and intensity (increasing project scale and putting more people in areas that would ordinarily accommodate less) development within the new township developments.

Libera (2003) criticized policy makers with regard to the general approach that has been taken to develop inclusionary housing programme. This is because in terms of the compact city approach, and to housing in particular, it advocates for inclusionary housing programme which must be developed to address range of housing incomes. The compact city will not necessarily address all the housing challenges being faced.

The new Urbanism Charter (as cited in Libera;2003) advocates that within Neighbourhoods, a broad range of housing types and price levels can bring people of diverse ages, races, and incomes into daily interaction, strengthening the personal and civic bonds essential to an authentic community.

It has been indicated from the above that the general trend in approach to housing policy, and to some extent to inclusionary housing programme in particular, has been the desire to encourage compact cities, mixed use developments and perhaps more indirectly to achieve societal integration.

The relevance of the compact city thesis to inclusionary housing is that in developing compact settlements, more integration can be achieved by including a percentage in a private development to also cater for inclusionary housing and thereby achieve a sustainable urban form.

Compact settlements are best places to utilize available engineering services infrastructure to accommodate inclusionary housing in locations that are closer to economic and recreational opportunities. It therefore becomes more compelling that instead of developing inclusionary housing in the peripheries of cities, it is best to locate them within city centers. The compact city is therefore one approach that can guide the achievement of inclusionary housing programmes and urban sustainability.

2.5.2 New Urbanism

The idea of modernism planning has always been about structure, order and in many cases bringing physical order that would shape social structure. However during the early 1990's a new form of planning paradigm emerged which attempted to challenge the existing planning traditions.

This is referred to as "New Urbanism". Libera (2003:17) argues that "new urbanism is a theory of community design and urban form and is currently debated by architects, developers, community planners and local government officials" The emphasis by the "New Urbanists" has been on the design aspect of urban management. Although there are many association of urban design with modern planning thought and architecture, new urbanism claims to focus its attention on three scales; the region, the Neighbourhood and Building.

It can also be said that some of the ideas that New Urbanists are advocating are not different from what compact city authors have argued about such as mixed use development, pedestrian friendly environment and open spaces.

The only change that New Urbanism has brought about is the focus on urban design as an instrument to address the urban management challenges. That is, New Urbanism believes that when policy makers engage in settlement planning and housing in particular, they are in some way involved in the design of the urban environment.

Carthorpe (2001) made a point that the missing link for many communities has been the loss of some basic urban design principles. These principles have always been to create places that are walkable and emphasise the importance of human scale, that are diverse in population and varied in use, and that are shaped around public spaces.

Nevertheless, the New Urbanism ideas have been criticized as utopian, inspirational and structuralist. This is because some writers like Kelbaugh (2000) argue that there is nothing new to offer from the New Urbanism because the advocates of this approach are in most cases coming from the suburban areas. It has been proposed that we might even refer to New Urbanism as New Suburbanism because most of the ideas that they advocate are not new and they are reversing back to urbanism.

Harvey (2005) further questioned the notion of community as advocated by New Urbanists. He argues that the idea of community seems to suggest that it would replace the love of the car by many urban dwellers and in most cases it will never be the case. It is also unclear whether the notion of sense of community really exists in the mind of urban settlers.

Linked to the above is the issue of housing design as it has been applied to the housing programmes in South Africa. One of the key criticisms that have been leveled against the housing delivery programme in South Africa was the emphasis on standard house plan, standard services and standard erf sizes. This situation led to the mushrooming of so called “match-box” houses in the urban peripheries of cities (Harrison et al; 2008 citing Irurah & Boshoff: 2003) and this has led to general distaste of the low cost housing.

The ideas of New Urbanism can be used to improve the design quality of the housing programme in South Africa. That is, creating design variety in terms of inclusionary housing programme across the country so as to encourage developers to include more inclusionary housing units in their developments. It is possible to include inclusionary housing units, whose design is in tune with the market rate units, within the same development by following simple design principles.

The New Zealand Design Protocol, which was the urban design document produced by the New Zealand government emphasised the basic principles of urban design which can be used to enhance the quality of urban environments, and of housing in particular (http://portal.jarbury.net/thesis.pdf). The seven design qualities as identified in the protocol can be summarised as follows:

Table 5: New Zealand Design protocol

Principle	**Explanation**
Context	Seeing buildings. Places and spaces as part of whole towns and cities
Character	Reflecting and enhancing the distinctive character, heritage and identity of our urban environment
Choice	Ensuring diversity and choice for people
Connections	Enhancing how different networks link together for people
Creativity	Encouraging innovative and imaginative solutions
Custodianship	Ensuring design is environmentally sustainable, safe and healthy
Collaboration	Communicating and sharing knowledge across sectors, professions and with communities

These principles are used by the local and district authorities in New Zealand to evaluate development proposals in the cities and to determine whether the proposals are in line with the guidelines.

2.5.3 Inclusionary housing programme and debates on spatial integration

The post 1994 period in South saw the dismantling of apartheid policies and legislation. Before 1994 there was a clear divide in terms of the different racial groups reflected in access to land, economic and social opportunities.

It was the intention of the ANC-led government to ensure that integration is achieved at all costs in the state and its administration; and society in general.

It is difficult to define what integration entails as it may refer to different things depending on the school of thought. Watson (2003) indicates that the City of Capetown after 1994, for many urban planners the notion of integration meant spatial integration. This was reflected in the New Metropolitan Spatial Development Framework, and a whole range of new fashionable ideas of nodes and corridors which were to link different parts of the city including previously disadvantaged areas.

With regard to inclusionary housing programme in South Africa, I contend that the government intent was to achieve spatial integration (physical) which would result in social integration. That is, the apartheid city was based on racial division where blacks majority were located in the periphery of cities with high costs of public transportation.

To achieve social integration means that access to public transportation, location of inclusionary housing programme opportunities in the inner city and formerly exclusive settlements would become an essential strategy to achieve integrated communities.

Watson (2003) cautioned that one of the main areas of weakness with the post-apartheid planning has been a lack of clarity regarding where integration is needed most. For instance institutional integration was quite an important cornerstone for other ‘integrations’ to take place. Many of the government departments in the new South Africa worked in silos and this resulted in poor coordination of planning and implementation of programmes where housing delivery programmes were not linked to improved public transportation routes and therefore perpetuating more segregated communities.

The issue of spatial integration (which would lead to social integration) will not happen without a coherent national policy framework which can guide, in practical terms, the actions that must be taken at local sphere of government to achieve housing integration. There is a limitation though, both in terms of the constitution (respect for private property rights) and the avalanche of housing policy frameworks that are available which at times can not enforce integration, if it is desirable to do so, or to create a supportive environment for such integration to happen.

Inclusionary housing is intended to deal with housing incomes integration and thus address income gaps in relation to access to housing opportunities. The lack of common platform regarding which “integrations” to focus on means there are still challenges for decades to come.

2.6 SOUTH AFRICAN POLICY AND LEGISLATIVE FRAMEWORK

Since 1994, the South African government has put in place various policies, legislation and frameworks to support housing delivery. This is despite the fact that the evolution of the South African Housing policy happened in parallel with implementation of housing projects. The following section will briefly examine some of the key policies, legislation and frameworks that have been adopted to deal with housing delivery. Suffice to say, the avalanche of housing policy framework that have been adopted since 1994 did not address matters relating to inclusionary housing programme. In general they dealt with low cost housing which is provided free of charge.

It is only recently that the National Housing Department introduced ‘Inclusionary Housing Policy, 2007’ and it remains to be seen whether such policy will reach parliament in the form of legislation because of the negativity it receives from private developers. It is nevertheless crucial to examine these important policy developments and the extent to which they have influenced and will continue to influence thinking in housing delivery.

2.6.1 Reconstruction and Development Programme (RDP) 1994

The African National Congress (ANC) produced a manifesto document in 1994 affectionately known as RDP which stands for Reconstruction and Development Programme. It was quite evident that all the standards that were set for service delivery were in accordance with RDP standards. For instance, the RDP indicated that households should have access to piped water within 200m which is an acceptable RDP standard.

With regard to housing matters, the RDP recognized that “although housing may be provided by a range of parties, the democratic government is ultimately responsible for ensuring that housing is provided to all” One may assume that ‘all’ implied a variety of income categories whether low, medium and high. In 1994 the issue of inclusionary housing programme was not clear and the emphasis was more on low cost housing. This is despite the fact that the RDP policy document did indicate that the general approach to housing should include affordability elements (inclusionary housing).

In terms of point 2.5.6 of the RDP document the following observation is made “the approach to housing, infrastructure and services must involve and empower communities, *be affordable*, developmental and sustainable…” Although at that time the ANC did not have a clear idea of what constituted affordable, it is clear that the general policy view was that issues of inclusionary housing programme need to be an integral part of formulating the housing policy agenda.

Section 2.5.12 of the RDP policy document also make mention of the “affordable rental” (ANC, 1994) which must be provided to low income earners. One must not be despondent that after a decade since 1994, there are still no clear guidelines at national level with regard to implementation of inclusionary housing programmes. There are some developments at the level of policy as reflected in the Inclusionary Housing Policy for South Africa. Perhaps one might argue that some of the reasons why the introduction of national guidelines on inclusionary housing is being delayed are because of slow pace of land reform; property rights matters and negative investor sentiments on regulated housing (as well as issues of transformation) and possible mandatory inclusionary housing programmes.

The Reconstruction and Development Programme did not address issues of inclusionary housing more directly. This is because the main intention behind the Reconstruction and Development Programme was to deliver low cost housing for free to those who qualify. The policy was not intended to address issues of access to housing at middle and upper income bands.

2.6.2 The South African Constitution, 1996

The starting point for any policy analysis in South Africa is to assess the extent to which a policy objective mirrors the principles as enshrined in the South African Constitution. More precisely, Section 25 of the Constitution deals with property rights. Section 25 (1) states as follows “no one may be deprived of property except in terms of law of general application, and no law may permit arbitrary deprivation of property”

That is, the housing process, and inclusionary housing programme in particular should not be divorced from the bigger picture about property rights in South Africa. What is important to note from the above is that the entitlements have been imposed in terms of the Republic of South Africa’s constitution that all citizens can own property.

The more direct section 26 of the Constitution which is worth quoting in details states as follows “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” There is a direct link between what the constitution is intending to achieve and the need to provide housing for all (low, medium and high income groups).

Flowing from the above, the issues of inclusionary housing programme, therefore, must be understood as part of trying to achieve the objectives of the Constitution. There have been noticeable attempts to test the efficacy of the constitution in terms of what was intended and the practical reality as expressed in the case of infamous Grootboom case where poor households took the state to court over the need to acquire houses. The judge in this case ruled that the state had to provide shelter to the poor through its available means.

