Evaluating Global Best Practices in Mixed-Income Housing: Recommendations for Affordable Housing Delivery in South Africa through the FLISP Programme

A Research Report submitted to the Faculty of Engineering and the Built Environment, University of Witwatersrand, Johannesburg, in partial fulfilment of the requirements of the degree of Master of Science in Building

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DECLARATION

I, Ntandoyenkosi Zulu, declare that this research project is my work being submitted for the degree of Master in Building of the School of Construction Economics at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

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ABSTRACT

The South African housing policy has evolved since the abolition of Apartheid. The government, through the provision of free housing and partial housing subsidies for low-income earners, still faces a housing shortage in urban areas. Housing for the middle-income earner's gap market is specifically challenging because they earn too much for full government housing subsidy and too little to qualify for bank mortgage loans. An affordable housing backlog of 2.1 million houses exists in South Africa. Globally mixed-income housing has been implemented to address the affordable housing shortage in cities. This study aims to explore global best practices in mixed-income housing for the delivery of affordable housing to low-income earners by using the Financial Linked Individual Subsidy Programme (FLISP). The study used a qualitative meta-analysis methodology that entails using secondary data from the studies on the countries sampled in the study. It involved the systematic collection of data that were reduced to key points and themes that aided in the analysis. The findings from the study indicate that for successful mixed-income housing delivery, the government must ensure a concise housing policy is in place, housing affordability is addressed by providing subsidies, and inclusionary housing policy is implemented with incentives to encourage private developer participation. The study concluded on the implementation of global practices used in other countries for the delivery of affordable housing with the assistance of subsidies in mixed-income housing for implementation in South Africa. Lastly, the study recommends using FLISP subsidy in inclusionary housing developments to create a demand market in such housing projects.

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ABBREVIATIONS AND ACRONYMS

BNG: Breaking New Ground

COAG: Council of Australian Governments

CSHAs: Commonwealth State Housing Agreements

CPF: Central Provident Fund

FLISP: Financial Linked Individual Subsidy Programme

HDB: Housing and Development Board

HOPE VI: Homeownership Opportunities for People Everywhere

HOS: Home Ownership for the People Scheme

LIHTC: Low-income Housing Tax Credit

MIH: Mixed-income Housing

NAHA: National Affordable Housing Agreement

NEP: New Economic Policy

NHFC: National Housing Finance Corporation

NRAS: National Rental Affordability Scheme

PPP: Public-Private Partnership

RDP: Reconstruction and Development Programme

UK: United Kingdom

US: United States

CHAPTER 1: INTRODUCTION

1.1 Introduction

This chapter introduces the topic of the study. It will provide a background to the research and outline the problem statement and significance of the study. The objectives and research questions of the study will be presented. The chapter will include the definitions of commonly used terms in the study and will conclude with a discussion on the scope and structure of the research.

1.2 Background

Enshrined in the Constitution of the Republic of South Africa, 1996 clause 26(1) "Everyone has the right to have access to adequate housing". South Africa, at the end of the Apartheid Era, had a mammoth task of building a new democratic society (Lemanski, 2017). The White Paper on the Reconstruction and Development Plan, 1994, summarised an integrated policy framework to eradicate the legacy of Apartheid, to build a democratic non-racial and non-sexist society. Among the guidelines, it prioritised the housing need for low-income households by initiating a housing programme to build affordable housing.

The demand for affordable housing in the urban centres of South Africa is exacerbated by the increase in the urban population due to urbanisation and natural population growth. The end of Apartheid became a contributing factor to rapid urbanisation (Campbell, 2017; Venter & Marais, 2010). According to the World Bank, the South African urban population was estimated at 65.78% in 2017. Urban migration globally has seen unprecedented inflows into the cities, as noted by Kleiman, Hillard, Forman, Gold, and Weng (2016) and Shamallakh (2015). Affordable housing supply rarely meets the demand in many cities around the world; hence, the requirement for numerous housing policies to aid housing supply. With constrained budgets, many governments have introduced various housing policies to deliver on affordable housing for low-income earners.

As a result of Apartheid laws housing delivery has been the governments focus since 1994. From 1994 up to 2014 government provided 3.7 million subsidised housing opportunities (Ballard & Rubi, 2018). South Africa continues to rectify the segregation caused by the Apartheid spatial city planning. Characteristic of the apartheid spatial planning, marginalised groups were allocated settlements in the outskirts of the city (Robertson, 2017). Although many affordable housing opportunities were created, the government cannot meet the demand for affordable housing near the economic hubs of the country. “As noted by various authors, the South African housing landscape is marred by a massive backlog of about 2.1 million houses” (Musvoto, Lincoln, & Hansmann, 2016, p. 210). “Housing backlog in South Africa is estimated at 2.3 million and increasing” (Ratshitanga, 2017, p. 68), and according to the SA Institute of Race Relations, the housing backlog is estimated at 2 million housing units (Muller, 2017).

Post-1994, the government introduced several housing policies supported by legislation to deliver housing to low-income earners. The findings in the study by Venter and Marais (2010) showed that housing policy in South Africa is amended as per societal demands. Pugh (1997, 2001, as cited in Venter & Marais, 2010) highlighted the changes of housing provision from the 1950s, which was predominately state-driven public housing, through to the 1980s, which was driven by urbanisation. Urbanisation in developing countries poses a challenge in cities (Burgess, 2000, as cited in Jay & Bowen, 2011). It prompts the provision of housing for the urban poor (Yuen, Kwee, & Tu, 2006). In many developing countries, the public sector has provided low-cost housing for lower-income groups (Idrus & Siong, 2008).

The study will explore the housing policies of Singapore and Malaysia, who, like South Africa, have been colonised and were required to rebuild the country by focusing on providing affordable housing to low-income households. The study includes Australia, the United Kingdom (UK), and the United States (US). Addressing housing problems has been an important political and social agenda for these countries. “Many cities in low- and middle-income countries struggle to ensure a sufficient supply of adequate housing in suitable locations” (UN-Habitat, 2003, 2010, 2012, as cited in Turok & Borel-Saladin, 2016, p. 385). However, “in recent years, a renewed discourse of ‘affordable housing’ has become more evident and urgent in many major cities of the developed economies” (Marom & Carmon, 2015, p. 993).

Many terms have been used over the years to describe public housing. In the study by Yates (2013), Australia uses social housing and affordable housing; each is different in their definition. The US uses inclusionary housing and mixed-income housing (Brunick, 2004), the UK uses council housing (Pawson, 2006), and in Singapore, they use the term public housing. In South Africa, the term affordable housing is used. These terms will be used interchangeably and will be explained further in the study.

1.3 Problem Statement

In South Africa, everyone has the right to access to housing. Through the Reconstruction and Development Programme (RDP), the government set to “building over one million free houses” over five years for low-income households. Since 1994, South Africa, through the Department of Human Settlements, has achieved great strides in delivering houses to the poor (Ballard & Rubi, 2018). Examining the Department of Human Settlements, several policies were implemented for different low-income groups, primarily focused on households earning less than R3 500 per month, either through full government subsidy programmes or partial subsidy programmes, including the Finance Linked Individual Subsidy Programme (FLISP).

Before 2012, the government did not implement any housing policy options for households earning between R3 501 and R15 000 per month (revised upper limit currently at R22 000 per month). Households earning R22 001 or more per month can access mortgage finance through the South African formal banking sector. Consequently, access to affordable housing excluded households with a monthly income of between R3 501 and R22 000. This category of households is known as the gap market, meaning that the household can neither qualify for government full subsidised housing or access mortgage finance from the formal banking sector. The gap market is estimated to make up 25% of South African households (Rust, 2012b, as cited in Lemanski, 2017). As part of the Human Settlements programmes and subsidies, FLISP was introduced in 2012 to cater for the gap market.

The White Paper on RDP (1994) encouraged the participation of the private sector to work together with the government in affordable housing delivery. This, however, has not been the case, as found in the study by Robertson (2017), as the recommendations in her study stated that “encouraging the private sector to contribute to the supply of affordable housing was also seen as desirable” (p. 173). The lack of partnership between the private sector and the government creates a challenge for affordable housing delivery.

Due to apartheid abolishment and urban migration, the shortage of affordable housing in urban areas manifests as a problem in cities. In 2016, according to the Department of Human Settlements, a backlog of 2.1 million houses caused by rapid urbanisation needed to be cleared. The need to build inclusive housing developments close to economic amenities is apparent but is hampered by, among other factors, the high cost of land in this area.

> This tension between land affordability and the creation of integrated sustainable human settlements is one that the government and all stakeholders need to address earnestly, because the continued location of poor people in spaces where they cannot compete for jobs and have easy access to socio-economic amenities, while it is done in pursuit of their right to housing, has the effect of curtailing their right to equality (Ratshitanga, 2017, p. 72).

This finding reiterates that a problem exists in the provision of housing for low-income earners in economic hubs. The challenges highlighted in the Housing Development Agency annual performance plan 2018/19 support the view that a problem exists in the delivery of affordable housing in South Africa. Notably, the demand-supply mismatch, overcrowding in informal housing, lack of affordable mortgage finance, fragmented funding framework, inconsistent subsidy allocation, and management deters private sector involvement. The delivery of affordable housing has primarily been the responsibility of the state, with minimal involvement from the private sector. “Social housing policy allows for private and public sector investment in social housing projects” (Ratshitanga, 2017, p. 69). Policy must dictate public-private partnerships (PPP) in the development of inclusive human settlements to reduce the affordable housing backlog.

Due to the shortage of affordable housing in the urban areas, this study proposes to evaluate global best practices in mixed-income housing. The researcher will be evaluating factors that contribute to successful mixed-income housing developments, exploring housing policy and subsidies, and identifying incentives that encourage private developer participation in the delivery of affordable housing. This study seeks to contribute on how mixed-income housing development principles could assist in the delivery of affordable housing to low-income earners through the FLISP programme in urban areas.

1.4 Significance of the Study

Access to affordable housing in urban areas has been a challenge for low-income households. “The persistence of informal housing and settlements reflects not only the lack of accommodation options available to poor households but the benefits that well-located, flexible and affordable housing offers” (Cirolia, 2014, p. 398). This view emphasises that location is a vital characteristic of housing, as it brings people closer to urban areas where there is economic activity. Because of the Apartheid spatial planning, the need for mixed-income housing close to economic amenities has become a social, economic, and political agenda; however, it is hampered by the high cost of land.

According to Landman (2012b, p. 4), Fleming and Makalima-Ngewana (2013, p. 31), and Cirolia (2015, p. 3, as cited in Robertson, 2017), the rows of Breaking New Ground (BNG) houses did not work and did not cater for the needs of South Africans. Robertson (2017) further highlighted that although South Africa has well-developed housing policy frameworks, it remains fragmented between the provincial government and local municipalities. This tension stagnates delivery, propelling the need for government to collaborate with the private sector and banks alike. Unintentionally, this caused instability in affordable housing delivery in South Africa, leaving the open question of, which existing policy or programme works best?

Globally, mixed-income housing programmes have been implemented to break down social barriers, retain and propel economic growth by developing affordable housing opportunities, and create inclusive human settlements in urban areas, as will be explored further in the study. Can South Africa effectively implement it to deliver on affordable housing through inclusionary housing principles in the urban areas? Lukele (2014) found that mixed-income housing could transform positively to socio-spatial divisions in South Africa. Onatu (2010) sought to prove that mixed-income housing could work in South Africa to integrate a society through racial lines. From the evidence from a PPP development, namely Cosmo City in Johannesburg, he proved this to be true. These findings encouraged this study in the exploration of global best practices in mixed-income housing to aid in affordable housing delivery through the FLISP policy.

South Africa has a shortage of affordable housing. Well-developed policies have been implemented by the Department of Human Settlements since the dawn of democracy in 1994. South Africa can learn from global practices on how to develop mixed-income housing developments effectively to reduce the affordable housing backlog. This research proposes that mixed-income housing developments can assist in reducing the affordable housing backlog in urban areas with supportive policy and the FLISP subsidy with private developer participation.

1.5 Aim

This study aims to explore global best practices in mixed-income housing for the recommendation of affordable housing delivery to low-income earners through the FLISP subsidy in South Africa.

1.6 Objectives

The objectives of this study are to:

- evaluate factors that contribute to successful mixed-income housing developments.
- compare incentives that encourage private developer participation in the delivery of affordable social housing.
- explore the types of housing subsidies available to low-income earners in mixed-income housing developments.
- exploration of the best practices of affordable housing delivery in implementing mixed income housing principles.

1.7 Research Questions

From the research objectives, the researcher composed the following research questions:

- What are the factors that contribute to successful mixed-income housing developments?
- Which incentives encourage private developer participation in the delivery of affordable housing?
- What types of subsidies are available to low-income earners in mixed-income housing developments?
- What are the global best practices in mixed-income housing delivery?

1.8 Definitions

Affordable housing refers to housing expense allocation per household that does not exceed 30% of the household income per month (Weiner & Barton, 2014; Van den Nouwelant, Davison, Gurran, Pinnegar, & Randolph, 2015; Baqutaya, Ariffin, & Raji, 2016; Nawrocki, 2016).

Inclusionary Housing refers to using the land planning system to create affordable housing units for low-income earners (Calavita & Grimes, 1998; Kelly, 2011; Oxley, 2011). This could either be a mandatory or voluntary requirement that encourages private developers to allocate between 10% – 20% of their development to affordable housing units (Calavita & Mallach, 2009; Mukhija, Regus, Slovin, & Das, 2010).

Mixed-income Housing is a housing development for high- and low-income level households. The housing project includes a combination of public housing and market-rate housing. It strives to promote the social inclusivity of communities (Chaskin & Joseph, 2010; Arthurson, Levin, & Ziersch, 2015b; Vale & Shamsuddin, 2017). It is also classified by the different types of subsidies that make housing units affordable to low- and medium-income groups (Vale & Shamsuddin, 2017).

Value Capture: land value capture is a means to transfer accrued land value because of land-use changes granted by public authorities for the benefit of the community, namely affordable housing developments (Calavita, 2014).

Public-Private Partnership is the collaboration of the complementary expertise of the government and the private sector in the delivery of public services with the government taking on the role of regulator and enabler, and the private participant takes on the role of performer. Project risk is spread fairly, with each party involved having enough incentives and guarantees (Ong & Lenard, 2002; Leung & Hui, 2005; Abdul- Aziz & Jahn Kassim, 2011).