The Constitution of the Republic of South Africa has contradictions; on the one hand it allows everyone to have access to housing and on the other, it protects those who own property from arbitrary deprivation. What is key with regard to inclusionary housing programme is ‘to what extent will government be able to enforce inclusionary housing? This therefore implies that whilst the Constitution of the Republic of South Africa is regarded by many as progressive, it still does not give clarity regarding inclusionary housing.

2.6.3 Urban Development Framework, 1997

The Urban Development Framework (UDF) was drafted and published in 1997, the same year as the National Housing Act enactment. In the same year there was Rural Development Framework which addressed issues affecting rural areas. The emphasis here will be on the Urban Development Framework not because urban areas are important for the national economy, but because most of the housing developments challenges are found in the urban centers.

The UDF identified seven thrusts of the national housing strategy:

- *Stabilising the housing environment*
- Supporting the housing process
- Mobilising housing credit and savings
- Providing subsidy assistance to disadvantaged households
- Rationalizing institutional arrangements
- Facilitating speedy land release
- *Coordinating public and private sectors*

Crucial in the above is the thrusts of ‘stabilizing the housing environment’ and ‘coordinating public and private sectors’ These two thrusts are very indispensable when it comes to unpacking the issue of inclusionary housing programme.

That is, if inclusionary housing programme becomes mandatory just like what has happened internationally with the United States (US), it may lead to some form of instability in the housing market in South Africa. This is simply because developers will react differently to the mandatory proposals as they will be grappling with firstly understanding how the programme works and the benefits and costs it imposes. The last thrust on coordinating public and private sectors in inclusionary housing programme schemes is a mammoth task. Firstly because inclusionary housing programme programmes rely on strong private sector housing programmes.

The UDF therefore has provided a basis from which future ideas about inclusionary housing programmes can be shaped, argued about and practicalised.

The conclusion is that the Urban Development Framework, whereas it provides general basis for future ideas about housing inclusion, it does not in any way result in implementation change regarding current private sector housing market.

2.6.4 The National Housing Act, 1997

The National Housing Act, 1997 sets out the general principles applicable to housing development across the country. In part 1 of the Act the following principles are laid:

National, provincial and local spheres of government must;

- Give priority to the needs of the poor in respect of housing development
- Consult meaningfully with individuals and communities affected by housing development
- Provide as wide a choice of housing and tenure options as is reasonably possible
- Ensure that housing development is economically, fiscally, socially and financially affordable and sustainable
- Ensure that housing is based on Integrated Development Planning
- Promote processes of racial, social, economic and physical integration in urban and rural areas
- Promote higher density in respect of housing development to ensure economical utilization of land and services

It is evident that matters relating to incorporation of inclusionary housing programme are already covered in the existing National legislation. It is however difficult to implement inclusionary housing programme schemes as it requires detailed guidelines and principles. Smit (2006) identified certain processes that must be undertaken to achieve good results such as developing an inclusionary housing programme, examining best practices worldwide, and income targeting, aiming for a reasonable inclusionary percentage, establishing design guidelines and maintaining affordability controls. In addition to the above processes there is a need to look at incentives that are possible in the context of South African environment such as Tax, VAT, Density bonuses, decreasing administration costs regulation and processing time for applications and land grants.

It can be argued from the above that although national policy thus provide for a general guideline on inclusionary housing programme, there is still much to be done to achieve real implementation at a practical level.

This can either be done by promulgation of regulations under the Housing Act or formulation of new National Legislation dealing with Inclusionary Housing.

2.6.5 Development Facilitation Act, 1995

The Development Facilitation Act (DFA), 1995 has been regarded as one of the most progressive post-apartheid planning legislation. The DFA was enacted in 1995 immediately after it was realized that the implementation of the Reconstruction and Development Programme (RDP) will not proceed rapidly with the existing slow processes of land development legislation such as the provincial ordinances.

The DFA, 1995 for the first time, provided the general normative principles for land development throughout the Republic of South Africa. In terms of section 3 (c) of the DFA the following principles are provided:

Policy, administrative practice and laws should promote efficient and integrated land development in that they;

- *Promote the integration of social, economic and institutional and physical aspects of land development*
- Promote integrated land development in rural and urban areas in support of each other
- Promote the availability of residential and employment opportunities in close proximity to or integrated to each other

- Optimize the use of existing resources including such resources relating to agriculture, land, minerals, bulk infrastructure, roads, transportation and social facilities
- Promote a diverse combination of land uses, also at the level of individual erven or subdivisions
- Discourage the phenomenon of urban sprawl in urban areas and contribute to the development of more compact towns and cities
- *Contribute to the correction of the historically distorted spatial patters of settlement in the Republic and to the optimum use of infrastructure in excess of current needs*

The critical point which requires further elaboration is the notion of integration as spelt out in the DFA. The first principle talks of integration of social, economic, institutional and physical aspects. It is a hard task to measure in quantitative terms whether social integration is happening. Harrison et al (2008:139) attests that “perhaps surprisingly, social integration has not been a major objective of the post-apartheid government, with post apartheid settlement policy, arguably, even perpetuating racially segregated urban forms”

Lastly, the DFA refer to correction of historically distorted patterns of settlement. This is important because the main point about inclusionary housing programme is to deal urban poverty and other social ills. In South Africa specifically, the issue of income spatial segregation has been evident for a number of decades.

2.6.6 Breaking New Ground, 2004

Many criticisms have been leveled against the new housing policy after 1994 especially with the National Housing Act, 1997. The policy goals, it was realized, produced unintended consequences. The following quote summarises the general weaknesses between policy intent and implementation:

"Through this programme, hundreds of thousands of houses have been developed on cheap land on the urban peripheries and with minimal levels of shelter and services. The typical product of the programme is the so called 'match box' typology replicated over tens or hundreds of hectares in a single project with minimal regard to sense of identity, pedestrian circulation, urban design and density, open spaces, integration of social services…even though minimum service standards are set for sanitation, electricity and water, the overall shelter performance and standards of design and construction are only marginally better than the shack, which the so called match box seeks to replace.
Loss of community coherence and social networks creates further deficiencies in such settlements when compared with informal settlements. The above factors, coupled with others, contribute to the perpetuation of poverty, segregation and environmental degradation" (Irurah & Boshoff: 2003:254 as cited in Harrison: 2008:167)

In 2004 the National Department of Housing produced a policy document known affectionately as “Breaking New Ground (BNG)”. The BNG housing policy was based on certain key assumptions:

- 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
- Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring

The most important proposal that was made in the BNG policy is the future introduction of the new subsidy scheme to cater for those households earning between R3 500 and R7 500 per month. The policy specifically mentions that the intention is to ensure that there is provision for inclusionary housing programme finance products for this layer of households.

To sum it up, one may observe that the critical point of departure from the previous housing dispensation is underpinned by a need for increased flexibility and demand responsiveness in the housing sector.

It is also important to note that in 2007, stakeholders within the housing sector (Government at national, provincial and local level; Traditional leaders; The private sector represented by construction industry, building material manufacturers and suppliers, South African Institute of Architects, Property sector, Institutions of learning and research, Women for housing, South African Women in construction, Black Conveyancers Association, South African Geomatics Institute, Mining sector, Agricultural sector, Financial sector, Post office, The Southern African Housing Foundation and Civil Society Organisations) met in East London to sign and commit themselves to a social contract for Integrated Human Settlements in Rural Housing Delivery.

The crucial point about the social contract is that the private sector and property developers committed themselves to the provision of inclusionary housing programme in their projects. The implementations of such ideals remain weak and pace too slow.

2.6.7 National Spatial Development Perspective (NSDP) 2006

In 2006, the Office of the Presidency embarked on the drafting of the NSDP. The NSDP is what it is, a national spatial perspective, it is neither a policy nor a law which must apply rigidly where it would apply in South Africa. The NSDP draws on work that was undertaken by the European Union especially with the European Spatial Development Perspective.

Like the DFA, the NSDP introduced normative principles which must be used to guide government capital investments throughout the whole of South Africa. There are five key principles that underpin the NSDP:

- Rapid economic growth that is sustained and inclusive is a prerequisite for the achievement of other policy objectives, amongst which poverty alleviation is key
- Government has a constitutional obligation to provide basic services to all citizens (e.g water, energy, health and educational facilities)
- Government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private sector investment, stimulate sustainable economic activities and create long term employment opportunities
- Efforts to address past and current social inequalities should focus on people, not places

- In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channeled into activity corridors and nodes that are adjacent to or link major growth centers

It is not surprising that with the last principle of nodes and corridors there is harsh criticism of how these concepts are applied. Harrison et al (2008:125) noted that "generally, there is a tendency to apply what has become the accepted wisdom of urban spatial planning (corridors, nodes, edges) in unthinking and often inappropriate ways and often in the almost complete absence of an understanding of socio-economic and spatial trends on the ground"

Nevertheless, the NSDP is a useful tool to comprehend the national thinking in relation to what is important in terms of national spending priorities. Of course there might be different views as to what is national priority? Nevertheless the NSDP has always been difficult to implement as there are so many planning and policy instruments that provinces and municipalities have to grapple with.

2.6.8 National Credit Act, 2005

The housing policy framework in South constitutes various housing programmes to suit the needs and requirements of different beneficiaries and localities. The programmes can be listed as follows:

- Fully subsidized housing (RDP housing or low cost)
- Project Linked Housing (part subsidy and part loan from a bank)
- Institutional Housing (rental stock)
- People's Housing Process (sweat equity and labour)
- Backyard dwellers (subsidy for homeowners to build rental units in their yards)

The National Credit Act 34 of 2005 has been enacted to deal with credit lending and also to protect consumers who are exposed to reckless credit granting. The National Credit Act will therefore have an enormous impact on the housing programmes that South Africa has been implementing since 1994.

Many people will not qualify for any credit under the new dispensation based on one or more of the following issues;

- Bad credit history
- Over Indebtedness
- Low income

Let us illustrate hereunder with an example of civil servants in South Africa:

Table 6: Civil servants salary scales and bond amount

Civil servant category	Annual salary (in Rands)	Gross salary per month (In Rands)	Amount of home loan to qualify(in Rands)
Police Constable	84 000	7000	112 964
Social worker	117 000	9750	321 805
Professional nurse	117 000	9750	321 805
General worker	47 000	3916	61 589
Environmental officer	117 000	9750	321 805

The information on salaries was obtained from City Press 29/03/2009. The mortgage calculator was obtained from www.absa.co.za

The National Credit Act of 2005 will make it even more impossible for low income earners to access the housing subsidies whereas they do not qualify for low cost housing. There is a need for government to design a mechanism for covering risk where the beneficiary does not qualify based on credit record and over-indebtedness because if the trend continues, many South Africans will not qualify for housing in other categories other than low cost housing.

What this implies, for inclusionary housing, is that thorough method of identifying beneficiaries need to be investigated including developing a criteria that will not sideline many potential beneficiaries.

The implication of the National Credit Act is that it has brought along new realities and issues that government must grapple with in the provision of housing.

2.7 Legal aspects

It is important to briefly examine the legal issues that are involved with regard to the implementation of inclusionary housing programmes. This analysis will assist in terms of framing a suitable policy and legislative response to inclusionary housing programme in South Africa.

Firstly, as indicated in the preceding section of the genealogy of inclusionary housing programme, it has been indicated that these programme started in the early 1970's in the USA. One of the key lessons that can be deduced from the USA experience is that National Government there played a central role in terms providing national guidelines and principles for inclusionary housing programme (HLR, 1995). In some cases it has been difficult to introduce inclusionary housing programmes as developers will go the legal route to try and circumvent any government regulations.

The New Jersey Supreme Court, in the case referred to as *Mt. Laurel II*, granted judgment to a developer to proceed with the construction of high density development even though the local ordinances did not allow for such rights. The judgment was granted with the proviso that the developer makes 20% of the development affordable units (HLR, 1995) It has however been noted that litigation is always not the best option to encourage mixed income developments and housing inclusion in particular.

The lesson that can be learnt with regard to the South African situation is that there is a requirement for national legislative directive to guide implementation of inclusionary housing programme. Voluntary expectation from developers will engender a culture of litigation and lack of general standards throughout the Republic of South Africa. The South African situation makes it much more difficult because of its racial composition and class structure.

That is, the majority of the population is black and landless, whereas the minority is white and has generally access to land and economic opportunities. This paper however, is not trying to investigate the impact of race and class with regard to housing inclusion, the thrust of the paper is to assess the efficacy of the housing policy framework against the objectives of inclusionary housing programme.

2.8 Case studies of inclusionary housing programme

The following section of the report gives an overview of the case studies of inclusionary housing schemes internationally as well as resonance of the same in South Africa. Internationally especially in the United States, there has been clear examples of inclusionary housing programme schemes since the early 1980's. In South Africa, it is only recently that there are attempts to catch up with the international trend especially with the two flagships projects; Cosmo city in the City of Johannesburg and N2 Gateway in the Western Cape.

2.8.1 Internationally

Brophy & Smith (1997) identified seven success factors that need to be taken into account when implementing inclusionary housing programmes. The factors were identified after an assessment of seven inclusionary housing projects. The projects varied in terms of size, location and complexity of implementation. The table below highlights the sampled projects:

Table 7: International trends in Inclusionary Housing projects

Name of project	**Number of units**	**Location**
Harbor point	1283	Massachusetts
Jones Family Apartments	108	San Francisco
Emery Bay Club	260	California
Tent City	269	Boston
Timberlawn Crescent	107	Maryland
The Residences at Ninth Square	335	Connecticut
The Quality Hill	466	Missouri

The common factors that were found in these inclusionary housing programmes are as follows:

- Inclusionary housing programme works best when it emphasises the basics of real estate development and management such as location, design quality, excellent management and maintenance and financial viability

- Where the goal of inclusionary housing programme is upward mobility of the low income residents, more than income mixing and good management needed
- Inclusionary housing programme will work only where there are sufficient units aimed at higher income population to create critical mass
- Inclusionary housing programme works best when the income mix is not emphasised in marketing and there are no differences in the nature and quality of units being offered
- Successful income integration in a Neighbourhood setting is more difficult than in a housing project context
- Inclusionary housing programme may be more difficult to manage when there is dichotomy between the subsidized and market rate renters, rather than a gradual climb represented by moderate income tiers
- In the financing of inclusionary housing programme, the implicit subsidization may work to make units affordable or to make a mixed income project feasible from a market perspective, depending on market circumstances.

2.8.2 South African housing experiments

2.8.2.1 Cosmo city (City of Johannesburg)

The Cosmo City project is located in the north-west of the City of Johannesburg. The project is aimed at construction of 12 000 mixed housing units to accommodate different incomes and tenures. The breakdown of the project is as follows: (www.joburg.org.za/content/view/1949/168)

- 5000 fully subsidized housing units
- 3000 partially subsidized units
- 3 300 units for sale
- 1000 flats for rent

The cost of the project was estimated at R2 Billion. Cosmo city has been regarded as a success story for the National Department of Housing and the Gauteng Provincial Department of Housing in particular. This is despite the fact that is had its own problems during and after the implementation. It is not the intention of this research to examine the problems associated with the project however it is still important to look at some of the failures and successes as well as the lessons resulting from Cosmo City.

According Hlongwane (2007:44) “Cosmo City is a mixed land use urban development that is providing four types of housing arrangement; fully subsidized units, financial credit linked housing, bonded houses and institutional housing”. The initial goal of Cosmo City was to provide for housing needs for informal settlements located on private land from Zevenfontein and Riverband in the north-western parts of Johannesburg.

The main question that needs to be asked in assessing the success of Cosmo City is “to what extent has the project achieved its intended objectives?” The research study that was conducted by Hlongwane (2007) found that the model for implementation of Cosmo City did not achieve its goals such as Integration (Institutional Integration, Social Integration, Spatial Integration and Economic Integration).

This led to Hlongwane to conclude that “there is incongruity between what is expected, which is integration and what actually occurs, that is – deeper fragmentation. Segregation along lines of income is perpetuated in Cosmo City, because the market still dictates over planning and good practice” (Hlongwane: 72). On matters of Economic Integration for example, it has been noted that in Cosmo City, Informal trading is not allowed as there is general fear that it may devalue properties. This happens in an environment where land is very expensive (business sites) for ordinary citizens of Cosmo City.

Cosmo City therefore, is certainly not a good example to be celebrated as a success because it did not achieve its objectives of Integration. One example is the clearly defined buffer zone that separates high income from low income households (defined as conservation area). The environmental and conservation concerns have been elevated far above social goals such as providing economic opportunities for the poor in Cosmo City.

The relevance of Cosmo City as a housing experiment is not relevant to inclusionary housing. Cosmo City was intended to deal with informal settlement and integrated housing approach. There are no signs of inclusionary housing in this project as this has been driven largely by housing the poor not leveraging private sector initiatives to provide for inclusionary housing.

2.8.2.2 The N2 Gateway (City of Capetown)

The N2 Gateway project was aimed at benefiting about 100 000 people who are located along the N2 National Road in the Western Cape. The R3 Billion project is aimed at undertaking 22 000 housing units (www.engineeringnews.co.za/article.php)

The breakdown of the project is as follows:

- 6 240 for ownership

- 2 654 for upgrading of existing informal settlements

The N2 Gateway commenced as an Informal Settlement Upgrading Programme in the City of Capetown. The project, although celebrated by Housing Minister Lindiwe Sisulu as breakthrough in housing delivery, had many challenges to overcome. The success of the N2 Gateway project can be summarized as follows:

- ***Provision of citizens with better housing opportunities***

Based on the understanding that the N2 Gateway project was aimed at accommodating informal settlements and backyard dwellers, the project has been hailed as a success simply because people were able to access shelter in cases that were never possible before. Msipha (2007:55) concluded “all respondents concurred that the success of the N2 Gateway project is that it provided them with better accommodation compared to the background rooms or informal settlements that they were staying in” The project is also located closer to the city and therefore make it possible for residents to make use of public transportation to and from work places.

- ***Determination of housing demand and affordability levels***

The N2 Gateway project made it possible for the City of Capetown to make a clear determination, for the first time, on rental housing stock.
Msipha (2007) observed that during the rental housing demand survey that was undertaken, it was found that there were 8000 applications that were received by the City. This was despite the fact that there were only 700 units available. This exercise for determining housing demand alerted the city to take note of the extent of this demand and thus provide information for future decision making.

- ***Restoration of confidence in the neighbouring communities***

Banks throughout South Africa, historically at least, have applied the principle referred to as “red-lining” where certain areas were excluded from mortgage loans and in so doing the banks were able to determine the risk level and exposure in specific settlements. Msipha (2007) noted that Banks started to be interested in releasing housing loans for neighbouring communities due to the great interest in the N2 Gateway.

The failures of the N2 Gateway project are many and varied. They can be summarized below:

- ***Lack of community participation and involvement in the project***

Perhaps one of the key problems with the N2 Gateway project has been its blurred vision. The project was a pilot project for informal settlement upgrading however is also included providing for backyard dwellers and neighbouring areas. The issue of “neighbouring areas” was a problematic one as it may also include any person who qualifies for housing subsidy. Msipha (2007) argued that generally, there was no clear understanding on the profile of the communities being dealt with and the design of the interventions that were required.

- ***Accelerated service delivery prioritizing speed over quality***

The N2 Gateway project was intended to deliver as per the targets that were set by the National Department of Housing. It has been observed that even the tender processes were fast-tracked to ensure that the project targets are met within a short period as possible. This left Msipha (2007:66) to wonder “it was also interesting to observe how a development project intended to give practical effect to government’s commitment to a better life for all was approached in a technical managerialist manner wherein its success is not based on the extent to which it addresses the needs of the informal settlements communities but rather on the extent to which targets and dates were adhered to”

- ***Intergovernmental Relations and political endurance***

The City of Capetown is widely known as the “fragile city” where there is always political uncertainty. At the time when the N2 Gateway project was conceptualized, the city of Capetown was politically controlled by the African National Congress. During the Implementation of Phase 1 of the N2 Gateway project, it became unambiguously clear that political hands have now changed to the Democratic Alliance as the new political party in control.

Due to the changes in the political climate, there were ferocious clashes between National Department of Housing and the City regarding how the project should be undertaken. This led to the National Department of Housing withdrawing the City of Capetown as an implementing agent for the project. Thubelisha Homes was approached and appointed as the project leader.

Msipha (2007:69) concludes “the removal of the City of Capetown from the project reflects the precarious nature of intergovernmental relations and the vulnerability of government as an institution as it relies on political dynamics to create an enabling political environment to function effectively” The N2 Gateway project is a very bad illustration of healthy Intergovernmental Relations.

- ***Unintended beneficiaries at Joe Slovo Park***

The blurred vision of the N2 Gateway project, coupled by its inability to clearly identify who their beneficiaries are, led to incorrect beneficiaries deriving benefits from a project that was intended for the Informal Settlement dwellers. Huchzemeyer & Karam (2006:6) as cited in Msipha (2007:77) noted that “both in South Africa and Kenya, the current piloting of new informal settlement upgrading programmes is taking the approach of formal redevelopment to standards that, in market terms, are not within the reach of most original informal settlement dwellers”.