1.9 Ethics and Limitations

No ethical considerations were factored in, as this is primarily a desktop study. The literature findings on the topic are referenced in several terms globally. There is no one universal term, which was a challenge in finding uniformity. The literature from developed countries in the study primarily focused on the affordable rental market.

1.10 Outline of Chapters

The study is set out in five chapters. Chapter 1 presents the background of the topic, outlining the problem statement and significance of the study. The chapter clarifies the aim, objectives, and questions of the paper. Chapter 2 comprises the literature review, exploring relevant studies on housing policy on affordable housing delivery from the sampled countries. The chapter also presents the housing policy evolution of South Africa and affordable housing delivery using primary case studies. The FLISP subsidy is explained in this chapter. The literature is built on mixed-income housing principles in affordable housing delivery. Chapter 3 discusses the research methodology adopted in this study, clarifying the reason for the selected method. Chapter 4 presents the findings on housing policy and the implementation of affordable housing. It presents the findings on mixed-income housing policy implementation. Chapter 5 concludes and presents recommendations on how mixed-income housing principles could be adopted in the delivery of affordable housing in South Africa through the FLISP programme. Future research topics are proposed.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The previous chapter provided an introduction and background to the study. This chapter aims to provide a literature review of housing policy of the sampled countries regarding affordable housing delivery. It strives to provide the context of the study with a brief overview of Apartheid spatial legislation and subsequent legislation that aids in decreasing the affordable housing shortage in South Africa. It will highlight the housing subsidies promoting housing affordability, including the FLISP subsidy, which this study aims to use, using inclusionary housing principles to promote mixed-income housing developments.

The chapter reviews housing history, outlining the factors that lead to the affordable housing shortage. It will provide the evolution of housing policies to address the affordable housing shortage in a specific country. This section will provide an overview of housing subsidies and grants used to encourage access to housing by low- and middle-income earners.

It will present through the review of case studies how the land-use planning system was used in inclusionary housing projects, except for Singapore that used the provident fund to accelerate housing access. This section will discuss the incentives available to private developers to encourage the development of mixed-income housing. The chapter will conclude with a summary of the work reviewed.

2.2 South Africa

2.2.1 Introduction

South Africa was under colonial rule with an oppressive Apartheid regime until 1994. From 1948–1994, the Apartheid government used space to segregate and control the indigenous African population (King & McCusker, 2007). The spatial planning of South Africa is marred by the legacy of Apartheid laws that have culminated to the status of human settlement in South Africa. It controlled the movement patterns of black people in urban environments and systematically allocated whites in the economically active environment (Mabin & Smith, 1997).

With the RDP framework, the South African government envisioned to break all such barriers implemented during Apartheid. As per the White Paper 1994, the key programme of the RDP was the provision of shelter. “Building over one million houses” over five years. This directive formed the catalyst for social housing provision for low-income households.

2.2.2 South African spatial planning history

Many laws were enforced before 1913, regulating tenancy in the country; however, the 1913 Land Act was a defining moment in land legislation and resulted in the current spatial division in South Africa. The Natives Land Act of 1913 allocated 7% of rural farmland to Africans away from prime land close to areas of economic activities. Various laws that prohibited Africans from accessing or living within the urban fringe were then enacted. The 1923 Native (Urban Areas) Act provided for the accommodation of Africans in segregated urban locations. Mabin and Smith (1997) noted that this law arguably was the underlay for the divisional planning of urban South Africa. The 1934 Slums Clearance Act laid down the minimum standards for housing and allowed for evictions and the expropriation of properties deemed to be slums. The Natives Trust and Land Act of 1936 laid the foundation of economically and politically segregating the African population using tribal authorities. The 1937 Natives Laws Amendment Act prohibited Africans from buying land in urban areas. The Group Areas Act of 1950 caused further segregation in urban areas. Different races were grouped according to colour in the urban region, which controlled ownership and occupation patterns. These well-orchestrated Acts formed the settlement patterns of South Africa of which their legacy still exists post-democracy 1994. They outline the settlement restrictions that now require policies to resolve and create fair opportunities for human settlement.

2.2.2.1 Housing post 1994

Housing delivery became the responsibility of the government guided by the Constitution of 1996 affording every citizen the right to adequate housing that, through the National Housing Department, would implement policies with supportive legislation to deliver on this mandate. At the birth of the National Housing Programme, subsidy funding through budget allocations was deemed essential for the successful delivery of housing to low-income households. Robertson (2017) found the apparent challenge facing South African housing appears to be the administration of policies and change in political alliances that have crippled the Housing Department.

Using British planning laws, Watson (2009b, p. 2262) and Okpala (2009, p. 4, as cited in Robertson, 2017) found that Johannesburg and Cape Town still represent the fragmented Apartheid cities. Policies were implemented to dismantle Apartheid spatial planning; however, the lack of cooperation in policy weakened housing delivery.

2.2.3 Policy evolution in South Africa

White Paper on Reconstruction and Development of 1994

The RDP 1994 is a policy framework for integrated and coherent socio-economic progress and seeks to eradicate the legacy of Apartheid. Its goal is to build a socially integrated society and achieve economic growth, and affordable housing provision was a requirement.

The White Paper on Housing 1994

At inception, The White Paper on Housing 1994 provided the framework for the country's housing development. It intended for the creation of integrated human settlements with households having access to opportunities, infrastructure, and services. The policy's strategy was to allow for the provision of subsidy assistance to disadvantaged persons to assist individuals in gaining access to housing (Tissington, 2011).

Housing Act No.107 of 1997

The Housing Act became the foundation of housing legislation in South Africa. The Act outlines a sustainable housing development process for national, provincial, and local governments. The three tiers of government must prioritise the needs of the poor regarding housing development, provide as wide a choice of housing and tenure options as is reasonably possible that is economically, fiscally, socially, and financially affordable and sustainable. They should promote socially inclusive housing developments in urban and rural areas, efficiently using land to create higher-density residential units near economic hubs.

Breaking New Ground 2004

In 2002, the National Department of Housing undertook an in-depth review of the housing programme in South Africa. The shortcomings identified using poor quality materials, corruption, maladministration, increasing housing backlog, urbanisation, and decreasing public sector participation. In 2002, there was a drive to shift housing delivery from a private developer-led approach to a predominately government-driven approach. This was influenced by the need to streamline local government projects with state-integrated development planning (Charlton & Kihato, 2006, as cited in Tissington, 2011). The BNG policy intended to provide quality houses at a faster rate with the key objective to eradicate informal settlements within a decade (Lemanski, 2017).

Social Housing Act no.16 of 2008

The Social Housing Act aims to establish and promote a sustainable housing environment giving priority to the needs of low- and medium-income households and to provide guidance on the functions of national, provincial, and local governments on social housing. The Act guides that sectors of the government must ensure that the social housing programmes are responsive to the local demand and are well integrated with economic opportunities and access to transport networks. Furthermore, the Act was to provide for the establishment of the Social Housing Regulatory Authority to regulate social housing institutions by using public funds to undertake social housing projects. It encouraged the development of medium- to high-density projects to ensure optimal usage of land and services.

National Housing Code 2009

The National Housing Code set out the National Housing Policy for South Africa, as outlined in the Housing Act with procedural guidelines for its effective implementation through the inclusion of the National Housing programmes. Through this code, the government envisaged overcoming the housing backlog in South Africa. In 2004, the National Housing Code was published to align housing programmes and accommodate any changes since 2000. The code provided for the gap market, providing access to individuals that qualified for the FLISP subsidy (Khaki, 2009, as cited in Robertson, 2017).

2.2.4 Housing subsidies

Housing subsidies in South Africa attempted to cater to individuals and households in varying income thresholds either for rental or homeownership opportunities. Subsidies were also offered to housing authorities to develop affordable housing either through redevelopment or new investment opportunities. The National Urban Reconstruction and Urban Agency is funded by the government and provides bridging finance and support to contractors for the construction of affordable housing. The subsidies referenced below, as per the Department of Human Settlements, illustrate the options available to low- and medium-income households, supported through the Housing Act of 1997.

The **Individual Housing Subsidy Programme** provides financial assistance to qualifying households to acquire an existing house or vacant serviced residential stand through an approved home loan. Properties can be from the secondary market or a non-national housing programme.

Credit Linked Subsidies are available to first-time buyers with credit linked from a financial institution. The banks administer these subsidies on behalf of the department of housing. However, with the **Individual Consolidation Subsidy Programme**, individuals who have previously received state-financed serviced stands can apply. Non-credit linked subsidies are for qualifying individuals who cannot afford mortgage finance or select not to take it on.

The **Institutional Subsidy Programme** was introduced to provide capital grants to registered housing institutions to construct and manage affordable rental units. The institution must make its financial contribution toward the project. It is intended for the low-income rental market by providing affordable rental housing. Qualifying beneficiaries could use the Individual Housing Subsidy to purchase the unit after the four-year holding period.

The People's Housing Process subsidy is for individuals who aspire to build and or manage the construction of their home through the support provided by an organisation. This subsidy can be accessed via the Integrated Residential Programme that provides for the planning and development of integrated housing projects.

2.2.4.1 *Financial linked individual subsidy programme*

The Department of Human Settlement implemented the FLISP for the gap market to facilitate and assist individuals to purchase affordable housing, and it is administered through the National Housing Finance Corporation (NHFC). The NHFC is tasked to provide a holistic package to provincial human settlement departments, financial institutions, property developers, and other role players so that FLISP is accessible to the targeted beneficiaries. Subsidy amounts range from R121 626 for income (R3 501–R3 700) per month (upper limit) to R27 960 for income (R21 801–R22 000) per month (lower limit).

The qualification guidelines include that the individual must be a first-time beneficiary for state-assisted housing. The subsidy is a once-off payment that could be used for a deposit or a refund into the bond if the transfer has been approved for transfer and bond fees. This enables a reduction of the bond amount to make it affordable. The prospective buyer must be eligible for a loan from a bank and must satisfy all lending requirements based on affordability and credit ratings. Upon resale, before the end of the 8-year holding period, the seller, being the beneficiary of FLISP subsidy, is liable to refund the subsidy amount on a reducing scale depending on the year of sale.

2.2.4.2 *Challenges of the FLISP subsidy*

Lemanski (2017) found the acceptance of the FLISP subsidy is extremely low, and this was also observed by the banks. The acceptance of the FLISP subsidy was less than the alleged 2.7 million households requiring such a policy. As found in the study, the reason for the low uptake is because of households not being as financially secure to access mortgage loans as the government perceives them to be. This is attributed to unstable income flows and microloan exposure that deems them unable to qualify for a loan. Second, suitable housing is unavailable because of the developers' inability to construct quality affordable housing at low costs for the gap market. The findings showed that developers could build housing for individuals earning from R12 000 to R15 000 per month but not for the entry category of R3 501 for the FLISP subsidy (Lemanski, 2017).

Governments' ideology on the policy and what could be achieved by developers is far apart, unintentionally giving the policy potential to fail. The state subsequently shifts the responsibility for the provision of housing to the private sector without all due support being provided to the developer and beneficiary. Consequently, it becomes a PPP initiative that is largely finance-led by the beneficiaries, as the housing market views gap housing to be equivalent to that of the financial housing market rather than as social housing provision. Lemanski (2017) found that the position of gap housing in the South African housing market is uncertain, which could be a cause for failure, further noting that the gap market is a direct consequence of government policy failure. The mismatch of eligible households for gap housing but who do not qualify for mortgage loans has resulted in great confusions in the policy. Pieterse (2004a, p. 83, as cited in Robertson, 2017, p. 126) found that “some of these gap housing projects do not entirely provide an integrated and sustainable human settlement but rather they further contribute to fragmentation”.

2.2.5 South Africa Inclusionary Housing Policy (2007)

In 2005, initial discussions for the inclusionary housing policy took place between the government, private sector, financial institutions, and property developers. This resulted in the Framework for inclusionary housing in South Africa 2007. This was initiated to rapidly reduce the housing backlog. It entailed developers setting aside a percentage (this was to be addressed on an individual case basis) of their development for low-cost housing for individuals earning between R1 500–R7 000 per month that could qualify for mortgage finance.

The key objective for inclusionary housing was to promote social integration above that of increasing affordable housing supply. It envisaged accommodating low- to middle-income households in areas where they would not ordinarily have resided in because of the dynamics of the land market and affordability. The framework was drawn up with two strategies, namely the voluntary proactive deal-driven (VPADD) component, which is voluntary, and the compulsory incentive-linked regulation-based component, which is mandatory. For development to comply as inclusionary, a maximum of 30% of the units must be reserved for the affordable market. In a VPADD, the maximum that can apply is 60%. The inclusionary housing policy was envisaged as applicable to residential developments of three or more units.

2.2.5.1 Incentives

The 2007 framework outlined incentives to encourage private developer involvement in housing delivery. Density bonuses were a cause for concern in some areas, as the existing infrastructure would not have the capacity to support the additional load on the system. The framework stipulated that density bonuses should be authorised as per the existing local development strategy without infringing on any other holders' rights. Off-site construction of affordable housing is granted to developers where the price gap between the affordable unit and market-rate unit is too large. However, the off-site units should be integrated into another inclusionary housing development with a smaller price gap to promote and retain the objective of inclusion. Developers could pay in-lieu fees, which is a payment the developer can pay instead of constructing affordable units on the site. Other proposed incentives included a tax credit scheme to all suppliers of affordable housing, availing state land for the development of housing schemes, fast-tracking of the approval processes on a deal-by-deal basis with the approval authorities, and the provision of bulk infrastructure by the local government to provide inclusionary housing in the developments.

2.2.5.2 Johannesburg Inclusionary Housing Framework 2019

The Johannesburg Inclusionary Housing Framework is motivated by several legislation and development programmes that promote progressive development in the city. The objectives of the framework are to increase the supply of lower-income housing and develop mixed-income housing close to economic opportunities and services. The city aims to gain from value recapture for the residents. The definition of inclusionary housing in Johannesburg, as per the framework of 2019, is:

> A housing programme that, through conditions attached to land-use rights approvals, requires private developers to dedicate a certain percentage of new housing developments to low-income and low-middle-income households, or to households that may not otherwise afford to live in those developments (Inclusionary Housing, Joburg, p.2)

The criteria for inclusionary housing include that a mandatory 30% of the development must be allocated to inclusionary housing in developments with 20 housing units and more. Eligible households should earn R7 000 per month or less, and housing units could be for rental or ownership. The framework allowed for varying housing options with varying incentives for developers to choose. It stipulates that should inclusionary housing not be built on the same site, the housing should be constructed in the same township where housing is required. The housing units should remain inclusionary units into perpetuity unless repealed by council resolution.