- ***Poor quality of rental housing units and tenant grievances***

The final short coming that was identified in the N2 Gateway project is the quality of the rental housing units that were provided. The quality related to poor workmanship, defective housing and poor quality material used for the construction of the units. This situation led to many complaints from end-users of the rental housing who were not allowed to make any intervention such as fixing a leaking pipe as all the issues had to be reported to the caretaker under Thubelisha Homes (section 21 company appointed by National Department of Housing)

What can be said from the above, is that both Cosmo City and N2 Gateway project has their intended visions and objectives. It has been seen that the projects had to go through serious difficulties which to some extent defeated their intentions. Lessons that can be learnt regarding areas where they have succeeded and they can also guide programming for inclusionary housing. It is also clear that in South Africa, at this stage, there is no visible example of inclusionary housing that has been piloted. It will be important for such a project to be piloted elsewhere in the bigger cities to see whether such a model could work.

CHAPTER THREE: RESEARCH FINDINGS CONCLUSIONS AND RECOMMENDATIONS

3. Research findings conclusions and recommendations

3.1 Study area

Nokeng Tsa Taemane Local Municipality is located in the north-east of Gauteng province. It is bordered by Limpopo Province in the north (Bela-Bela Municipality); City of Tshwane Metropolitan Municipality to the west and Nkangala District to the east. The municipality falls within Metsweding District Municipality. The N1 National Road abuts the municipality in the North-South direction whereas the N4 traverses through the municipal border in the West-East direction.

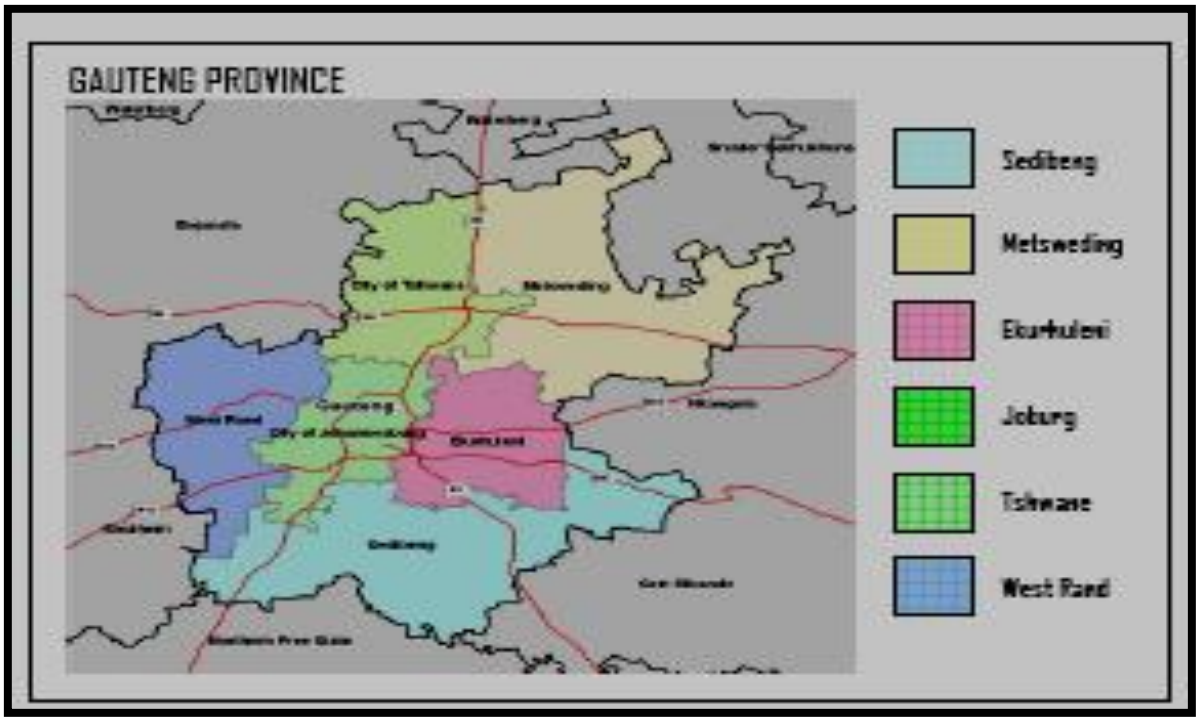


Figure 1: Nokeng Tsa Taemane Local Municipality in the Gauteng Provincial context

The population within the municipal area as per the Statistics South Africa estimates stands at 58 007 by 2008. This is based on an average growth rate of 1% per annum. In terms of the Integrated Development Plan of the municipality (2007/8), there are 70% African population; followed by 27% white; Coloureds at 2% and 0,11% Indians and Asians. The municipality has six wards. The main areas of employment in the municipal area are; social services, mining, agriculture and tourism. The main suburbs in the municipality are; Cullinan, Rayton, Roodeplaat and Steve Bikoville.

In relation to housing matters, the municipality has 12 informal settlements located across the municipal area. There is a surging growth in property development within the municipal area precisely because the municipality is in close proximity to City of Tshwane Metropolitan area. Due to the shortage of land in the eastern part of Tshwane east, there is property spill over into the Nokeng Tsa Taemane Local Municipality area.

3.2 Relevance of the case study to inclusionary housing

The Spatial Development Framework as adopted by Nokeng Tsa Taemane Local Municipality in 2007 makes bold proposals for certain areas to be ear-marked for urban development. The figure below indicated the focus of the Spatial Development Framework and the urban development boundary:

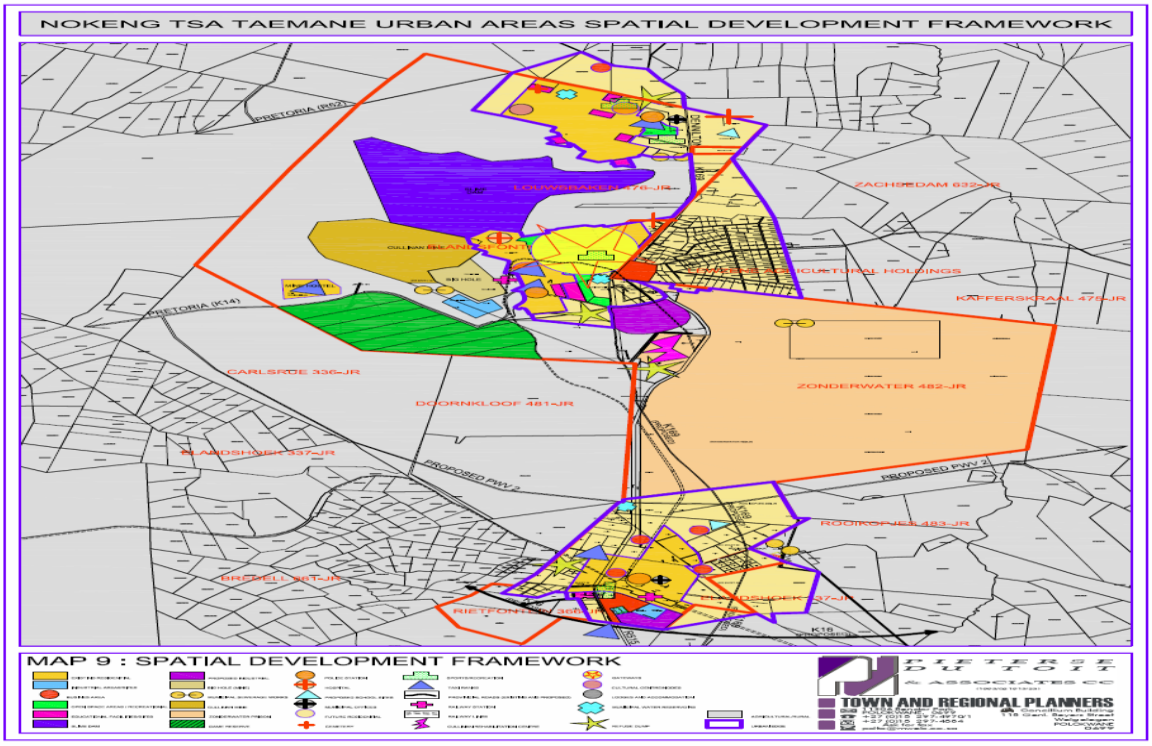


Figure 2: Nokeng Tsa Taemane Local Municipality Spatial Development Framework

Blue lines indicate urban development boundary, to the South is Rayton, and in the north is Cullinan and Refilwe.

There is a great opportunity for piloting inclusionary housing programme due to ongoing property development in the area but also to reconfigure the spatial patters within the municipal area. The poor are located in the far northern part of the municipality whereas those who are affluent will be found either in the Cullinan Town and Rayton.

Inclusionary housing, one contends, is one instrument (amongst a range of other housing strategies) that can be used to address access to housing in the municipal area. This will require deliberate efforts from the municipality and private sector to work out a package that will be used to guide implementation of inclusionary housing.

The statistics from the Integrated Development Plan (2007-2012) of the municipality indicated indicates that the majority of persons are employed by government. Nokeng Municipality hosts 2 prisons, schools, 2 police stations and other government departments. It is for this reasons that given adequate time to establish housing demand, there is a need for inclusionary housing in the area. Most of the prison warders and policemen are housed in temporary accommodation and these employees will require stable accommodation for their children in the future.

Inclusionary housing is one instrument that can be put into use to resolve the myriad of problems that ordinary civil servants face on a daily basis.

The Spatial Development Framework of the Municipality proposes that erf sizes would range between 400 and 500 square meters in a development. Most of the properties in the old Rayton are 1000 square meters.

In relation to compact city thesis, there is a need to compact settlements so as to maximize the public infrastructure such as roads, water, sewer, electricity and waste removal. It will then be possible that through densification and providing for small erven sizes, inclusionary housing can be accommodated to cater for a certain percentage in a development (at least 15-20% as per the current Inclusionary Housing Policy).

In the Cullinan area, which is a heritage town, ideas of new urbanism will be much useful because of the historical buildings that exist in the area and the type of urban design landscape that will be required for sites that are vacant. Some of the buildings in Cullinan Town are very old (more than 60 years) and may require emphasis on unique design and architecture for future infill developments. Currently the Conservancy group in the Cullinan area is opposed to any kind of development especially where they feel that it will transform the character of the town.

3.3 Research Findings

The South African Constitution makes provision that every one has the right to access housing opportunities and secondly, that the state must take reasonable legislative and other measures to make progressive realisation of these rights.