2.3 Singapore

2.3.1 Introduction

Singapore was colonised by the British when they established a trade port in 1819 (Field, 1987). In 1965, the country gained independence (Chew, 2010; Shamallakh, 2015). The country inherited an underdeveloped housing system lacking in policy (Vasoo & Lee, 2001; Heo, 2014). Consistent with colonised countries, Singaporeans were dispossessed of their land, marginalised from fair economic participation in their country, living conditions were not ideal, and poverty was rife. Upon gaining independence, the Singaporean government advanced immensely by adopting a proactive planning strategy in their endeavour to nation-build (Heo, 2014). As an integral part of nation-building, the Singaporean government invested heavily in housing for the people through various state policies (Pugh, 1985, as cited in Field, 1987; Yuen, 1995; Phang & Helble, 2016).

The Housing and Development Board (HDB) a public housing authority and a statutory board under the Ministry of National Development were established in February 1960 to address the housing crisis in Singapore. In the 1960s, Singapore faced a severe housing crisis because of overcrowding in the cities, high unemployment, a severe lack of infrastructure, and sub-standard living conditions (Chew, 2010). The government developed its housing policies on three pillars, namely the establishment of the HDB in 1960, the enactment of the Land Acquisition Act in 1966, and the role of the Central Provident Fund (CPF) to become a housing finance institution in 1968 (Phang & Helble, 2016).

2.3.2 Housing history

In 1927, the Singapore Improvement Trust (SIT) was established as a town planning authority to clear the slums and squatters to resettle households into better housing conditions. Due to the increasing shortage of accommodation, it was mandated to build affordable housing (Phang & Kim, 2013; Heo, 2014). Because of rapid population growth that continued to cause overcrowding (Field, 1987; Phang & Helble, 2016), it, however, only achieved to house 9% of the population (Heo, 2014).

With the assistance of the new government in 1960, the HDB was established to replace the underperforming (SIT), “recognizing that the prerequisite for a successful public housing programme was the availability of inexpensive land” (Phang & Helble, 2016, p. 5). The Land Acquisition Act of 1966 was enacted and allowed the government compulsory land acquisition for public development, as the land was vital for the advancement of housing policies. Because of land scarcity, the government retained ownership of the land (Glass & Salvador, 2018).

The Home Ownership for the People Scheme (HOS) was launched in 1964. It was a non-profit making scheme that enabled low-income earners to purchase public housing at affordable prices from the government on a 99-year lease. Eligibility was based on household income for those that could not afford market-rate prices (Field, 1987; Yuen et al., 2006). In 1968, the CPF was amended to allow citizens to use their CPF to pay for HDB flats, enabling affordability (Field, 1987). The State Land Rules of 1968 allowed for the state land to be leased to government agencies for the development of high-rise public housing sold on a 99-year lease to eligible households (Phang & Kim, 2013).

2.3.3 Housing and development board

The HDB was tasked with providing low-cost rental housing and implementing new government policies on housing to enable all citizens to have access to housing (Field, 1987; Heo, 2014). HDB housing is restricted to citizens within a specific monthly household income bracket (Phang & Helble, 2016), offering units ranging from 2-bedroom to 5-bedroom apartments in high-rise buildings (Vasoo & Lee, 2001). First-time buyers are eligible for government grants (Glass & Salvador, 2018). At inception, it followed the British public housing model of only providing rental units (Phang & Helble, 2016), and has since evolved to encourage homeownership (Yuen et al., 2006).

2.3.3.1 HDB housing policies

The housing policy in Singapore is significantly different to that of other Asian countries because its core focus now is to promote homeownership, which is enabled through compulsory savings through the provident fund (Glass & Salvador, 2018). Before the 1980s, the affordable housing policies were weighted on the supply-side where public housing was provided to low-income earners, which was predominantly rental public housing. Post 1980, the housing shortage was significantly reduced, and financially able households could upscale to homeownership or exit the public housing system. The shift prompted changes in policies by the government by enabling the CPF withdrawals.

The Home Ownership for the People Scheme in 1964 enabled financially able households to exit the public housing system through government assistance for mortgage payments of up to 15 years at low interest rates (Field, 1987; Heo, 2014), housing grants, and price subsidies (Phang & Helble, 2016). This was available to individuals purchasing new flats or resale units (Phang, 2001). Yuen et al. (2006) found that the provision to access private homeownership stimulated a new market of a privatised public housing sector, transforming the housing supply as demand was no longer reserved for only the rental market (Phang & Helble, 2016). By 1971, the holding period on HDB flats by owners was three years and by 1973, changed to five years where owners could sell their HDB unit at market-rate to an eligible HDB buyer. The seller could use the proceeds to upscale within public housing or private housing (Yuen et al., 2006; Phang & Helble, 2016). These policies allowed for a continuous active housing market.

2.3.3.2 The HDB-CPF framework

The CPF is a social security scheme that receives mandatory contributions from both the employer and employee (Phang, 2001). It was introduced by the British colonial rule in 1955 as a compulsory provision for retirement (Heo, 2014). Since the 1960s, the Singapore government has been politically and socially engineering housing to become a sustainable environment by promoting housing access to its citizens (Joo & Wong, 2008). The government extensively expanded the role of the CPF, which became a core instrument in economic and social policy (Peebles & Wilson, 2002, p. 87, as cited in Heo, 2014).

The CPF funds could be used for the 20% down payment for the HDB unit and further used for instalments, opening the housing market (Sim, Yu, & Han, 2003). Phang and Helble (2016) found that the HDB-CPF housing framework worked effectively for the housing sector, as it aided in resolving the 1980s housing shortage. This triggered an upsurge in the demand for HDB flats (Heo, 2014), and a shift to demand-side housing subsidies in the form of CPF housing grants for the purchase of resold HDB flats (Phang & Helble, 2016).

Yuen et al. (2006) and Phang and Helble (2016) concluded that through government assistance with mortgage payments, grants, down payments, and CPF allowance, public housing in Singapore achieved phenomenal success. They also found that 84% of the Singapore resident population occupy public housing. Accordingly, they note the innovative CPF framework as “the HDB-CPF framework established in the 1960s has transformed the urban form of Singapore and remains largely intact five decades on” (Phang & Helble, 2016, p. 3).

2.3.4 Housing grants and schemes

In the early 1990s, housing prices rapidly increased, leading to a concern over the affordability of private housing in Singapore. In 1995, the government introduced the Executive Condominium Scheme (EC), which was a public-private housing scheme that eased the pressure from the HDB flats by supplying housing for the upper-middle-income market. The EC housing was built by a private developer for the government and offered amenities similar to private housing. It enabled the government to offer housing units at competitive prices to the market (Phang & Kim, 2013). The holding period of an EC unit was five years to avoid buyer speculation that would further distort the market. Between 1999 and 2008, 23 EC projects were built in Singapore (Pow, 2009). The concerns raised by detractors of EC was that they promoted a “socially exclusive lifestyle” (Chua 2000, p. 54, as cited in Pow, 2009).

The following grants were granted and allocated as per the gross household income, as noted in the study by Phang and Helble (2016):

- The additional CPF Housing Grant (2006) was introduced for lower-income households to receive higher grant amounts to purchase a new flat or a resale flat. This was in response to increasing house prices.

- The Special Housing Grant (2011) assisted households in purchasing 4-room or smaller new flats from the HDB in non-mature estates.
- The Step-Up Housing Grant (2013) allowed families to upgrade from 2-bedroom HDB flats to 3-bedroom HDB flats.

The housing success is not without criticism, as found by Phang, Lee, Cheong, Phoon, & Wee (2014) that the public housing programme became too sophisticated, prompting high market prices of HDB housing with the call to phase out the EC Scheme. Ku (2103, as cited in Phang et al., 2014) recommended the return of HDB housing to the simplicity it originally was and that HBD public housing should not be sold for profit. Heo (2014) describes this as relevant to Singapore, which is a highly authoritarian state, evident in their housing policies, which often went unopposed. Hartman (1983, as cited in Sin, 2002) found that Singapore public housing strongly contrasts that of the US, which is a free market, and European countries, further citing Dieleman and Jobse (1991), and the Swedish Institute (1987). “The degree of state intervention in Singapore is uniquely high” (Sin, 2002, p. 269).

2.3.4.1 Housing upgrade programmes

The government had achieved great success since 1960, as half a million units were built (Field, 1987; Glass & Salvador, 2018). By the late 1980s, the first developed HDB flats began to show signs of wear and tear. In 1989, the government introduced the HDB upgrading programme to address the dilapidating buildings (Phang & Kim, 2013). There were many upgrade programmes including:

- The Main Upgrading Programme (MUP) from 1990 to 2006 that upgraded flats, blocks, and precincts.
- The Interim Upgrading Programme1993 (IUP) was similar to the MUP. It targeted estates that were not old enough to qualify during MUP and the IUP required flat owner support. The IUP’s focus was solely on block and precinct improvements (Glass & Salvador, 2018).
- The Selective En bloc Redevelopment Scheme (1995) (SERS), demolished flats to make way for new higher-density HDB flats (Lau, 1998, as cited in Glass & Salvador, 2018).

Singapore upgrades are similar to those that were addressed in the US with the subsequent Homeownership Opportunities for People Everywhere (HOPE VI) programme thereafter. Tenant and owner consultation ranked highly for the success of upgrading programmes (Glass & Salvador, 2018).

2.3.5 Inclusivity of ethnic groups through housing

During the British colonial rule, the British developed a town plan layout for Singapore where different ethnic groups were grouped in areas of the city (Sim et al., 2003), similar to the Group Areas Act of 1950 in South Africa during Apartheid. In 1988, through the HDB resale market, ethnic pods began to emerge in the city (Sim et al., 2003; Phang & Kim, 2013). Housing had the power to control where people reside; hence, it was used to break ethnic residential pockets in the country (Pow, 2009) to avoid the emergence of low-income and ethnic ghettos initiated by the HDB public housing programme (Phang & Helble, 2016).

In 1989, The Ethnic Integration Policy was implemented, it required public housing blocks to apply the ethnic quota policy to ensure the right ethnic mix in the HDB flats, as per the country's ratio (Sin, 2002 as cited in Pow, 2009; Phang & Helble, 2016; Glass & Salvador, 2018). This, however, was not a requirement for private housing (Pow, 2009). Urban planning and public housing in Singapore were used as a tool for social engineering. Sim et al. (2003) found that social and ethnic integration was promoted through public housing. The housing policies and programmes in Singapore ensured integration was achievable by mixing flat types that catered for different income levels.

2.4 Australia

2.4.1 Introduction

Housing affordability is a big concern in Australia, affecting predominately the low-income renters and aspiring new homeowners (Gurran & Phibbs, 2015). Approximately 5% of Australians lived in social or affordable housing (Yates, 2013; Austin, Gurran, & Whitehead 2014). In Australia, social housing describes below-market rental housing for people on low incomes and those with special needs. "It is highly subsidised at rentals set at 25% or 30% of household income" (Yates, 2013, p.

113). Social housing in Australia predominately caters for the rental market. Because of reduced state funding and declined rentals in the 1990s housing authorities disinvested in social housing, leading to reduced social housing (Yates, 2013). Affordable housing in Australia was introduced by private developers redeveloping public housing estates that had become concentrations of poverty (Groenhart, 2013). Housing evolved from supply-side dominant policies to those that were demand-side dominant (Van den Nouwelant et al., 2015). Tenure-mix intended to promote social inclusivity among the low-income and high-income earners; thus, creating a positive impact on low-income residents (Shaw, 2013; Arthurson et al., 2015b). This formed the inclusionary housing principles in Australia.

2.4.2 Housing history

Australia's federal system of government consists of a central Commonwealth government (Gleeson & Low, 2000, as cited in Van den Nouwelant et al., 2015). The Commonwealth State Housing Agreement (CSHAs) in 1945 was set up so that the Commonwealth provided funds to the states for the construction of public rental housing (Yates, 2013), which was housing provision for working families and returned servicemen, similar to council housing in the UK (Pawson, 2006).

The tenure-mix policy originated in 1956 as a response to the dilapidating housing estates, shifting the provision of social housing towards an inclusive policy enabling homeownership together with rental residents (Hayward, 1996, as cited in Groenhart, 2013). In 1973, social housing was granted to low-income earners, thus increasing subsidised tenants. In response, the market for private rental units set an incentive to rent ceilings to encourage qualifying households to move to private rental housing.

The 1980s to 1990s State Housing Associations undertook renewal projects in social housing estates (Groenhart, 2013), using the land-use planning system to boost affordable housing delivery; however, this did not yield much success (Austin et al., 2014). By 2000, the government abandoned social housing provision in Australia (Van den Nouwelant et al., 2015). Due to the neglect of social housing initiatives, Australia adopted a new strategy to accelerate the supply of affordable housing through the planning system and value capture (Austin et al., 2014).

2.4.2.1 Social housing post 2007

In 2007, social housing was reintroduced, and a housing ministry re-established to address the social housing policies in Australia (Milligan & Pinnegar, 2010). The National Affordable Housing Agreement (NAHA) policy, related to a two-year National Partnership Agreement, provides base-level funding from the Commonwealth to the states to provide access to affordable, safe, and sustainable housing that contributes to social and economic participation (COAG, 2008). The National Rental Affordability Scheme (NRAS) was established in 2008 as a subsidy programme. It modelled the US (LIHTC), providing a tax incentive to the private sector and community organisations to build and rent new buildings to low and moderate-income households (Austin et al., 2014). The NRAS is for affordable private rental homes for low- and middle-income earners (Van den Nouwelant et al., 2015). For eligibility, households should not own any other property in the country or have assets above a certain limit. Rental is set at a rate of 20% or more below-market-rate for 10 years.

By 2010, the Commonwealth government encouraged PPPs in the delivery of social housing due to increased housing demand. It had become evident that the government could not solely carry social housing financially (Doney, McGuirk, & Mee, 2013; Yates, 2013).

2.4.3 Tenure-mix

"Australia found three strategies for implementing tenure-mix policies namely dilution, diversity and dispersal" (Kearns & Mason, 2007, pp. 664-665, as cited in Groenhart, 2013). Groenhart (2013) focused on the dilution policies of the social housing estate redevelopment in Australia, which entailed the reduction in the number of social housing units in a neighbourhood as opposed to adding affordable housing to affluent locations. The public housing estates created nodes of poverty within the urban space. It is commonplace in Australia to relocate public housing tenants to create mixed-housing tenure residential neighbourhoods (Arthurson, Levin, & Ziersch, 2015a). They further highlight the importance of communication between communities and government in initiating this policy in social housing estates, as such methods negatively affected the social networks of tenants. Doney et al. (2013), in their study of social mix, also found that community involvement is paramount in decision-making and that a depoliticised planning process is favourable to reduce the local opposition of affordable housing.

The spatial concentration of the housing estates became socially excluded communities. Australia intended to use the planning system to accelerate affordable housing delivery (Austin et al., 2014; Van den Nouwelant et al., 2015). The planning regulations that support affordable housing delivery are land supply, preservation of existing affordable housing, incentives, and requirements for affordable housing through inclusionary zoning or value capture. Planning legislations were used for the development of affordable housing in the Kensington and Carlton housing estates (Gurran et al., 2008, as cited in Austin et al., 2014; Van den Nouwelant et al., 2015). The social mix policy opened a market that provides decent, affordable housing for the low- and middle-income households, not public housing provision.

Social mix displaced many public housing tenants because of reduced density and the segregated layout that did not encourage interaction (Jama & Shaw, 2017). Arthurson, Levin and Ziersch (2015), through their various studies, reiterate that social mix in Australia draws heavily on the premise that it will benefit low-income earners more by creating an integrated society of which they benefit from the rub-off effect from the more affluent residents. Social mix in social housing renewal in Australia is intended to increase access to services and opportunities as a direct result of introducing private, more affluent residences. Davison, Legacy, Lui, and Darcy (2016) identified key factors that contributed to community opposition of affordable housing developments, namely public notification procedures, sense of injustice, strong campaign leadership, and political involvement.

2.4.3.1 Case study – Kensington housing estate

The Kensington model promotes a PPP where the state demolishes the old public housing, contracts a developer to design and construct new public housing with an indistinguishable design to the private housing, and sells a portion of the estate to the developer for private housing that can be sold at market prices. Market sales enable the developer to realise good profits from the development. The model intends for social integration between the public and private housing residents (Shaw, 2013; Arthurson et al., 2015a). The public and private housing units are not physically integrated, as each type of housing has a separate building that is meticulously separated by landscaping (Government of Victoria, 2007, as cited in Shaw, 2013). The model follows the dilution method noted in the study by Groenhart (2013). It, however, was found that this model for affordable housing delivery was not beneficial for taxpayers, as developers stood to gain more than the intended recipients (Shaw, 2013). Similarly found in the study by Doney et al. (2013), the layout of the units was spatially exclusive, achieving a final ratio of 30:70 public housing to private housing. The findings show that the objective to attain social cohesion was not achieved (Arthurson et al., 2015a).

2.4.3.2 Case study – Carlton housing estate

The Carlton housing estate is modelled from the Kensington public housing estate redevelopment. The Carlton estate in the city of Melbourne was built in the 1960s because of a slum-clearance programme (Arthurson et al., 2015a). The estate underwent a PPP redevelopment that commenced in 2006, the largest in Australia. The Lygon site was the first to commence. The new layout separated the public housing, which was one high-density building, from the two private housing low-density buildings. The buildings enclosed a common area with different entrance and exit points and different street frontage. The developers promoted this because they thought that a layout too inclusive would deter private homeowners, making the development unprofitable. From the study, it was found that the redevelopment did not achieve the envisaged social integration because of financial constraints and pressure from the developers to reap maximum returns. The residents acquainted this to using spatial space that did not equate to inclusivity that promotes social cohesion. Community consultation is imperative for the success of tenure-mix developments (Ziersch, Arthurson, & Levin, 2018). This illustrates the effects of the private developers' power over the government in such redevelopment projects.

2.4.4 Inclusionary housing

Various states in Australia adopted inclusionary housing, envisaging outcomes of mixed-income communities by deconcentrating poverty and remaking social housing by mixing private owners and social housing tenants (Ziersch et al., 2018). Since 2006, the South Australian Government made legislative amendments to allow 15% of the units in new housing developments to be allocated to affordable housing. This implementation was site-specific and formulated at the rezoning stage of the new development (Austin et al., 2014). Inclusionary housing was integrated into the planning system (Van den Nouwelant et al., 2015); however, private developers found this onerous, and compliance added to development costs. Government subsidies were made available to assist low- and moderate-income earners to purchase housing units in such developments, such as NRAS and the Housing Affordability Fund (Van den Nouwelant et al., 2015).

Austin et al. (2014) found that before 2007, inclusionary housing in Australia lacked maturity because the government involvement was weak with a constrained legal framework. The lack of commitment from the government on housing policy in Australia was evident, coupled with resistance from the communities', specifically the high-income households, on social housing initiatives. Van den Nouwelant et al. (2015) attributed this to Australian affordable housing still being in a transitional period.

2.4.4.1 Incentives

Incentives found by Gurran et al. (2008, as cited in Van den Nouwelant et al., 2015) are the planning bonuses that acted as density controls, development contribution discounts that make the yield competitive to other developments, inclusionary zoning, or the contribution fees into a fund to develop other affordable housing units nearby. In Australia, a widely used planning incentive is the density bonus that potentially increased the value of the total development, with limited reliance on value capture to support the delivery of affordable housing (Austin et al., 2014). In the study by Van den Nouwelant et al. (2015), they noted that despite the incentive offered to private developers on the NRAS, it did not increase their involvement in developing affordable housing units.

2.5 United States of America

2.5.1 Introduction

Social housing provision by the US government started in the 1930s. From the 1970s to 1980s, the US Department of Housing and Development (HUD) promoted scattered development of public housing to avoid concentrations of poverty, as witnessed in the UK and Australia. The public housing authorities used both public and private financing to deliver on affordable housing due to diminished federal support on housing (Kleit &

Page, 2015; Goetz, 1995, as cited in Basolo & Scally, 2008). This created a gap in housing policy, prompting inclusionary housing policy implementation.

Mixed-income development took over the US as an urban development strategy such as the HOPE VI redevelopment. Since the mid-1990s, it gained interest with policymakers as a tool to address the failed public housing development (Joseph, Chaskin, & Webber, 2007), and to promote inclusivity of affluent and low-income housing residents (Smith, 2002, as cited in Joseph et al., 2007; Markovich, 2015).

2.5.2 Inclusionary housing and mixed-income housing

Inclusionary housing became a tool to provide mixed-income communities that address urban poverty to develop an inclusive housing environment (Calavita & Mallach, 2009; Mukhija et al., 2010). A growing residential development market leads to a thriving inclusionary housing delivery programme (Stein, 2018). Incentives encouraged the involvement of private developers to assist the government in housing delivery, thus increasing affordable housing stock. Inclusionary housing policies can either be mandatory or voluntary. Brunick (2004) found through extensive research that mandatory inclusionary housing programmes are more effective in increasing affordable housing stock than voluntary programmes.

2.5.3 Housing programmes and subsidies

Public housing authorities could use both public and private funds from the Low-Income Housing Tax Credit (LIHTC) to construct housing. However, due to changing market conditions, the public housing authorities could not meet the demand for affordable housing for low-income households, and the involvement of private developers was deemed imperative to the stability of housing provision (Kleit & Page, 2015). Demand-side housing policy avails access to subsidies that assist prospective tenants in accessing housing (Popkin et al., 2004; Mukhija et al., 2010; Abdul-Aziz & Jahn Kassim, 2011; Marom & Carmon, 2015), which is largely dependent on the income of households. At inception, the provision for rental housing assistance was through housing vouchers (Basolo, 2003, as cited in Kleit & Page, 2015). The housing choice vouchers assist low-income families to lease housing in the private market outside the areas of poverty (Marom & Carmon, 2015).

The US used town planning zoning regulations with much success in the delivery of affordable housing, achieving 3.6% in the affordable housing stock in Massachusetts, Rhode Island, Montgomery County Maryland, and New Jersey (Bratt & Vladeck, 2014):

- Chapter 40B required that 10% of every community's housing is affordable. Mixed-income housing projects must have 20% – 25% of units reserved for affordable housing.
- Similar to Chapter 40B, is the local initiative petition on which the municipality and developer work together to deliver on affordable housing through zoning conditions (Bratt & Vladeck, 2014).
- The Rhode Island Low- and Moderate-Income Housing Act of 1991 (LMIH) requires 10% of housing stock in the city to be allocated to low- and moderate-income housing. Private developers must ensure that at least 20% of the units are subsidised by a federal or state programme (Bratt & Vladeck, 2014).
- The Moderately Priced Dwelling Unit (MPDU) required residential developers of housing projects of over 50 units to allocate 15% of the units for MPDUs, subject to income and sales price restrictions (Kontokosta, 2013). This programme is largely dependent on an active private housing market; however, it achieved great success in Montgomery County (Bratt & Vladeck, 2014).

The City of Morgan Hill had a mandatory programme where 15% of the development was reserved for social housing. New York City had a mandatory inclusionary housing policy, building high-density mixed-income housing (Stein, 2018).

2.5.4 Case study – California inclusionary housing

In the 1970s, California experienced a housing affordability crisis that led to the growth of inclusionary housing programmes (Katz & Rosen, 1980, as cited in Calavita & Grimes, 1998), and has since become the epicentre of inclusionary housing practice (Weiner & Barton, 2014). California State granted density bonuses to incentivise private developers who voluntary built affordable housing units close to market-rate units (Ryan & Enderle, 2012). Without developer incentives from the authorities, inclusionary housing can be at an impasse. The California Coalition for Rural Housing in 2004 outlined the fundamental points in the design for an effective inclusionary housing policy as the percentage of inclusionary units allocated in a development, categorised income targeting of the housing units, alternative contribution options instead of onsite construction, developer incentive options, and the holding period of affordability.

There is no blanket policy for the entire state. Calavita and Grimes (1998) found that in California, mandatory inclusionary housing requirements are included in the zoning regulations of the county/city. On the contrary, voluntary inclusionary housing objectives are set in the general plan as part of public policy, with set guidelines for delivering on the construction of affordable housing; however, these are negotiable. The four states in the study by Bratt and Vladeck (2014) imposed price restrictions for a holding period of 30 years to stop the reduction of affordable housing stock. Contrary, they found that the MPDU programme with a 5-year holding period shed many affordable units.

2.5.4.1 Incentives

Inclusionary housing policies are structured to offer incentives to private developers to encourage involvement in constructing affordable houses for low-income earners. Voluntary policies are based on the premise that cost offsets provide enough incentives in which developers will want to get involved (Mukhija et al., 2010). However, Calavita and Mallach (2009) found that developers are not adequately incentivised by the cost offsets as compensation for inclusionary housing projects, making it an unattractive incentive. The developer incentives are paramount to the feasibility of the development, and negating this in the analysis could be detrimental to the profits (Rosen, 2004, as cited in Weiner & Barton, 2014).

The combination of mandatory inclusionary zoning and density bonuses as an incentive bode well for Montgomery County as a long-term approach in the affordable housing programme (Porter, 2004, as cited in Ryan & Enderle, 2012). Mukhija et al. (2010) found that inclusionary housing programmes are designed to offer developers flexible alternatives such as apportioning 10% – 15% of the development to affordable housing and the ability to offer fees in-lieu of affordable units.

Incentives available in inclusionary housing in California include density bonuses, waiver of impact fees, fast-track permitting, reduced parking requirements, bulk infrastructure relaxations, government subsidies, and tax exemptions on mortgage financing (Mukhija et al., 2010). In the study by Weiner and Barton (2014), jurisdictions in California offered compliance alternatives such as property conversion, design concessions, in-lieu fees, off-site construction, and land provisions by the developer. Land value recapture is gained through the relaxation of density restrictions (Calavita & Mallach, 2009).

In-lieu fees could be paid into a fund set up by the authorities should the construction of units not be an option on the particular site (Mukhija et al., 2010). Using in-lieu fees as an incentive must be well managed, as fees might be set too low to be effective in affordable housing provision (Mukhija et al., 2010) or can threaten the benefits that could be achieved through inclusionary housing, which promote mixed-income communities (Calavita, 2014). Density bonuses are land-use zoning incentives that potentially increase the number of units allowable on a site. Private developers construct affordable housing units with market-rate units (Ryan & Enderle, 2012). They further found that in California, density bonuses were unfavourable in the affluent suburbs, as they were in low-income communities due to profit margins. Porter (2004, as cited in Calavita & Mallach, 2009) and the California Coalition for Rural Housing (2004) found that density bonuses were the highest and most commonly used in California. This was still prevalent a decade later, as found in the study by Weiner and Barton (2014). In California, the density bonus law S65915-18 allowed for increased densities up to 35% of zoning standards, reduced parking requirements, deviation to design standards, and fast-tracked approvals (Ryan & Enderle, 2012).

The California Coalition for Rural Housing (2004) found that the allowance of design differences affects the uniformity in aesthetics of below- and above-market-rate units, of which inclusionary housing strives to achieve inclusivity. In California, they found that differences in aesthetics carries neighbourhood opposition and is seen as an eyesore. For the developer, however, the difference in aesthetics between high- and low-income housing could positively affect their costs, which could reduce with aesthetic uniformity.

2.5.5 HOPE VI programme

In 1989, Congress requested a National Commission on severely distressed public housing. It was also tasked to propose solutions on the distressed public housing. The

Independent Agencies Appropriations Act, 1993, created the HOPE VI. The HOPE VI programme launched in 1992 and sought to transform public housing across the US to deconcentrate low-income families and redevelop dilapidated poorly managed buildings (Nawrocki, 2016).

The programme entailed demolishing the high-rise high-density buildings for smaller low-density buildings with improved architectural layout (Popkin et al., 2004). Mixed financing options were made available, combining public housing and units that would be financed through subsidies such as LIHTC. Subsidy options were made available based on household affordability such as the Housing Choice Voucher programme, allowing households to access the redeveloped sites (Popkin et al., 2004; Nawrocki, 2016).

Nawrocki (2016) surveyed four HOPE VI sites and found that through the HOPE VI programme, affordable housing delivery was achieved for low-income and middle-income households, thus creating socially inclusive mixed-income communities. He noted that social integration was not the main objective to be met, as the communities being serviced were predominately from the same racial groups. He further found the downside to the redeveloped HOPE VI sites was the reduced housing stock due to lower density buildings. This too negatively affected community social networks, as not all relocated households could return to the new sites. Joseph et al. (2007) cited a study conducted by Buron et al. (2002) of the first eight HOPE VI mixed-income housing developments. The study found that little social interaction was recorded between the different income earners.