Pertinent to the above constitutional provisions, is the issue of inclusionary housing. The key question being asked is whether the housing policy framework as enshrined in the different legislative and policy frameworks do encourage inclusionary housing.

To try and unpack this question, interviews were arranged with 21 respondents across the municipal area. 14 questions were asked and the responses were recorded. Most of the questions involved gathering of opinions from respondents about inclusionary housing programme but the list of questions also included other general issues of housing delivery.

The following themes will be interrogated as they form the basis of the questions that were asked; Access to housing in general; Respondents awareness to inclusionary housing policy; Definition of inclusionary housing and what is affordable; perceived role of government and private sector in inclusionary housing schemes; The notion of set-asides regarding the ration of inclusionary housing as compared to middle-upper housing; contentious matter as to whether inclusionary housing should be legislated; Incentives for developers; Development application processes; generally views on weaknesses of the housing policy and success areas. It has also emerged from the interactions with the respondents that other themes have emerged such as looking as the notion of cost of inclusionary housing; design and housing densities which will also be discussed later on.

3.3.1 Defining inclusionary housing and affordability

The question that was posed to the respondents was how they define inclusionary housing and what they regard as affordable? It appears that on average the respondents felt that an affordable house should cost at least R225 000. This includes the cost of the land and building. The private sector tend to emphasise that affordable housing unit should cost between R350 000 to R600 000. This is in stark contrast with community members who estimate that an affordable house should cost less than R250 000.

The Mayor on Nokeng Municipality indicated that "*there is a clear differentiation between high income and mixed income. Most of the housing estates are definitely not mixed income and can not be regarded as affordable. However in the Townships there is mixed income because you will have an RDP House next to High Income house" (Interview with Mayor 01/10/2008)*

It is also interesting to note that some of the responses suggest that defining exactly what is inclusionary or affordable housing in quite complicated. Mr. Machaba who directs Department of Infrastructure and Services explained that "*when you say affordable, it is affordable to whom because someone will tell you that a R1 million house is affordable. So it is better not to talk about mixed income or affordable (Interview with Machaba, 14/10/2008)*

It has been shown from the interviews that some respondents chose to define affordability in terms of housing prices and income bands whereas others have adopted a more cautious approach. Mr. Bester from the Roodeplaat Business chamber argues that "*the definition of affordability lies with the consumer and not government. This must include basket of goods and services. There are people who will not afford anything hence they get an RDP house; there are those who can afford once off payment of R20 000-R50 000; there are those who can afford between R50 000-R100 000 and R100 000- R200 000"*

This therefore implies that the equation is complicated as people have different levels of affordability. It is then possible to also posit that the levels of affordability in an area must be determined by a market study per project at a given time.

From the responses it appears that the majority tend to agree that any housing unit that costs above R350 000 should not be regarded as part of inclusionary housing programme.

3.3.2 Access to housing by all in the municipal area

This question was formulated to seek from the respondents' views as to whether they feel that there is access to housing by all in the municipal area. 80% of the respondents have indicated that they are convinced that people do have access to housing across the municipal area.

Most of the responses were qualified to say that although there is access, only the middle and upper classes have access to housing because they are able to choose where to buy and sell. The following problem areas were regarded as crucial issues that affect housing access in the municipal area;

- data integrity for beneficiary administration in the low cost housing area
- delays by contractors during project implementation
- appointment of contractors by provincial department
- many informal settlements
- long standing waiting lists
- the disabled and elderly not having access
- land unavailability
- problems with finances
- lack of rental stock
- lack of access by lower middle class (e.g. Teachers and policemen)

The respondents have indicated generally the middle-upper classes have access whereas the lower classes through RDP (Low cost housing) however those who do not qualify for bonds and RDP are sidelined. Mr. Ivan from Shalom Estate Agents indicates *"an affordable house will cost you R600 000 and you need double income in order to afford that" (Interview with Ivan, 10/10/2008)*

3.3.3 Role of government and private sector in the provision of inclusionary housing schemes

The following areas were identified as specific roles of government in the provision of inclusionary housing; development of appropriate policies and legislation; infrastructure provision; land provision; awareness campaigns; develop data base of beneficiaries; facilitate rental housing stock. This is despite the fact that one respondent felt that housing is not a municipal competency.

The private sector has also a specific role to play in the provision of inclusionary housing schemes. From the private companies that were interviewed, the following issues were listed as specific roles of the private sector in the provision of inclusionary housing; marketing, construction and development, provision of houses at low cost, empowerment of employees in terms of loan guarantees, and education of workers.

3.3.4 Reasonable set aside (ratio of affordable units to middle-upper income)

From the municipal officials that were interviewed, the majority indicated that the set aside ratio of inclusionary housing units compared to middle-upper income should not exceed 15%. That is, 15% affordable housing units and 85% middle-upper income groups.

The private sector interviewed contrasts with the municipal officials' view in that on average they say the ratio should be 30:70. The former represents inclusionary housing units and the latter middle-upper income housing.

The politicians' responses are that 15% is acceptable norm. However the leader of the Opposition Party Mr. Hendrik Boshoff points out *"the question of inclusionary housing is much more complex because it is an economic viability issue" (Interview with Leader of Opposition Party, 14/10/2008)* He explained that developers would only participate if the project is economically viable.

The average scores from the communities' responses are that 25% is a reasonable set aside. Based on the four categories of respondents (Private sector, communities, municipal officials and politicians, the average set aside is 20%. It can then be argued that 20% is regarded as reasonable set aside by all respondents combined.

3.3.5 Should inclusionary housing be voluntary or mandatory?

The respondents were also asked as to whether they feel that inclusionary housing should be regulated or be voluntary? The majority of the respondents felt that inclusionary housing must be legislated and become mandatory for developers to undertake. The majority felt that the scheme needs to be voluntary.

Some respondents indicated that there should be open negotiation between private sector and government regarding implementation of inclusionary housing scheme.

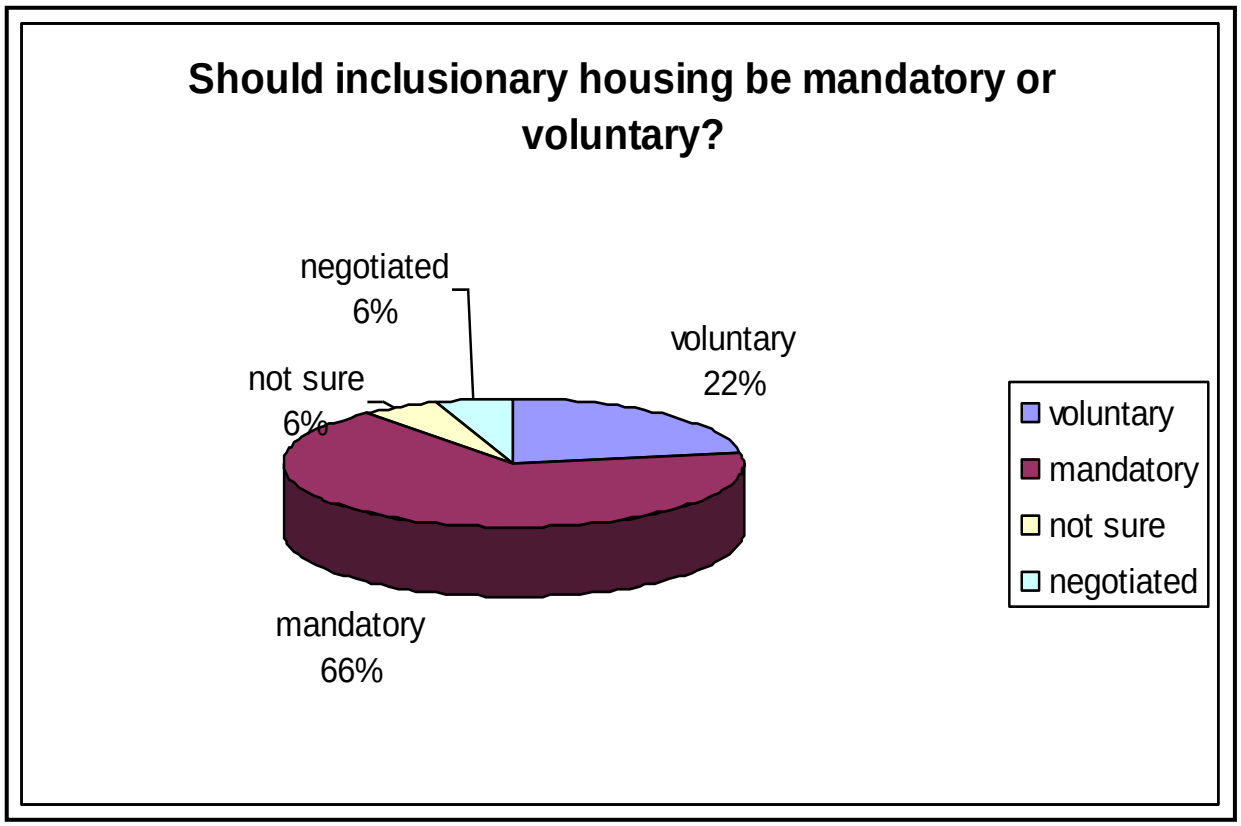


Figure 3: Should Inclusionary housing be mandatory or voluntary

The Developers in general felt that there should not be mandatory inclusionary housing programme. One of the reasons given is that it would offer the local authority more room for negotiation and discussion.