2.5.6 Myths and perceptions

A perception exists that inclusionary housing projects stagnate the private residential construction industry. Rosen (2004), and Schuetz et al. (2009a, b, as cited in Weiner & Barton, 2014) analysed inclusionary housing in California and found that any slowdowns can be attributed to other economic factors. A holding view that the cost of inclusionary housing is shifted to market-rate buyers was unjustified in California. Inclusionary housing detractors view it as price-controlled housing that negatively affects private developer involvement in the market, leading to constrained housing supply. Mukhija et al. (2010) found that many critics still share this sentiment, based on their research of Los Angeles and Orange Counties. They, however, found this claim not to be supported by any empirical evidence. Although inclusionary zoning has its limitations, they established that the policy must be well tabulated for it to be effectively implemented.

2.6 Malaysia

2.6.1 Introduction

Since gaining independence in 1957, the Malaysian government embarked on a national strategy to address the country's economic challenges through the development of policies and strategies (Andaya & Andaya, 2017). Like other colonised countries, housing provision for citizens formed a large part of this strategy. Malaysia adopted The Malaysia 5-Year Plan in 1966 that is implemented in 5-year cycles and is currently in the 11th Malaysian Plan of 2016–2020 (Lee, 2018). Urbanisation contributed to the affordable housing shortage in urban areas (Bakhtyar, Zaharin, Sopian, & Moghimi, 2013) together with the high, land prices and construction costs that contributed to the high house prices (Zainal, Zainal, Kaur, Ahmad, & Khalili, 2012). Low-cost housing provision for low-income households was the sole responsibility of the government during the First Malaysian Plan. Consequently, low- to middle-income households were not provided for in the policy and programmes; hence, the policy shift to address the housing shortage in this income group (Shatar, Othman, Yusof, & Mohamed, 2017), which saw the introduction of PPP in housing development (Foo & Wong, 2014). Maguire and Malinovitch (2004, as cited in Abdul-Aziz & Jahn Kassim, 2011) claim that government budget constraints were now the driving force for PPP projects in Malaysia.

2.6.2 Housing history

Housing policies in Malaysia can be categorised into four phases, namely housing the poor (1971–1985), market reform (1986–1997), slums clearance (1998–2011), and state affordable housing (2012 to date) (Shuid, 2016). As noted by Idrus and Siong (2008), before 1970, housing was provided for government staff, the resettlement of people during the communist insurgence to a new village, the resettlement of people to the Federal Land Development Authority (FELDA) Scheme, and the provision of housing for low-income earners in urban areas. FELDA was formed in 1956 as a

Malaysian government agency entrusted with the resettlement of poor rural Malaysians into newly developed areas (Abdul-Aziz, Wan Hassan, & Saud 2012).

The New Economic Policy (NEP) established in 1971 was launched during the 2nd Malaysian Plan (1971–1975). It aimed to achieve an economic balance between urban and rural areas (Idrus & Siong, 2008). Housing provision formed part of the NEP, which began the collaboration between the government and private developers in the delivery of housing. Private developers became key participants in the delivery of low-cost housing in Malaysia (Idrus & Siong, 2008). From the early 2000s, in line with PPP fundamentals, as set out in the NEP, the National Housing Policy (2011) provided guidelines for the housing sector, requiring the government and private sector to fulfil their social obligations in the delivery of housing to low- and middle-income groups (Shatar et al., 2017).

2.6.3 Housing policy through the Malaysian plans

Housing policies and programmes were initiated within the Malaysian plans to advance in housing delivery. By the 1980s, there was evidence that PPP was an effective method in housing delivery (Foo & Wong, 2014).

1st Malaysian Plan (1966–1970) – the housing schemes policy; the government only provided low-cost housing for low-income households.

2nd Malaysian Plan (1971–1975) – it was mandatory for private developers to provide low-cost housing (Idrus & Siong, 2008).

4th, 5th Malaysian Plans (1981–1990) – both the public and private sector were responsible for low-cost housing development (Idrus & Siong, 2008; Zainon, Mohd-Rahim, Sulaiman, Abd-Karim, & Hamzah, 2017). “The private sector will be encouraged to build more low and low-medium-cost houses in their mixed development projects while the public sector will concentrate on building low-cost houses as well as houses for public sector employees, the disadvantaged and the poor in urban and rural areas” (Idrus & Siong, 2008, p. 2).

7th Malaysian Plan (1996–2000) – It was a non-mandatory requirement for private developers through the new housing programme to provide low- to medium-cost housing. Demand in this category had increased. Consequently, private developers did not meet their targets, achieving only 44% of the set target by the government (Bakhtyar et al., 2013). No incentives were available to developers (Shatar et al., 2017).

9th Malaysian Plan (2006–2010) – private developers were required to allocate a minimum of 30% of the development to low-cost housing. The mixed-income housing through inclusionary housing was successful (Bakhtyar et al., 2013).

10th Malaysian Plan (2011–2015) – the government focused on housing provision for low-income earners. Middle-income households did not qualify for the assisted housing programme, as they earned above the stipulated threshold. Due to their income level, they also could not afford medium-cost market-priced housing, and therefore, were in a middle-income trap. This created a gap market, which comprised approximately 40% of the Malaysian population that did not have access to formal housing (Baqutaya et al., 2016; Zainon et al. 2017). Baqutaya et al. (2016) found that access to finance for middle-income earners was a challenge due to strict lending guidelines. Hence, the government provided enablers for middle-income households to access housing predominately during the 11th Malaysian plan (2012–2016) to curb the gap market that was created in the 10th Malaysian plan. This unintended consequence due to policy implementation occurred in the South African housing market (Lemanski, 2017).

2.6.4 Housing policies and subsidies

"The Malaysian government has introduced many new policies where developers and the government work together" (Yusof, Kahn, Yusof, & Majid 2019, p.162). They further emphasised that using government policies was essential for affordable housing delivery. Low-cost housing is targeted at the low-income earners, while affordable housing is targeted at the low-middle-income earners, categorised as per the gross income levels of households (Salleh, 2008). Common with global trends, the Malaysian housing market evolved to demand-side policies, which was achieved by providing subsidies in the form of financial assistance to households, based on income, predominately during the 11th Malaysian Plan (Samad, Zainon, Rahim, Lou, & Karim, 2016).

The Malaysian government, through Article 153 of the Federal Constitution of 1957, set to protect the housing rights of the indigenous ethnic people of Malaysia known as the Bumiputera. The Bumiputera Lot Quota Regulation required that any housing development must allocate 30% of the housing for this group. The price is discounted between 5% – 15% of the developers' market selling price to be affordable. The property can only be resold to a Bumiputera buyer to retain ownership within the group (Foo & Wong, 2014). Housing subsidies to aid in promoting homeownership in the country include:

My First Home Scheme/Skim Rumah Pertamaku (SRP) was launched in 2011 and eligible to Malaysian citizens below 40 years within a specific gross monthly income range. On a 90% loan, the SRP will guarantee 10% of the loan, thereby receiving 100% finance (Shatar et al., 2017).

MyHome was implemented in 2013. The scheme is targeted to low-income households within a specific gross monthly income range who are first-time buyers. The government provides a specific subsidy per home, negating the need for a deposit. The house price is set at a specific range. A holding period of 10 years is imposed on the buyer. The scheme is the government's measure to encourage the private sector to build more affordable homes by creating a market (Zainon, Mohd-Rahim, Sulaiman, Abd-Karim, & Hamzah, 2017).

Mydeposit Scheme was implemented in 2016 to aid first-time homebuyers who can secure finance from a financial institution to purchase a property. The gross monthly income should be within a specific range, and the house price should not exceed a specific price. It enables the homebuyer a once-off 10% contribution on the purchase price or a maximum contribution of a specific amount, whichever is lower (Zainon, Mohd-Rahim, Sulaiman, Abd-Karim, & Hamzah, 2017).

2.6.5 Housing delivery through public-private partnerships

The driving factor for housing through PPP was due to budgetary constraints and the pace of housing delivery from the Malaysian government (Maguire & Malinovitch, 2004, as cited in Abdul-Aziz & Jahn Kassim, 2011). Malaysia achieved great success in housing delivery through the PPP programme for low-cost and affordable housing to low- and medium-income households. Shuid (2016) illustrates that the affordable housing contribution by the private sector was predominately 60% versus the public sector contribution of 40% for the years 1971 to 2010. Abdul-Aziz and Jahn Kassim (2011) found the critical success factors in PPP projects in Malaysia to be, consistent monitoring of the housing project; efficiency in the approval process by local authorities. In addition that delays add to the development costs for the private developer, and a housing demand market must exist to encourage private developers to undertake projects. The success factor that saw the greatest impact on the successful delivery of housing in Malaysia was swiftly addressing problematic developers.

2.6.6 Incentives

The government's collaboration with stakeholders in the value chain, financial institutions, policymakers, and local authorities becomes paramount in the success of housing delivery through PPPs. Incentives are an integral part of PPP projects. The incentives provided to developers include, as each project differs "faster plan approval, lower land premium, infrastructure cost subsidisation, relaxation in planning and housing standards and concession from financial contribution to utility authorities" (Ong & Lenard, 2002, p. 9). Ong and Lenard (2002), and Foo and Wong (2014) found that delayed plan approval by local authorities negatively compromises development costs in affordable housing delivery. In 2007, the one-stop centre was established to improve the planning approval process at local level. The findings, however, indicate that this was not entirely satisfactory to all private developers (Foo & Wong, 2014).

Due to high land prices in Malaysia, the government can provide land to developers involved in low-cost housing under a special concession contract structure (Bakhtyar et al., 2013; Shuid, 2016). It, however, is imperative that such PPP developments offer better investment returns than other opportunities in the private sector (Ong & Lenard, 2002). In-lieu fees were provided on a site-per-site basis, depending on the need for low-cost housing. Regarding in-lieu fees, if the 30% requirement by developers to supply low-cost housing is not required in that state, developers can contribute to a housing fund. The fund is accessible to other states that require low-cost housing (Ong & Lenard, 2002). Bakhtyar et al. (2013), however, found that the lack of mandatory requirements does not achieve large numbers of additional housing.

2.6.7 Housing case studies

Ong and Lenard (2002) and Foo and Wong (2014) found that the critical factor developers face on the success of low-cost housing is that development costs can be higher than the cost price set by authorities. Shuid (2004) found similar findings in Kuala Lumpur that low profitably led to the unsuccessful delivery of medium-cost housing. No clear policy existed for this housing category in Kuala Lumpur. The inconsistency of conditions granted by the local authorities with each project confused the industry. Shuid (2004), therefore, recommended that a clear and concise National Housing Policy was imperative for the long-term planning of housing delivery.

Salleh (2008) sought to investigate the factors that determine the satisfaction of households in the provision of low-cost housing in Penang and Terengganu. They found that neighbourhood factors determine the satisfaction of residents. This was not met, as the developers focused on profits neglecting the provision of the surrounding environment, such as community facilities and transportation. Residents, however, were satisfied with the conditions of the units. The recommendation was that for housing programmes to be successful, the integration of related facilities and services is essential.

2.7 United Kingdom

2.7.1 Introduction

The UK experienced shortages in affordable housing supply for low- and middle-income earners, and it provided policies and programmes to assist in the provision of affordable housing, initially catering for the rental market (Disney & Luo, 2017). Affordable housing in the UK is referred to as the percentage of rental in relation to the market rates of the local area (Wilson & Barton, 2018). Town planning regulations were critical in UK housing and were used as far back as 1947 through the Town and Country Planning Act to assist in affordable housing delivery (Whitehead, 2007). Inclusionary housing was adopted in the UK with the provision of incentives to private developers to promote social integration through mixed-income housing by using policies and programmes. Promoting economic development and growth, London implemented what is known as The London Plan 2004 among many objectives it set out to address affordable housing provision in London (Austin et al., 2014).

2.7.2 Housing history

The council housing policy came about in the early 1920s through the Housing and Planning Act of 1919 to re-house low-income households in subsidised rental housing as part of the slum-clearance initiative (Groenhart, 2013). This included providing housing for returned war veterans (Pawson, 2006 Austin et al., 2014). The Land Acquisitions Act of 1946 allowed local authorities to purchase land for the construction of council housing. Because of the low construction costs of council housing, public authorities could reduce the affordable housing shortage in the UK through mass construction. Consequently, council housing supply peaked in the 1950s.

During the mid-1970s, the British government went through a period of declined public spending, which created a huge public housing shortage (Jacobs & Manzi, 2017) and private rental supply declined (Disney & Luo, 2017). Consequently, the government sought to involve the private sector in the provision of affordable housing. The British housing system evolved to demand-side policies (Jacobs & Manzi, 2017). In the partnered projects, the local council had the powers to approve or decline the proposed development presented by the private developers and with any value captured, the developer had to reinvest that value back for the benefit of the community (Whitehead, 2007). The Housing Act of 1974 permitted the Housing Corporation to provide financial assistance in the form of grants to housing associations for the improvement and rehabilitation of private properties (www.gov.uk). “Housing Rents and Subsidies Act 1975 – provided grants to local authorities who took out loans for housing renewal and maintenance” (Jacobs & Manzi, 2017, p. 26).

2.7.3 Housing policies

The government was the predominant provider of housing in the UK for low-income households. Consistent with global trends, the government pursued the involvement of the private sector in affordable housing delivery due to budgetary constraints. Legislation was enacted to support the private sector in conducting the mandate to assist the government.

Right-to-buy

The right-to-buy policy was introduced in 1980. It allowed public housing tenants to purchase the council housing which they occupied at discounted prices. Due to budget constraints, it became unfeasible to continue operating council housing property as tenant-based buildings. The policy positively grew homeownership in the UK to over 70% in 2000 from 55% in 1979 (Disney & Luo, 2017).

Town and Country Planning Act 1990: S106

Section 106 of the Town and Country Planning Act 1990 (S106) required that every development acquires planning approval from the local planning authority at the development stage. Provisions proposed to the local authority could include affordable housing, construction of recreational facilities, and financial contributions towards social education infrastructure in the neighbourhood (lewissilkin.com). This is the value captured invested back into the community. Fundamentally, S106 encompasses inclusionary housing principles and was instrumental in achieving inclusionary housing goals in England with great success, thus promoting mixed-income communities (Stephens et al., 2005, as cited in Austin et al., 2014), and it was incorporated into the Spatial Development Plan (Whitehead, 2007). The PPP project was successful in adding affordable housing stock (Whitehead, 2007; Marom & Carmon, 2015). S106 received great political support (Monk et al., 2005, as cited in Whitehead, 2007).