3.3.6 What are the key incentives for private developers?

The 21 respondents were also asked as to what is that they would regard as incentives for private developers to be lured in the provision of inclusionary housing? The following issues were identified as incentives for private developers;

- provision of bulk infrastructure
- Recognition for developers who reach targets
- Subsidies from government
- Reduction of turn around time on development applications
- Provision of land for development by government
- Land use rights
- Rebates on bulk services contributions
- Reduce Tax on property

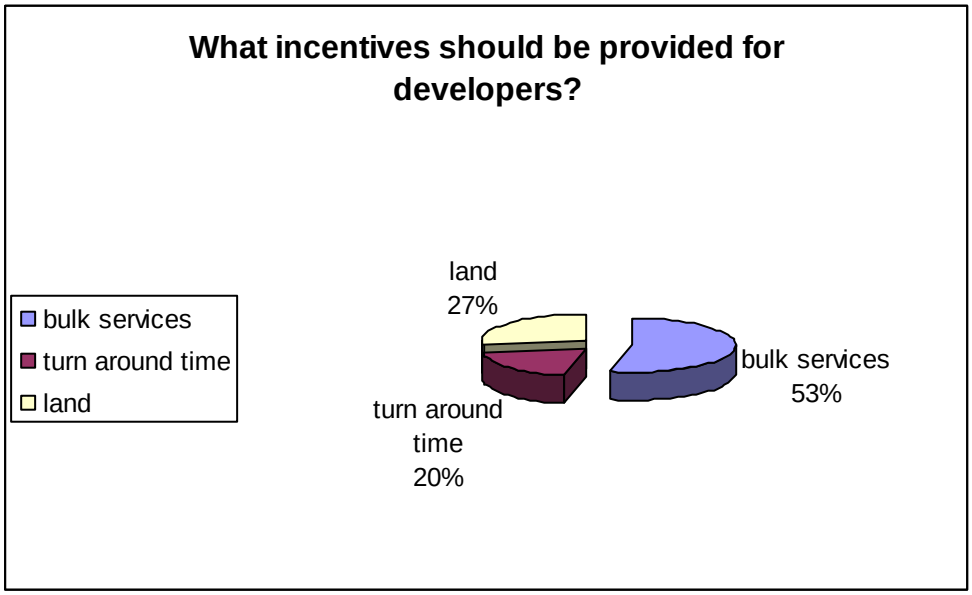


Figure 4: What incentives should be provided for developers

The majority of the respondents felt that bulk services is a major issues that need to be addressed in order to promote provision of inclusionary housing developments. It some cases it is the availability of the services and other cases is payment of rebates to developers who are involved in the provision of affordable housing.

There is also 20% who felt that provision of developable land by government is one of the important issues that need to be addressed. More importantly the reduction in turn around time for development applications was also indicated as a major obstacle. It is also worth noting that the Estate Agents interviewed said that their incentive is to sell more products than anything else.

3.3.7 Development application processes

The 21 respondents were also asked to assess the development application processes. This is precisely because for any housing development to take place, there are processes involved where the developer and/or applicant has to lodge an application to the local authority. These processes also involve other government departments such as departments dealing with access roads, environmental authorizations and other statutory requirements.

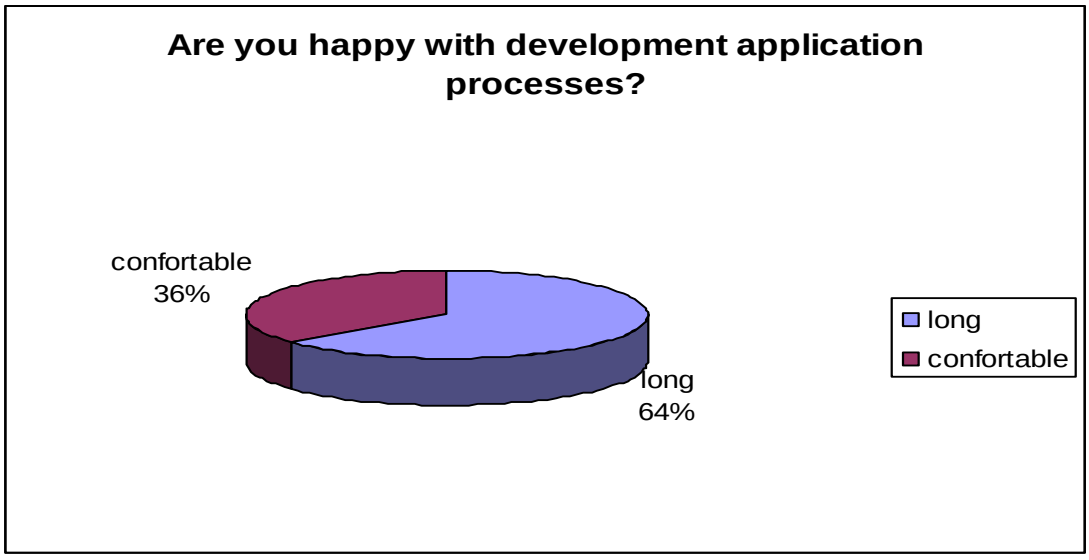


Figure 5: Are you happy with the Development Application processes

The majority (64%) of the respondents felt that the development application processes take too long and are cumbersome. Therefore they felt that there is a need to reduce turn around time for processing of applications. 46% felt that they are comfortable with the current application processes.

It is interesting to note that the majority of those who are not happy with the processes are the private sector. Mr. Hubert Kingston from City Planning matters expressed “the question of delegation of authority is very important, so that people at lower levels in the municipality can be given authority to sign” (Interview with Mr. Kingston, 13/10/2008)

In general, the majority of respondents felt that the development application processes are very long.

3.3.8 Weaknesses of the current housing policy

The respondents were asked to indicate any weaknesses in the current housing policy that they might be aware of. The following list has been indicated as the general weaknesses of the current housing policy:

- Beneficiaries who can not afford to pay for services, rates and taxes
- Informal settlements
- Incomplete housing units
- Unqualified brick layers
- Land shortage
- Lack of project monitoring by housing department
- Problems with payment of labourers
- Substandard building material

- Late payment of contractors
- Emerging contractors not being assisted
- Bulk services availability
- Processes for approval

It seemed clear that most of the issues that were identified as weaknesses had to do with project implementation that the intention of the policy. It is therefore evident that generally, there appears to be concerns with project implementation especially with low cost housing because many respondents have not been exposed to private residential developments.

3.3.9 The cost of providing inclusionary housing

This theme emerged during the interviews especially the private sector who were more concerned with the actual cost of providing a housing unit that with inclusionary housing per se. The question that we need to ask ourselves is, what is the cost of providing a house and what constitute these cost elements? We therefore divide this into two elements;

- The cost of land and services
- The cost of actual building

Once we know what the cost is, the second question is who must bear the cost of providing an inclusionary house? An average house of R250 000 (which can be regarded as affordable has different cost components. A quarter of the cost is for land and infrastructure and 3 quarters is for the actual building cost. The allocation is as follows;

Table 8: The cost of an inclusionary house

Cost area	**Cost**
Land and services	R62, 500
Building cost	R187, 500
Total unit cost	**R250,000**

To construct a 65m ² house @ R3, 800 / m² will cost R247, 000 for the whole unit to be completed. It will not be profitable for a developer to undertake inclusionary housing scheme unless the cost is borne by somebody. The Director of Planning and Local Economic Development in Nokeng Mr. Mgudlwa says "*government must bear the full cost of providing the housing unit" (Interview with Mgudlwa, 15/10/2008)*

3.4 Analysis of findings

3.4.1 Theoretical framework linkages

The urban problems that cities across the world face relate to how to deal with issues of urban inequality and access to resources by both rich and poor, traffic congestion and ways in which public transportation is linked to economic and social opportunities. Compact City theory thus attempt to address issues of urban sprawl which indirectly leads to spatial disintegration. The rich can be able to travel long distances to access city services whereas for poor people, it is extremely costly to do so. Compact city is not just a spatial ordering of the city and its structuring elements; it is also a social justice theory which looks at the cost of locating land uses and public transportation closer to each other.

To achieve urban sustainability, there is a need to look hard at the dimensions of Integration (spatial, social, economic and institutional) and to see the extent to which these forms of integration are achieved. Therefore inclusionary housing is a building block that can serve as an instrument to facilitate integration across incomes and within specific private developments.

The question that was put to the respondents regarding percentage of set aside for inclusionary housing revealed that on average, they believe that 20% is a reasonable set aside.

This confirms that many people still believe that integration (as espoused in the Compact City approach), should be approached in an orderly manner. This is because of the fear of devaluation of properties as always argued by high income households.

The following issues will be addressed in analyzing the findings as depicted in the section above. Defining inclusionary housing; role of public and private sectors; percentage of set aside; should inclusionary housing be voluntary; incentives for developers and development applications processes.

It has been noted in this paper that the housing policy in South Africa since 1994 has been driven by similar design “match box” replicated in the periphery of cities. One of the lessons that can be learnt with new urbanism is an attempt to encourage creativity in design of housing products. New Urbanism also require housing practitioners to integrate issues such as creating walkable neighborhoods at the levels of building, street and Neighborhood in general.

Critically useful is encouraging innovation in housing design and also in the nature of material being used. South Africans are not used to manufactured housing as compared to brick and mortar. One of the lessons that we can derive from New Urbanism is an appreciation of design as a way of shaping our urban environments.

3.4.2 Defining what is inclusionary

It appears from the respondents that defining what inclusionary housing varies depending on the perspective of the respondent. However what is common is that all the respondents tend to agree that inclusionary housing should be related issues of affordability and price. This approach is therefore not dissimilar to the approach adopted by the South African Inclusionary Housing Policy, 2007. The policy contends that for inclusionary housing to take place the following conditions should be met:

- Harnessing of private sector initiatives
- Achieving socio-economic balance

3.4.3 Percentage of set aside

It became clear from the respondents that the percentage of set aside units should be 20% on average. This trend is in line with the set aside ratio for other countries such as Belgium, Canada and more specifically with the proposals made in the South African Housing policy.

The respondents felt that there should be clear graduation of different housing income bands and not total mix of incomes as they argue that this may devalue high income properties.

3.4.4 Mandatory or voluntary

Most of the respondents that were interviewed agreed that inclusionary housing should be mandatory. That is, government needs to enact legislation to provide national guidelines and implementation framework. This is not deviating from international practice because in the early 1980's, it took court decisions in the United States to compel developers to allocate inclusionary housing programmes in their developments. It has been argued earlier in the paper that in the United States, there are zoning Ordinances which dated back to the early 80's which provide guidelines for implementation of inclusionary housing programmes.

3.4.5 Incentives

The incentives that were proposed by the respondents are quite important and standard even with regard to international practice. However internationally there are more radical incentives such as tax relief for developers who provide for affordable housing as well as density bonuses.

3.5 Implications for housing policy

The question that we need to ask which relate to the research objectives is the following; does the current housing policy framework as reflected in various legislation and policies promote inclusionary housing? To answer this question we need to go back to the housing vision as espoused by the National Department of Housing in its Breaking New Ground Housing Policy (Republic of South Africa, 2007). The following objectives were identifies as the key features of the new housing policy;

- Accelerating the delivery of housing as a key strategy for poverty alleviation
- Utilizing the provision of housing as a major job creation strategy
- *Ensuring that 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*
- *Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring*

It is important to mention that objective 3, 6 and 7 are very relevant is assessing the delivery or non-delivery of housing policy with specific reference to inclusionary housing component.

3.5.1 Housing objective 3

Ensuring that property can be accessed by all as an asset for wealth creation and empowerment

It has been shown from the respondents that the majority believe that persons who fall within the lower income categories (Police men, fire fighters, nurses and many civil servants) can not access housing based on their income status. The housing objective of ensuring that there is access by all will not materialize unless processes and mechanisms are put in place to ensure that in practical terms, such a goal can be realized.