2.7.4 Land planning system post 2000

Post 2000, in response to increased house prices and the widening affordability gap, housing supply became a priority for the government. The UK Government implemented housing policies using the planning system to aid housing affordability for individuals. The policies focused on assisting first-time homebuyers (Poon & Garratt, 2012), with the emphasis of subsidising homeownership acquisition (McKee, Muir, & Moore, 2017).

In 2004, the Prime Minister initiated the Barker review to address housing affordability concerns. The findings from the report proposed adjustments to the planning system to increase and accelerate housing supply with set targets. The proposals included the implementation of high-density buildings and mixed developments with a requirement for a minimum of 30 units per hectare. Land scarcity in parts of the UK posed a challenge for the construction of new buildings and increasing housing stock.

The secondary market, through subsidy facilitation, could positively affect affordability (Poon & Garratt, 2012). The government assisted on the demand-side by providing subsidies for individuals who could not afford market-rate housing prices.

The Localism Act 2011 introduced flexible tenancies of between 2–5 years in council housing and increased affordable rents to align more with market rents. This subsequently displaced low-income households from certain neighbourhoods due to high rentals and reduced affordable housing stock (Hamnett, 2010, 2014, as cited in McKee et al., 2017). Recent subsidies such as the help-to-buy scheme were introduced in 2013 to assist first-time homebuyers in property purchases. The property purchase price was set at a ceiling price, and buyers had to have a 5% deposit (HM Government, n.d.). The Housing and Planning Bill 2015–2016 proposed higher rentals for higher-income tenants to restrict social housing to low-income earners (McKee et al., 2017). Through policies and legislation, access to affordable housing in the UK achieved great success, thus promoting homeownership.

2.7.5 London Plan 2004

The London Plan is a strategic plan setting out an integrated social, economic, and environmental framework for the development of London. The set objectives were to address affordable housing provision in London, which required the full contribution and participation from the planning system. The guidelines outlined that most of the housing units in a project must be affordable housing, with a focus of developing diverse communities. The developers were encouraged to provide similar architectural aesthetics for the affordable houses and the market-rate houses. This is in contrast with Australia on the Carlton housing estate where developers preferred to have a distinction for the two to deter market-rate residents from their development (Murie & Rowlands, 2008, as cited in Marom & Carmon, 2015).

The Unitary Development Plans set out the land-use and development in each borough. The proportion of social and affordable housing is negotiated as per the local needs and financial viability (Austin et al., 2014). A blanket policy could not be enforced, and each city undertook the needs on a site-by-site basis. The policy outlined that affordable housing requirements should not impede the development of private residential and mixed-use schemes. The developments used private investments and available public subsidy, as the absence of subsidies would deem the affordable housing project non-viable. Any development with more than 15 units should apply for affordable housing policies; however, this is negotiable. Boroughs are encouraged to consider developing affordable housing developments on their sites or provide land to housing associations at zero cost or at discounted rates, which will then be built for the city (Austin et al., 2014). England has significantly used the land-use planning system for inclusionary housing in aiding the delivery of new affordable housing (Whitehead, 2007; Austin et al., 2014).

2.7.6 Mixed-income housing

Social mix has been on the agenda of town planning in England since the 19th century (Sarkissian, 1976, as cited in Marom & Carmon, 2015) and has become critical in the UK housing policy (Turnstall, 2003; Kleinhans 2004, as cited in Markovich, 2015). Marom and Carmon (2015) observed that the need for social inclusion became a political agenda of which London adopted the HOPE VI programme used in the US by beginning with the redevelopment of council housing estates.

Regarding the social mix, the London housing strategy was two-pronged. First, introducing affordable housing in areas dominated by market-rate housing for middle-income households, and second, regenerating existing social housing estates in low-income areas to market-priced units (Marom & Carmon, 2015). The social mix policy through the first method achieved positive changes. “In 2007/2008, nearly 80 per cent of recently approved housing schemes and 40 per cent of newly completed housing in London included between 25 and 75 per cent affordable housing” (GLA, 2009, as cited in Marom & Carmon, 2015, p. 999).

Markovich (2015) highlights the value that policymakers place on the benefits of tenure-mix for residents in social rented housing. Scholars do not hold the same sentiment. The ideals of tenure-mix are that the social renters would benefit in cohabiting with higher-income earners through economic opportunity exposure, improved neighbourhoods, and improved quality of life by emulating higher-income earners. She, however, argues that no empirical literature suggests that tenure-mix assists in addressing the issues of concentrations of poverty culture.

Kearns and Mason (2007, as cited in Markovich, 2015) argue that social integration is limited and hindered by the spatial layout and lifestyle factors of the two occupiers.

Michelson (1976, as cited in Joseph et al., 2007) found that architecture, physical design, the layout of buildings, and using common space could affect the interaction of households. Decades later, this remains a concern within the research field of affordable housing tenure-mix.

2.7.7 Case study: Poundbury and New Gorbals

Mixed-tenure communities in the UK housing policy have garnered much debate regarding the benefits of such policies for residents in social housing. Markovich (2015) observed two case studies, namely Poundbury in Dorchester and New Gorbals in Glasgow. In Poundbury, the tenure-mix policy followed the integrated approach where the housing units of social rented and market units are alongside each other on the same street with indistinguishable architecture. The integrated method became the preferred model in the UK (Roberts, 2007, as cited in Markovich, 2015). Poundbury was a Greenfield project that followed the S106 Agreement requiring 20% of the units to be allocated to affordable housing. No relocation of tenants was required, as this was a new development. New Gorbals followed the segregated approach due to its historic layout. Bryant (1979, 1982, as cited in Markovich, 2015), found that many residents relocated from their dilapidating Tracoba council housing to newly built social rented housing in New Gorbals. Owner-occupiers relocated to the former social housing estates.

The findings in the two locations affirmed that the tenure-mix was part of a larger plan to address economic, social, architectural, and environmental challenges. Architecturally, building aesthetics was revamped, and in both locations, affinity clustering was not found among tenants. Integration failure between the two income groups was blamed on the disadvantaged tenants in New Gorbals, as in Poundbury. In New Gorbals, it was found that the social networks among the tenants were disrupted due to the relocations. Communication with the community was the key factor for success, which was not well addressed in Poundbury and New Gorbals (Markovich, 2015). Kearns et al. (2013, as cited in Markovich, 2015), on the research of three estates in Glasgow, found that the segmented and integrated layouts experienced more interactions between the residents. The segmented approach included social rented and market units in the same neighbourhood but they were in separate building blocks. From the case studies, the UK preferred the integrated method, which was more inclusive in design and layout. Markovich (2015) found that the integration of low- and middle-income earners in a neighbourhood improved it economically and attracted investments. It, however, must be noted that this is not the rub-off effect on low-income earners, as promoted by many policymakers but an improvement of the community.

2.7.8 Inclusionary housing

In England, inclusionary housing is known as “affordable housing through planning” (Oxley, 2011, p. 320). Inclusionary housing fundamentally requires the restructuring of town planning schemes to accommodate additional housing schemes. The inclusionary housing policy requires that between 15% – 30% of the development must be reserved for affordable housing units (Austin et al., 2014).

Density controls are a fundamental aspect in the regulatory framework, as they affect the options available to developers at the planning stage for affordable housing consideration. This could be a determinant whether the developer will proceed in building the affordable housing units. In England, it was found that high land prices negatively affect the affordability of houses for low-income earners; therefore, by increasing density, the developer can achieve higher profits through scaling. The government’s intervention is crucial in availing land for affordable housing through the planning system to encourage developer involvement (Whitehead, 2007).

Whitehead (2007) found that the land-use planning system was effective in the delivery of affordable housing in England and that the allocation of property rights to developers required greater incentives such as trading higher densities for affordable housing provision as practised in Australia. However, for the success of affordable housing in England, government financial support is necessary, which is achieved through subsidy schemes such as the LIHTC model used in Australia (Austin et al., 2014), which was adopted from the US (Nawrocki, 2016). The private sector played a significant role in assisting with the housing shortage in England. “By 2012 in England, it housed 3.8 million households compared to two million in 2001” (Smith et al., 2014, as cited in Jacobs & Manzi, 2017, p. 28).

2.8 Summary

This chapter provided an international perspective on affordable housing delivery. It outlined housing policy evolution and presented how countries addressed affordable housing shortage. Housing shortage is a global phenomenon commonly attributed to government budgetary constraints and lack of policy. Governments, through policy, provided housing subsidies and programmes based on household income to enable low- to middle-earners to access homeownership.

Failed housing policy attributed to housing challenges such as dilapidating housing estates and the emergence of gap markets that contributed to the affordable housing shortage, and was remedied by providing demand-side subsidies. Good housing policy was imperative for the successful delivery of affordable housing.

Inclusionary housing was used as a tool to provide mixed-income housing communities. Mixed-income housing was promoted to aid in increasing affordable housing stock and encourage the social inclusion of communities. Social inclusion was not always met; however, increased housing stock was achieved. Governments sought assistance from private developers to aid in affordable housing delivery, providing incentives to encourage participation.

The chapter that follows will discuss the research methodology used in this study.

CHAPTER 3: METHODOLOGY

3.1 Introduction

The preceding chapter reviewed literature relevant to this study. This chapter aims to describe the method used for the study undertaken. It will illustrate different research methods and clarify the methodology chosen for the study and outline how the study was undertaken by using secondary data. It will end by presenting studies that used meta-analysis similar to the method used in this study.

Research is a scientific and systematic search for knowledge on a specific topic (Kothari, 2004).

> The purpose of methodology is to enable researchers to plan and examine critically the logic, composition, and protocols of research procedures; to evaluate the performance of individual techniques; and to estimate the likelihood of particular research designs to contribute to knowledge. (Krippendorff, 2019, p. 5)

In a study, the method can be quantitative, qualitative, or combined. This study will use the qualitative method because the research question explores a phenomenon to discover the best practices in the delivery of affordable mixed-income housing.

The approach to the paper will use a qualitative meta-analysis theory. Meta-analysis allows for an in-depth analysis of theories or phenomena in the research topic (Glass, 1976; Kavale, 2001; Timulak, 2009). Quantitative and qualitative sampling approaches differ, depending on the envisaged outcome of the study (Berg, 2001). The sampling method in a research paper ensures the elimination of bias from the researcher (Kavale, 2001). In meta-analysis, the systematic collection of data that are reduced and categorised according to themes aids in the analysis (Kavale, 2001; Elo & Kyngas, 2008; Levitt, 2018).

Mixed-income housing developments through PPPs have not been adequately explored to aid in the delivery of affordable housing in South Africa. One researcher (Onatu, 2010) has proven this to be true in his study of Cosmo City in Johannesburg. It is through this insight that this research aims to evaluate global principles in mixed-income housing and seek to use mixed-income and inclusionary housing principles as a backdrop to affordable housing delivery through the FLISP programme in South Africa. This, therefore, prompts using the methodological approach and design in this study.

3.2 Research Method

There are various methods to conduct research. A researcher must decipher the intended outcome of the research to determine the most suitable method. Research can be exploratory, descriptive, diagnostic, or hypothesis testing (Kothari, 2004). “The purpose of research is to discover answers to questions through the application of systematic procedures” (Berg 2001, p. 6). Research can be conducted using the qualitative method, quantitative method, or mixed method.

The quantitative method primarily examines numerical data by using statistical tools to collect and analyse data. It is typically categorised as empirical studies or statistical studies (Berg 2001). “The quantitative approach is used when one begins with a theory (or hypothesis) and tests for confirmation or disconfirmation of that hypothesis” (Newman & Benz, 1998, p. 3). Dabbs (1982, as cited in Berg, 2001) states that quantitative research has arguably been viewed as a science through its relation to numbers, thereby implying precision.

Qualitative research is commonly categorised as ethnography, grounded theory, or descriptive studies. Qualitative studies are the observation of behaviours (Newman & Benz, 1998; Kothari, 2004), meanings, concepts, and description of things (Berg 2001). Bogan (1972, as cited in Berg, 2001) explains that qualitative research is theoretically significant in social sciences, even though it has been criticised as being non-scientific. “Qualitative research involves the systematic collection, organisation and analysis of largely textual material” (Bowen, 2010, p. 865).

This study aims to explore global best practices in mixed-income housing to illustrate how these can be used in the delivery of affordable housing in South Africa. Thus, the study is informed by a qualitative secondary data analysis of mixed-income housing practices in five countries, namely Australia, Malaysia, UK, US, and Singapore.

Exploratory research is primarily designed to extrapolate the key issues on the topic through appropriate question design (Brotherton, 2008). Powell and Connaway (2004, as cited in Houston & Paganelli, 2015, p. 19) stated that "exploratory methodology is used to help researchers become familiar with the situation of interest, clarify concepts and develop research strategies".

In an exploratory study, the research approach can be deductive or inductive. The approach to this paper will not be a deductive approach, as it is not attempting to evaluate any theory or phenomenon. Rather, it will adopt an inductive approach, as it intends to explore a previously researched concept, namely mixed-income housing, through guided research questions. Lauri and Kyngas (2005, as cited in Elo & Kyngas, 2008) recommend the inductive approach in the case where the knowledge is fragmented. The phenomenon of mixed-income housing has a vast content database with numerous documented aspects. In the sampled countries, the topic has been researched in various ways with no singular consistency throughout. The inductive approach conforms to condense a vast body of knowledge into a summary format (Thomas, 2006). This understanding is further highlighted by Strauss and Corbin (1998, as cited in Thomas, 2006, p. 238), that "the researcher begins with an area of study and allows the theory to emerge from the data". This paper will adopt a qualitative method using secondary data.

The research will be exploratory, as it will explore the different mixed-income housing principles from five selected countries. The paper will use the inductive approach because the specific knowledge under investigation is fragmented, as specific countries implement mixed-income housing with varying principles. The researcher will explore a collective global phenomenon to decipher how it could influence the delivery of affordable housing in South Africa.

3.3 Research Design

"Research design is the systematic planning of research to permit valid conclusions" (Smith, 2014, p. 27). The basis of the research questions will prompt what data will be collected and through what forms it will be collected, whether it will be a singular method or combined strategies (data triangulation). In a study, the researcher must ascertain whether the paper will have one theory or several theories (theory triangulation). The researcher must establish the method of analysis at the initial stages of the study, being cognisant of the method of data collection. At this stage, the researcher should contemplate any ethical considerations for the study (Berg, 2001).

Once the research idea has been formulated, the researcher should investigate how other researchers have reported on the topic, which is the literature review. Berg (2001) argues that research could take a linear (inductive) or deductive progression. A linear progression is a theory-before-research approach, which is an inductive data method, where data transcends from specific content to general content (Chinn & Kramer, 1999, as cited in Elo & Kyngas, 2008). A deductive progression or research-before-theory refers to data are based on an earlier theory moving from general to specific (Burns & Grove, 2005, as cited in Elo & Kyngas, 2008).

Berg (2001), however, advocates spiralling progression, which encompasses both. Theory-before-research is to start with an idea, gather theoretical information, design a research plan, identify a method to collect data, and analyse and report the findings. Research-before-theory is similar; however, the theory is formulated after the data collection. The spiralling method is explained as “you begin with an idea, gather theoretical information, reconsider and refine your idea, begin to examine possible designs, re-examine theoretical assumptions, and refine these theoretical assumptions and perhaps even your original or refined idea” (Berg 2001, p.18). This resembles a back-and-forth collaboration.

The study will take a linear progression, as the theory on the topic is available, and there is no inclination to develop a new theory, leaning toward an inductive method. Mixed-income housing through inclusionary housing was used to address affordable housing delivery.

3.4 Qualitative Meta-analysis

This study aims to explore global best practices in mixed-income housing for social housing delivery from the five identified countries. Due to the nature of the research topic, the study will use qualitative primary studies in the field to conduct an in-depth qualitative review on the topic. This technique is known as meta-analysis, which, according to Kavale (2001) and Shelby and Vaske (2008), has become popular since Glass introduced it in 1976. “Qualitative meta-analysis is an attempt to conduct a rigorous secondary qualitative analysis of primary qualitative findings" (Timulak, 2009, p. 591). It concerns finding what the research says (Kavale, 2001). Meta-analysis, due to its rigorous and objective approach and the method of synthesis, stems its importance in research (Cooper & Rosenthal, 1980). Leviton and Cook (1981) highlighted that meta-analysis could easily be taken as a simple method of research that could have detrimental consequences. They argue that the method enhances statistical power, and it is an important research method that systematically groups studies as data. "It is one of many methods of reviewing literature and evaluating completed studies" (Leviton & Cook, 1981, p. 235). In the study, Leviton and Cook (1981) argue that meta-analysis is not only an aggregate review of quantitative studies, citing the conclusion by Cooper and Cook (1980), but could include qualitative judgements.

Researchers have interchanged the term for meta-analysis to include meta-ethnography, meta-study, and meta-synthesis (Levitt, 2018). Glass (1976) refers to meta-analysis as "the statistical analysis of a large collection of analysis results from individual studies for the purpose of integrating the findings" (p. 3). Qualitative meta-synthesis is the most frequently used term cited by various authors, as emphasised in the study by Timulak (2009), as it is more interpretive than aggregative. Meta-analysis is conducted through the process of "collecting, synthesizing and analysing research findings from multiple studies in a systematic way" (Shelby & Vaske, 2008, p. 97).

Meta-analysis theory will be used to conduct the research, collection, and analysis of data. Meta-analysis allows for an in-depth analysis of theories or phenomena in the research topic. "The technique emphasizes results across multiple studies as opposed to results from a single investigation" (Shelby & Vaske, 2008, p. 96). It allows the reviewer to identify gaps in the research, unresolved controversies on topics, and best practices or techniques regarding the research studies (Levitt, 2018).

In this study, the research seeks to identify the best practices in mixed-income housing for the delivery of affordable housing from the five selected countries and offers recommendations for South Africa through primary data synthesis. This method, therefore, is best suited, as the data is fragmented across the sampled countries and the study will attempt to bring this collective data into one, allowing for the collection of data and an in-depth analysis of the phenomenon under review.

3.5 Sampling

Berg (2001) states that the researcher sets out, based on their understanding and outcome required for the study, to find the appropriate sample size. According to the Centre for Innovation in Research and Teaching, a qualitative study aims to provide an in-depth understanding of a topic or phenomenon. There are three main types of qualitative sampling, namely purposeful sampling where participants are preselected based on the research question, quota sampling where participant quotas are pre-set before sampling, and snowball sampling where participants are recommended on a referral basis to the researcher. According to Patton (2002, as cited in Palinaks, 2015, p. 534), “purposeful sampling is a technique widely used in qualitative research for the identification and selection of information-rich cases for the most effective use of limited resources”. In contrast, random sampling is used to ensure minimal potential for bias. According to Kavale (2001), to avoid bias is to identify a population of studies rather than a selected sample.

For this study, five countries were identified and reviewed on their housing policies for the delivery of affordable housing to low-income earners, namely Singapore, Malaysia, Australia, the US, and the UK. The chosen sample is based on the factors as outlined. Singapore (Heo, 2014; HistorySG, 2014) and Malaysia (Henderson, 2004; Adam 2010), like South Africa (South African History Online, 2011), were previously colonised by the British. The motivation to provide housing for low-income earners was driven by similar factors of post-independence from an era of oppression. Singapore achieved great success in its housing plan, which is exemplary for other countries. Malaysia emphasised PPP type developments to aid in the delivery of affordable housing. The motivation to provide housing for low-income earners in these two countries is driven by similar factors as in South Africa, which is to provide affordable dignified housing to low-income earners.

The US was selected due to its vast experience of the HOPE VI programme that promoted mixed-income developments in the city. California has been exemplary in using inclusionary housing principles in the provision of housing for low-income earners.

The UK and Australia have similar housing policies that were implemented in the delivery of housing from which one can draw principles. Australia adopted the UK town planning principles (Yates, 2013; Marom & Carmon, 2015). South African spatial planning is modelled against the British system (Mabin & Smith, 1997). “Similarly, some South African planning policies still trace back to British planning laws” (Robertson, 2017, p. 88). Palinaks (2015) citing Morse and Niehaus (2009), observed that qualitative or quantitative sampling methods are intended to maximise efficiency and validity. Sampling must be in line with the aims of the research. The research is “shaped by the population of primary studies available and the manner in which those studies are selected for inclusion” (Kavale, 2001, p. 180).

This study adopted purposeful sampling as the sampling method, which is widely used in qualitative research. This method is the appropriate method for this study over quota sampling and snowball sampling. The preselected sample intends to provide data on the successful implementation of affordable housing to low-income earners.

3.6 Data Collection and Analysis

In a qualitative study, once the data have been collected, understanding how to organise and manage it is critical (Berg 2001). Berg (2001), citing Huberman and Miles (1994), notes that data analysis could be defined as data reduction, data display, and conclusions and variations.

Data reduction: “Qualitative data needs to be reduced and transformed in order to make it more readily accessible, understandable, and to draw out various themes and patterns.”

Data display: “Data are presented as an organised, compressed assembly of information that permits conclusions to be analytically drawn”.

Conclusions and verifications: “After the data has been collected, reduced, and displayed, analytic conclusions may begin to emerge and define themselves more clearly and definitively.”

Content analysis can be used in qualitative or quantitative data. Content analysis will be used inductively, as the paper will be an inductive study. Cole (1988, as cited in Elo & Kyngas, 2008) argues that content analysis is a method of analysing written messages. Further expanded by Elo and Kyngas (2008), it is also known as a method of analysing documents. “Content analysis entails a systematic reading of a body of texts” (Krippendorff, 2019, p. 10). “Inductive content analysis is used in cases where there are no previous studies dealing with the phenomenon or when it is fragmented” (Elo & Kyngas, 2008, p. 107). It allows for a deeper understanding of the data. Krippendorff (1980, as cited in Elo & Kyngas, 2008) states that content analysis aims to consolidate the description of the phenomenon with the outcome being concepts describing the phenomenon. Such a method, however, has its critics in quantitative research as being too simplistic with minimal statistical analysis. When using inductive content analysis in qualitative data, it includes open coding, creating categories and abstractions, and continuous reading ensures that the data is well understood by the researcher to aid in the analysis (Elo & Kyngas, 2008).

Glass (1977, as cited in McGuire et al., 1985) recommends including all collected studies in a meta-analysis regardless of methodological quality to expand on the knowledge base to contribute to the conclusion and exclude bias from the reviewer. However, Mansfield and Busse (1977, as cited in McGuire et al., 1985) reported the contrary, recommending to eliminate studies that presented methodological inadequacies, which prevents the “garbage in garbage out” theory. However, Glass (1976) raised the question “whether well designed and poorly designed experiments give very different findings” (p. 4). He found the difference to be significantly small to eliminate poorly designed studies in the fear of eliminating important data. Shelby and Vaske (2008), however, stated that no single approach to conducting meta-analysis exists.

3.6.1 Systematic data collection

Systematic collection of data is essential in meta-analysis. The depth lies in how the individual studies are combined to meet the standards of objectivity and integrity (Kavale, 2001; Levitt, 2018). The principles were used in psychotherapy studies by Gene Glass (Leviton & Cook, 1981). Due to the nature of this study, the same principles are relevant. The outline for data collection was adapted from studies by Kavale (2001), Ke, Wang, Chan, and Cheung (2009), Xue, Shen, and Ren (2010), Hong, Chan, Chan, and Yeung (2012), Yi and Chan (2014), and Levitt (2018), who highlighted a similar framework for data collection. The goal for data collection in this study is to identify primary studies on affordable housing, focusing on social housing policies and mixed-income developments.

To negate bias required the collection of adequate primary studies to reach a satisfactory set of findings. Kavale (2001) notes that there is no reliable technique to ensure the representation of all the studies in the population. This holds for this research, as the terminology is interchangeably used, thereby increasing the data population. In broad terms, Kavale (2001) notes that the confinements of research greatly affect the sample size.

Ke et al. (2009), Xue et al. (2010), Hong et al. (2012), Yi and Chan (2014), and Levitt (2018) organised data collection using titles, terms, and keywords to collect the first tier of papers, which is the adopted method in this paper. The primary data for this study are available in published journals. There is a vast database of reports on government institution platforms, namely policy reports, census reports, and industry reports that provide the current status on the research area; however, the academic opinion holds a high level of value and quality.

This study has various interchangeable words, depending on the location and the time when the study was undertaken. Ignoring this factor could significantly affect the data collection. The terms mixed-income housing, affordable housing, social housing, inclusionary housing/zoning, and public housing are used interchangeably. Another distinctive interchangeable keyword in the study is the term low-income earners or low-income households.

3.6.2 Data quality

To consider the fit and quality of the primary data to the meta-analytic study, reading the abstract allows for the identification and relevance to the research question. Timulak (2009) and Levitt (2018) considered only published primary data as a form of quality control. Levitt (2018) suggests that limiting the primary studies to those that have passed the test of peer review might be an adequate quality control measure. Furthermore, in considering the fit of primary articles to the study, one must seek a diversity of studies within the scope of the research question or adjust the topic. Difficulty in finding information is not envisaged, as the topic has well-documented research.

In qualitative research, greater diversity within the scope of the question allows for a more comprehensive understanding of how a phenomenon is experienced, thereby improving the fidelity of the study (Surace et al., 2017, as cited in Levitt, 2018). In this study, the primary studies focused on the five different countries to understand their implementation of affordable housing. By establishing the scope of the research, the researcher could determine whether there was enough primary literature to support the data adequacy to answer the question in its current form. If this was not the case, it was a limitation to the study (Levitt, 2018).

3.6.3 Data analysis

Levitt (2018) notes that transforming primary research findings into initial units of data in the meta-analysis, facilitated their use in analysis and interpretation. Using primary headings and sub-headings is useful if it is relevant to the research being undertaken. This also allows for cross-connection between other studies in the data collection. The number of themes is based on the research question and the goal to be achieved. Category labels must be descriptive and specific enough to serve as meaningful answers to the research question, which aids in finding correlations between the different studies. Weber (1990) and Burnard (1996, as cited in Elo & Kyngas, 2008) claim there are no systematic rules for data analysis; however, in content analysis, words are classified into smaller categories or grouping of data. Cavanagh (1997, as cited in Elo & Kyngas, 2008) explains that the grouping of data is not only to group similar data but to describe the phenomenon for a greater understanding for the researcher to decide on how to categorise data. In the study, the same was adopted by establishing themes that were extracted from the primary studies. The papers under review are used as a guide to segment the body of work into themes. The idea is to find similar themes of information from the five different countries. Once the information is categorised, it enables the decoding of the literature findings to establish the best practices relevant to South Africa.

Increasing methodological integrity could be achieved by restricting the literature review to certain features, allowing for recommendations that are tailored to that context. The researcher must exercise transparency when reporting findings. “Findings that are contextualized appropriately, that generate new insights into a phenomenon, that are coherent with one another and that lead to more meaningful and useful contribution, will be higher in methodological integrity” (Levitt, 2018, p. 369). The wrong collection of primary studies will not lead to any conclusive recommendations. The results from the analysis could be used for recommendations in the study, as is used in this study.

Primary studies, therefore, were collected from journals using the keywords identified for this study, namely mixed-income housing, affordable housing, inclusionary housing, housing policy, and incentives. The abstract in the studies were read for relevance to the study. Because of the need to understand housing policy from the different countries, it was sourced from papers focusing on housing policy. The data from the different countries were categorised into themes of mixed-income housing, housing policy, and subsidies, and case studies of affordable housing delivery and inclusionary housing. Studies in the primary data were undertaken through case studies in the form of interviews or questionnaires. Common researchers on housing were identified with each country, reassuring the researcher on the quality of the studies. The reduction into categories allowed for analysis on the topic from the different countries and led to conclusive recommendations of mixed-income housing principles on housing policy.

3.7 Comparable Studies

In the study "*critical reflections on the theory and practice of social sustainability in the built environment – a meta-analysis*", Shirazi and Keivani (2017) used the qualitative meta-analysis method to undertake a critical analysis of previous research and publications on the topic. The method aggregated available research on the topic to discover common themes and threads in their research. This study used the same methodology for an in-depth analysis to evaluate the global best practices of mixed-income housing.

Galster and Zobel (1998), in their study "*will dispersed housing programmes reduce social problems in the US?*", used a meta-analysis of extant empirical studies. They used case studies and statistical studies of neighbourhood correlations and the behaviour of individuals. Statistical analysis will be inappropriate for this study, as past research papers are predominately theoretical in nature and data presentation.

3.8 Summary

This chapter discussed the method by which the research was undertaken. It outlined the theory of the research method, data collection and analysis, highlighting the methodology used in the study. There were no ethical considerations in the study.

The study was qualitative, using a meta-analysis theory. This was undertaken by using secondary data from primary studies in affordable housing delivery from the sampled countries. The studies were sourced from journals using the identified keywords from the study, and the abstract of the papers was read for relevance to the study. As the data were not presented in the same format in all the countries in the review, the data were categorised into themes for uniformity of the literature and data reduction. This enabled the researcher to categorise the data analysis in line with the research objectives of the study.