The Constitution of the Republic of South Africa enjoins the state to take reasonable legislative and other measures to achieve these rights which are regarded as socio-economic rights. To date there is no specific legislation is South Africa to promote inclusionary housing. There is policy that has been developed in 2007 and it remains to be seen whether such policy will lead to legislation in parliament.

It is therefore argued that the dream to have access to housing by all will remain a pipe dream unless all the constraints are removed. The constraints relate mainly to making land available; subsidization of those who can not qualify for low cost houses and bond houses (lower middle class) and creating a whole range of incentives such as density bonuses, reducing the cost of services contributions.

3.5.2 Housing objective 6

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

The residential property market is divided into government low cost housing and the market housing that is being provided by private developers. There is ongoing boom in the first economy housing market because it is being provided by private developers.

The slump is the second economy low cost housing has been attributed to the fact that most of the big companies that were involved in housing development from 1994 have pulled out and were replaced by small emerging contractors.

The situation above led to problems related to quality of housing units; contractors who get liquidated because of lack of financial backbone and general substandard performance. The housing policy argues that the low cost housing being provided have value and they need to used by the household to access other opportunities. However there is a clause that says that the property belongs to the state at least for 7 years. This means the owner will not be able to borrow any money or sell to move to the next ladder in the housing market. This aspect has however been challenged as unconstitutional.

3.5.3 Housing objective 7

Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring

It has been indicated earlier in the paper that most of the new housing programmes are located in the periphery of cities and far from economic and social opportunities. The new housing vision is that restructuring of space need to take place to achieve the goal of sustainable human settlements.

The sad story with the South African Housing situation is that private sector owns more than 80% of land in the whole country. The situation might have changed with the land reform processes however; there is still more than 80% of land in private hands, well located in the cities.

Therefore to achieve spatial restructuring of urban settlements means to obtain land that is well located closer to job opportunities and public transportation. The National Housing Department can not afford to pay more for land that is located in the cities because of high land prices. The enactment of the Local Government Municipal Property Rates Act, 2004; Spatial Development Frameworks which created urban edges (land within an urban development boundary is more expensive because of development certainty) seem to have escalated the price of land which comprise 1 quarter of property development. This means that government will have to pay half of housing cost only for land and would still need more funding for actual building.

Spatial restructuring will therefore not materialize unless an intervention can be made in the conflicting land development tools such as property rating, spatial development frameworks and land use management schemes as they tend to protect the interests of those who can afford.

In summary, this paper concludes that the housing policy framework has only succeeded in terms of providing shelter for the low cost housing market and there has not been decisive and visible intervention at the upper-lower and middle income housing market. This is precisely what has characterized housing delivery for the last decade where the product was intended for the poorest. It is still a challenge that for ordinary policemen and women, firefighters, teachers and nurses; their inclusion in the housing market remains a pipe dream.

The success of the housing policy should also be judged by the extent to which it has been able to provide different housing types, across incomes and racial groups that make up the South African society.

3.6 General Recommendations

The following section provides a set of recommendations that must be taken into account to promote inclusionary housing Programmes in South Africa. The recommendations have been divided into four namely; policy recommendations, recommendation for developers, Recommendations at community level and role of local government.

3.6.1 Policy recommendations

- It is recommended that government should consider enacting National Legislation to effect inclusionary housing provision as part of housing delivery strategy in order to achieve housing objectives. The purpose of the legislation should be to provide broad national guidelines on the requirements of the inclusionary housing policy implementation. The legislation should then empower the local authorities to negotiate further with private developers within the parameters of the national guidelines.

- This approach will assist in creating uniformity (whilst providing room for flexibility) in the application of national guidelines and avoid competition among localities. It is proposed that the national guideline will propose minimum and maximum thresholds for component of inclusionary housing element in a private development. These recommendations would then officially form part of the approval conditions for private developments.

- Provincial Government should provide with provincial wide regulations that will interpret the national guidelines and be province specific.

- Local authorities should develop locally based inclusionary housing strategies as part of their Spatial Development Frameworks to give effect to the Inclusionary housing requirements

3.6.2 Recommendations for developers

- A national package for developers should be formulated. This may include percentage of rebates and reductions in Engineering Services costs; density bonuses; tax incentives with the South African Revenue Services. Other localized incentives can still be formulated to reduce the burden on the shoulders of developers who provide inclusionary housing components in their private developments

- A building code for developers needs to be formulated to give direction in relation to standards for design for inclusionary housing.

3.6.3 Recommendations at community level

- Community awareness needs to be conducted to educate members of the community about their responsibility as and when they participate in the inclusionary housing schemes. Issues such as payment for bonds and other consumer matters will be important points of departure. Specific surveys may need to be undertaken to determine inclusionary housing demand in the communities.

3.7 Role of local government

- The role of local government will be to develop a localized inclusionary housing policy and to facilitate development application processes for such projects. Housing and Town Planning Divisions in the municipality will require reorientation so that they can participate actively in the provision of inclusionary housing units in private developments

3.8 Implications for planning profession

The goal of planning is to achieve better societal outcomes. It is about representing the voices of the rich and poor and transcending these voices to arrive at integration of living spaces. Inclusionary housing is one opportunity that should not be missed by planners as way of providing common platform between market tendencies and state actions. The planning activity is restricted by laws and values and therefore there is a need to mediate these by fostering integrated communities through inclusiveness in housing.

Planning practitioners and academics should work towards advocating for more inclusionary urban environments so that different housing and income mixes can be accommodated in housing developments.

3.9 Areas for further research

Further research need to be undertaken to examine specifically the impact of the national credit act on implementation of housing programmes. A Specific tool needs to be developed for assessing inclusionary housing demand.

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APPENDIX ONE: RESEARCH QUESTIONNAIRE

QUESTIONS TO RESPONDENTS

1. What does your organisation specialize in?	
2. How long have you been working for your organisation?	
3. What is your view regarding general access to housing in the Nokeng Tsa Taemane municipal area?	
4. Are you aware of inclusionary housing policy, and if yes, what are your impressions?	
5. How would you define affordable housing?	
6. What do you see as the role of the private sector with respect to provision of inclusionary housing programmes?	
7. What would you regard as the reasonable percentage of inclusionary housing component in a private development?	
8. Should the provision of inclusionary housing be mandatory or voluntary for developers?	
9. What would you regard as incentives that could be provided to developers so that they can be encouraged to put more inclusionary housing components in their developments?	
10. What is your opinion regarding the development application processes in the municipality and the extent to which they impact on housing applications?	
11. In your opinion, does the municipality have a comprehensive plan to deal with housing challenges?	
12. What would you regard as the general weaknesses and failures in the current housing policy planning and implementation?	
13. Where do you think government has done well with regard to housing development?	
14. Are there any specific suggestions that you have in terms of future policy changes?	

APPENDIX TWO: PROFILE OF RESPONDENTS

PROFILE OF RESPONDENTS (21)

Politicians (2)

Names in full	Position	Organisation
Anna Digoro	Executive Mayor	Nokeng Tsa Taemane Local Municipality
Hendrik Boshoff	Leader of Opposition	Democratic Alliance

Municipal officials (6)

Names in full	Position	Organisation
Lonwabo Mgudlwa	Director Planning and Economic Development	Nokeng Tsa Taemane Local Municipality
Mpoti Machaba	Director Infrastructure and Services	Nokeng Tsa Taemane Local Municipality
Anton Pieterse	Manager Project Management Unit	Nokeng Tsa Taemane Local Municipality
Benjamin Nkosi	Head Community Services	Nokeng Tsa Taemane Local Municipality
Mandla Kgomo	Senior Housing Officer	Nokeng Tsa Taemane Local Municipality
Thandi Lerumo	Manager Housing Division	Nokeng Tsa Taemane Local Municipality

Private sector (7)

Names in full	Position	Organisation
Coetzee Bester	Chairman	Roodeplaat Business Chamber
Philip Botha	Engineer and Director	Lebra Developments
Werner Botha	Director	Wes Town Planners
Hubert Kingston	Director	City Planning Matters
Johan van der Westhuizen	Director	Wes Town Planners
Ivan	Estate Agent	Shalom Estate Agents
Mariette	Director	Shalom Estate Agents

Community members (6)

Names in full	Position	Organisation
Ouma Tholo	Branch Executive Committee member	African National Congress
William Nkwinika	Ordinary member	ANC Youth League

Maida Maepa	Community member	Ordinary community member
Joseph Sello	Branch member	South African Communist Party
Monale Mogale	Branch member	African National Congress
Jesica Digoro	Community member	Ordinary Community member

Summary

Respondent	**Number**	**%**
Community members	6	29
Private sector	7	32
Municipal officials	6	29
Politicians	2	10
TOTAL	**21**	**100**

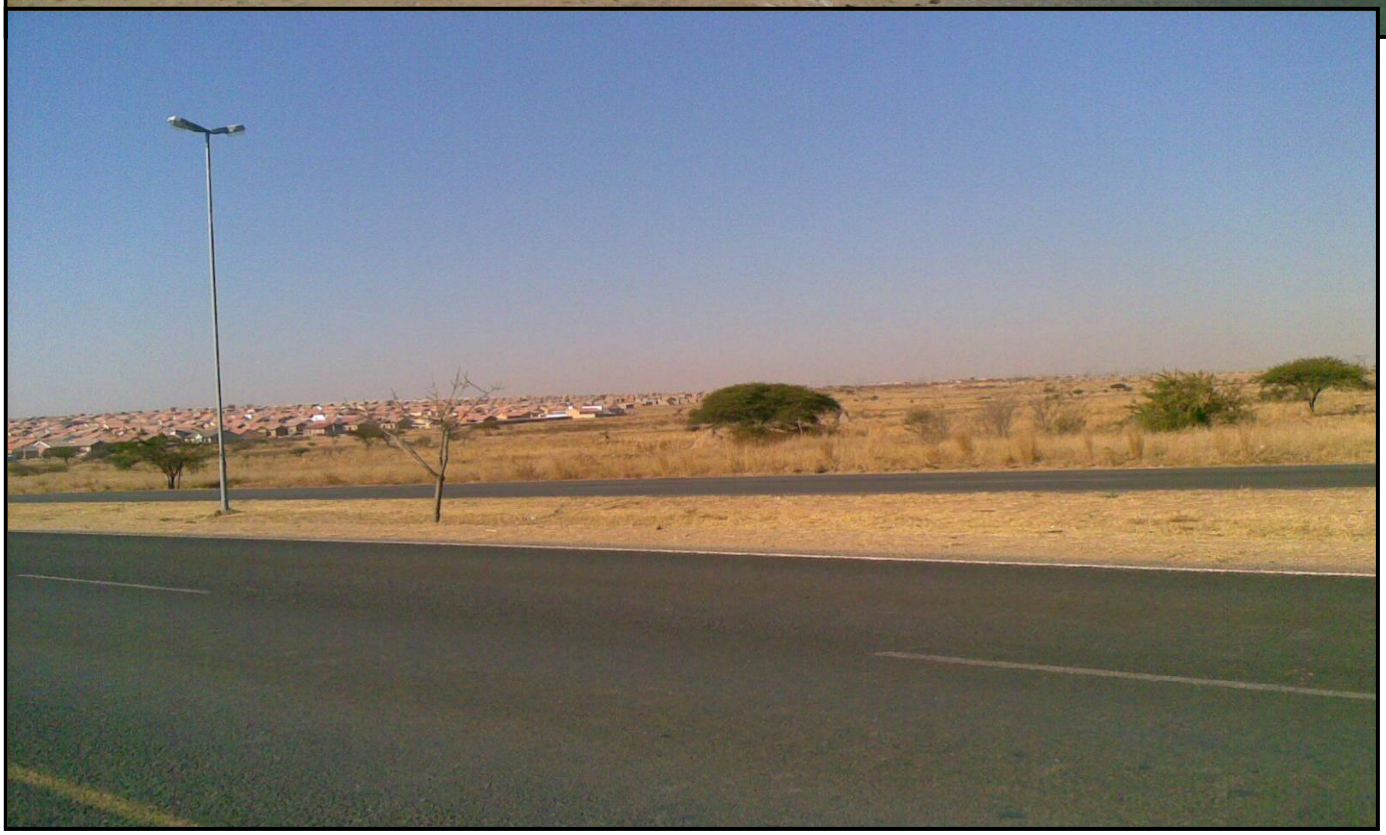
APPENDIX THREE: AFFORDABLE HOUSING PICTORIAL PERSPECTIVE

INCLUSIONARY HOUSING PROGRAMMES FROM A PICTORIAL PERSPECTIVE



The defining feature of low income housing is lack of flexibility in terms of design and is being replicated in the form of match boxes across the landscape to save costs (Polokwane Municipality, African Jewel Township)





Locating mixed income housing along major access routes into economic opportunities is one of the principles being applied. To the right is low income and middle income housing to the left bordered by the main road towards Polokwane Town. The Settlement (African Jewel) is 5 minutes drive to town.

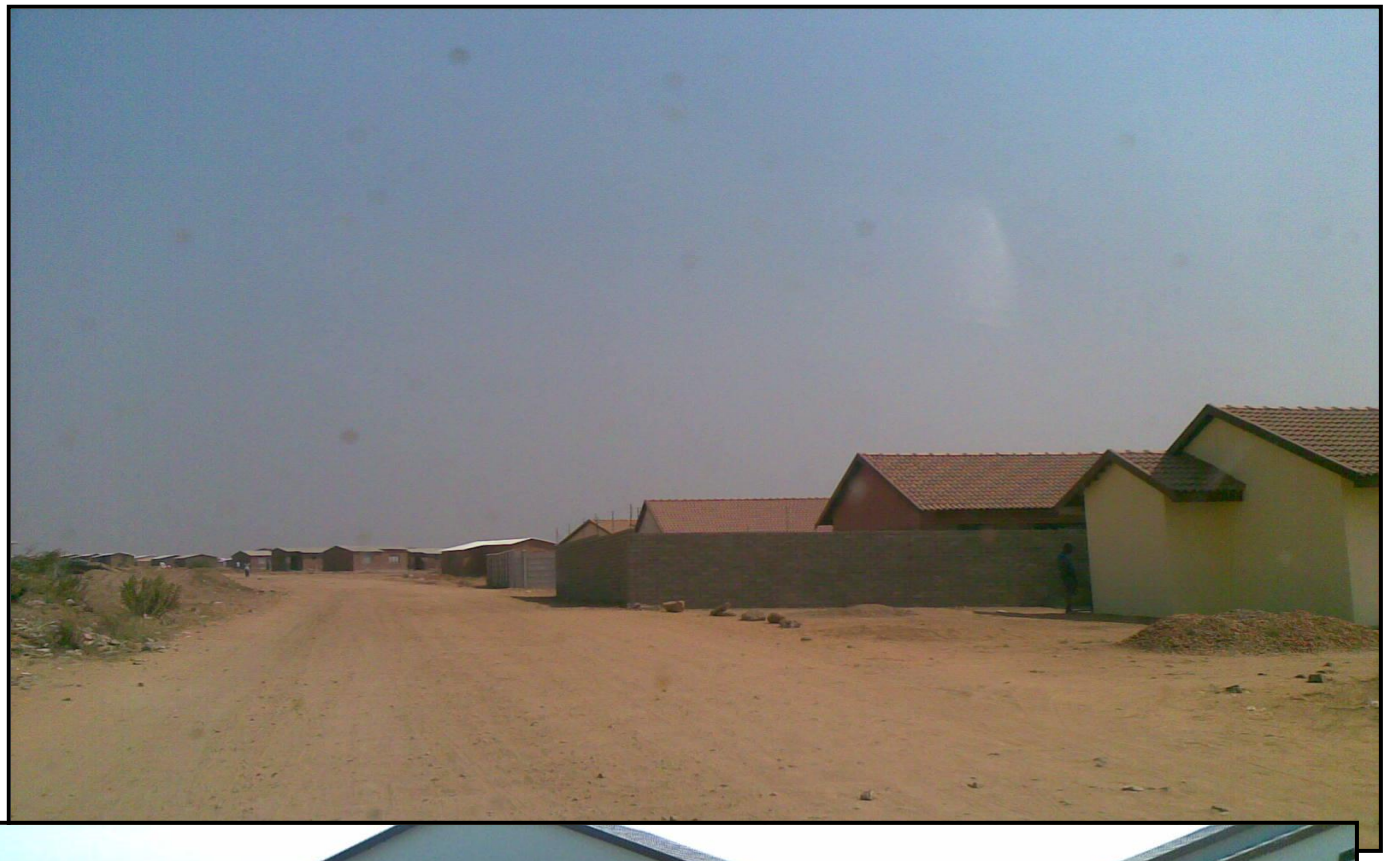


The implementation of mixed income housing development is often met mixed reaction by property owners. When low income earners arrive there is clear indication in increased “for sale” boards



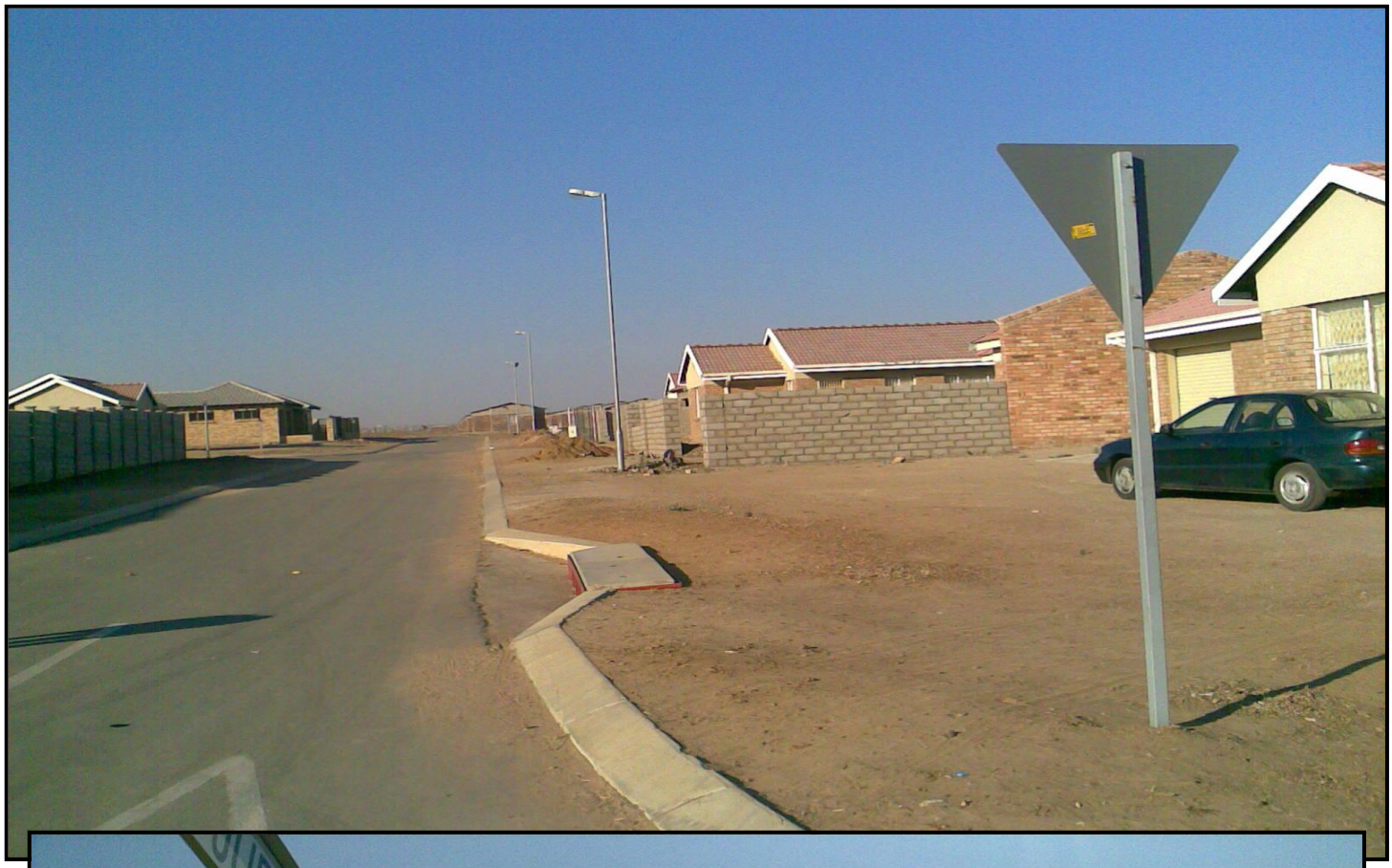


Putting low cost housing adjacent to middle income housing has always been contested has been done in Polokwane Municipality Limpopo province.





Some of the responses by property owners are to erect high walls as indicated in the picture to separate themselves for low income households across the street. This definitely a >2m wall far more than the 1, 8m permitted in a residential area.





Property owners see their location in the suburbs as major investment however mixed income housing seems to have changed their perceptions.







Locating Low income housing in close proximity to high income housing seems to be a contested issue. This is because high income households tend to think that this practice will lead to devaluation of properties.