The next chapter will consider the research findings of this study.

CHAPTER 4: RESEARCH FINDINGS

4.1 Introduction

The foregoing chapter discussed the research methodology employed in this study. This chapter will present the data findings of the study undertaken. The methodology adopted for the study is a qualitative meta-analysis; therefore, the data will be presented and analysed as per the themes identified from the literature review. The chapter will categorise findings according to mixed-income housing, housing affordability, inclusionary housing, and developer involvement. Other findings from the literature review outside of the four themes will be presented. It will follow with an analysis of the FLISP subsidy. The chapter will conclude with a summary.

4.2 Mixed-income Housing

4.2.1 Housing policy implementation

The implementation of legislation that supports affordable housing delivery aided in increasing the affordable housing stock in the countries under review. A housing strategy is essential for the successful delivery of affordable housing such as the HDB framework in Singapore (Field, 1987), the Malaysia Plans (Lee, 2018), the London Plan 2004 (Austin et al., 2014), and HOPE VI (Nawrocki, 2016). Policies that mandate assistance from private developers was central in achieving great success in increasing affordable housing stock. Good governance together with supportive legislation and political will ensures that housing policy is implemented with less resistance in a country.

4.2.2 The need for an affordable housing policy

The previously colonised countries' governments (Malaysia, Singapore, and South Africa) due to dispossession of land, sought to nation-build by providing affordable housing to disadvantaged low-income earners. The UK, Australia, and the US set to decentralise poverty pockets in distressed public housing estates in the cities by offering adequate housing for low- to middle-income households.

4.2.3 The need for mixed-income housing

The common factor prompting policymakers to use mixed-income housing is to provide affordable housing and address a failed public housing system. Mixed-income housing was implemented to promote social integration between low- to middle-income households and affluent households. Although Singapore did not have a mixed-income housing policy, through legislation, it promoted inclusivity of ethnic groups within a neighbourhood to prevent the emergence of ethnic ghettos.

4.2.4 Layout and approach

Australia failed to achieve social cohesion because of the exclusive building layout and differing architectural aesthetics between the two income groups. The UK and US achieved social cohesion because of the inclusive building layout and uniformity in architectural aesthetics of the low-income households and high-income households. The relocation approach of public housing tenants in council housing in the UK, Australian, and HOPE VI sites in the US for the provision of mixed-income housing, disrupted the social networks of communities it envisaged to integrate.

4.2.5 Factors for a conducive affordable housing market

From the research of the five countries, the following factors were identified as conducive for an affordable housing market:

- A housing policy consistent through political changes ensures continuity.
- A well-thought and strong housing policy is critical for the success of affordable housing delivery.
- An affordable housing market must be supported by housing subsidies for low-income households.
- Community involvement and communication with the local government is paramount to the success of mixed-income housing projects.

4.3 Housing Affordability

In every country, housing affordability was a challenge for many low- to middle-income households and governments sought to provide enablers in the form of housing subsidies to provide opportunities for households to acquire homeownership. It was commonly found that affordable housing should equate to no more than 30% of the household monthly income.

4.3.1 Types of housing subsidies

Housing subsidies in all the countries in the study evolved from supply-side dominant subsidies to demand-side dominant subsidies, which was attributed to government budgetary constraints. Subsidies were offered based on household monthly income, granted as an option for deposit payment assistance, subsidised pricing on rentals and purchase price of properties, housing vouchers/grants, and mortgage assistance. This achieved much success in affordable housing attainment.

4.3.2 Homeownership enabler

The UK and Malaysia promoted homeownership by providing subsidy schemes, achieving growth in ownership. Singapore used the CPF for financial support to acquire housing. The Mydeposit scheme in Malaysia was fundamentally similar to the FLISP subsidy in South Africa.

4.3.3 The gap market

The emergence of the gap market occurred because of policies neglecting the middle-income households in housing provision. Countries predominately focused on low-income earners, as was evident in the UK, Malaysia, Singapore, Australia, and South Africa. The UK and Australia resolved this by redeveloping council housing for middle-income earners. Singapore provided public-private housing. Malaysia and South Africa addressed this by providing housing subsidies to eligible households such as the Mydeposit scheme and FLISP subsidy, respectively.

4.3.4 Holding period

Singapore applied a holding period of five years on HDB flats. In the US, California applied a holding period of 30 years on affordable housing units. South Africa applied a holding period of eight years on FLISP subsidy units. The study found that a holding period of five years was susceptible to shed affordable housing units.

4.4 Inclusionary Housing

Inclusionary housing was implemented in various countries to address the shortage of affordable housing through the development of mixed-income housing. However, what is common is the approach to inclusionary housing in the city, which is by cost-shifting from the public to private developer involvement using incentivised schemes. From the study, an effective inclusionary housing policy comprises the following the percentage of inclusionary units allocated in development, the category of household income of the housing units, the availability of housing subsidy options, the availability of alternative contribution options instead of onsite construction, and developer incentive options.

4.4.1 Voluntary or mandatory

Inclusionary housing can either be mandatory or voluntary. The study found that mandatory inclusionary housing was more effective in increasing affordable housing stock. The common approach to inclusionary housing in the sampled countries was a site-specific approach, as each city had unique requirements.

4.4.2 Percentage ratio

Housing projects required a percentage of units to be allocated to affordable housing. The guidelines were:

- A required percentage of units should be set for affordable housing.
- Projects over a certain threshold of units are required to apply a percentage for affordable housing.

The commonly used ratio of affordable housing to market-rate units ranged from 15% on the lower end to 30% on the higher end in inclusionary housing projects.

4.4.3 Land-use planning

The land-use planning system in Australia, the UK, and the US was pivotal in integrating inclusionary zoning into housing policy to accelerate affordable housing in mixed-income communities.

4.5 Incentives

Private developers, through the provision of incentives, are encouraged to undertake inclusionary housing projects. In Singapore, however, no incentives were made available due to the nature of their housing policy. In Australia, incentives did not increase developer involvement in affordable housing projects (Arthurson et al., 2015a). The most common incentives made available by local authorities include:

Density bonuses: As a land-use planning incentive, the density bonus was the most widely used. As private developers are profit-driven, the additional density potentially increased developer profits in Malaysia, the UK, California, and Australia.

In-lieu fees: The fee payments absolved the developer from constructing affordable housing units on their site, compromising affordable housing stock contribution to the city. Fee payments were made to local authorities.

Faster plan approval was preferred in Malaysia in the PPP projects, as it positively contributed to decreased development costs.

Off-site affordable housing construction was available in the UK. This type of incentive can be a loss for one suburb and gain for another.

4.6 Developer Participation

Due to budgetary constraints, the governments sought the involvement of private developers in the provision of affordable housing, except for Singapore. In mixed-income housing projects, the developers' control on the layout and aesthetics negatively affected its success for social integration, as witnessed in Australia. Developers were found to prefer an exclusive layout, as this positively contributed to their profits. Developers used the LIHTC tax incentive in the US, Australia, and the UK. Private developer participation in housing delivery positively benefited many countries.

4.7 FLISP Subsidy Analysis

4.7.1 The Mydeposit scheme and FLISP subsidy

Similarities:

- Targets the gap market – estimated to be 25% of South African households (Lemanski, 2017) and 40% of Malaysian households (Baqutaya et al., 2016; Zainon et al., 2017);
- Granted to first-time homebuyers that can secure finance from a financial institution;
- Granted as per the gross monthly income of an individual within a specified range; and
- House price set at a specified price limit.

The Mydeposit scheme allows a once-off 10% contribution on the purchase price or a maximum contribution of a specific amount, whichever is lower. The FLISP subsidy allows a calculated contribution towards the deposit, payment towards bond fees, or refund into the bond if the transfer has been made.

4.7.2 Similarities in the Malaysian and South African case studies

Ong and Lenard (2002) and Foo and Wong (2014) found that the critical factor that developers faced on the success of low-cost housing is that development costs could be higher than the cost price set by authorities. Private developers in Kuala Lumpur experienced similar challenges of low profitability in medium-cost housing developments (Shuid, 2004). Lemanski (2017) found that private developers in South Africa cannot construct quality affordable housing at a low-cost for the gap market of households earning R3 501 to R11 900 income per month. They, however, can construct adequate housing for households earning from R12 000 per month.

4.7.3 The FLISP subsidy and the Johannesburg inclusionary housing policy 2019

The Johannesburg inclusionary housing policy 2019 states that qualifying individuals should earn a maximum of R7 000 per month. For individuals to use the FLISP subsidy in the inclusionary projects, the subsidy amount would range from R121 626 on the lower limit to R103 934 for the upper limit of R7 000 income per month. The

Johannesburg inclusionary housing policy, therefore, would not capture the full spectrum of the gap market. As per the findings in the study by Lemanski (2017), private developers cannot construct the units required in the inclusionary housing policy, illustrating the fragmentation of South African housing policies, as found in the study by Robertson (2017). The FLISP subsidy cannot be fully used in the inclusionary housing policy in Johannesburg, and it might just become another failed policy.

4.8 Other Findings

The affordable housing shortage was predominately caused by urbanisation, housing policy neglect, and the lack of affordability among households because of market supply and demand dynamics; however, not all countries experienced the same challenges. The study found that policymakers encourage mixed-income developments, promoting that low-income households could positively benefit from residing close to affluent households. The findings indicate that scholars have no academic supporting evidence that affluent households positively affect low-income households (Groenhart, 2013; Manley et al., 2012, as cited in Shaw, 2013; Kearns & Mason, 2007 and Bond et al., 2011 as cited in Markovich, 2015; Jama & Shaw, 2017). The benefit of mixed-income housing, however, is the opportunity for low-income households to reside in a location they otherwise would not afford. Solely found in Malaysia, for a successful affordable housing project, the integration of community facilities and services to the development was essential (Salleh, 2008). Australia, the UK, Singapore, and Malaysia initially provided housing for the rental market of low-income earners with no provision for the homeownership market.

4.9 Summary

This chapter presented the global findings of affordable housing delivery, structured into themes, as identified in the literature review. The financial constraints of governments and affordable housing shortage is a common global phenomenon. It was common practice to implement a good housing policy supported by legislation to address the housing shortage. Globally, governments have involved the private sector in aiding to curb the housing shortage. Mixed-income housing was encouraged globally by using inclusionary housing as a tool to promote affordable housing delivery.

Land-use planning by local authorities has been pivotal in achieving mixed-income communities. Private developers often put profits ahead of the social integration of low- to middle-income households and high-income households, often leading to social cohesion not being achieved. The provision of incentives is a common practice to encourage private developer involvement in mixed-income housing projects.

To help citizens attain homeownership, housing policies in countries evolved to demand-side subsidies. Subsidies and grants were provided as per the household income to make housing affordable for households so that they do not expend more than 30% of their income on housing. Developed and developing countries share the same challenges and tasks to house the most vulnerable in their societies. This approach has been found to share similarities. One must be cognisant that Asian countries are typically homogeneous and lack the diversity of many countries. Policies and legislation were found to be easily enforceable. Globally, mixed-income housing was a successful approach to addressing the affordable housing shortage.

The final chapter that follows will focus on the recommendations and conclusion of the study.

CHAPTER 5: RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This research aimed to evaluate global best practices in mixed-income housing to offer recommendations for affordable housing delivery in South Africa using the FLISP subsidy. Chapter 2 presented the literature study on affordable housing delivery from the sampled countries, including an overview of the South African housing policy. Chapter 3 discussed the methodology undertaken to conduct the study. The findings and analysis were presented in the penultimate chapter. This concluding chapter seeks to answer the research questions raised in Chapter 1. The recommendations for future studies will be discussed, ending with a summary of the chapter.

Research question 1

What are the factors that contribute to successful mixed-income housing developments?

5.2 Successful Mixed-income Housing Developments

This study found that communication from the local government with the community of high-income earners in suburbs earmarked for mixed-income housing alleviates resistance from the neighbourhood residents. An inclusive architectural layout of buildings and uniformity of architectural aesthetics for low- and high-income earners ensures that the objectives of social inclusivity are met. The retention of the social networks of low-income earners is imperative in the quest for mixed-housing communities. The inclusion of holding periods of affordable housing units in mixed-income developments ensures that affordable housing stock is not shed to the secondary market, dismantling the mix in the income of residents, leading to the loss of affordable housing stock that the policy wants to increase.

Research question 2

What incentives encourage private developer participation in the delivery of affordable housing?

5.3 Incentives for Private Developers in Affordable Housing

The research question aimed to identify the incentives available to private developers undertaking affordable housing projects. The study found that through inclusionary housing projects, local authorities proposed incentives to entice private developers. Through land-use planning, local authorities offered density bonuses to private developers, which was the most used. Using fast-plan approval as an incentive was also favoured among developers. These two incentives potentially increased developers' profit due to increased units and reduced holding costs. The research also found that developers preferred in-lieu fee payments; however, their use was detrimental to affordable housing delivery if local authorities did not manage it effectively. Direct tax incentives provided to developers encouraged their involvement in affordable housing projects.

Research question 3

What type of subsidies are available to low-income earners in mixed-income housing developments?

5.4 Subsidy Options Available in Mixed-income Housing Developments

This research question aimed to explore the types of subsidies available to low-income earners and found that subsidies were available to low- to middle-income individuals based on their gross monthly income. The findings indicate that the subsidies aimed to promote housing affordability in inclusionary housing projects to create a healthy demand market. For housing to be affordable, households should spend no more than 30% of their income on housing. The findings indicate that subsidies are granted as options of deposit payments, mortgage assistance, and subsidised prices on properties.

Research question 4

What are the global best practices in mixed-income housing delivery?

5.5 The Best Practices in Mixed-income Housing

The research question in the study aimed to explore the practices adopted globally in mixed-income housing delivery. The study found that a concise and consistent housing policy together with supportive legislation that outlines the objectives to be met is essential for the country to achieve housing delivery. Governments must provide an enabling environment in the form of housing subsidies to generate an affordable housing market for low- to middle-income earners. The study found that the provision of a mandatory inclusionary housing policy promotes the development of mixed-income housing projects; thus, increasing affordable housing stock for the city as opposed to a voluntary inclusionary policy. In policy implementation, an inclusionary housing policy is more successful if taken on a site-by-site basis in the city as opposed to a blanket policy that discourages private developer involvement. The research found that for successful mixed-income projects, the percentage ratio of 20% for affordable housing was an appropriate ratio split.

5.6 Recommendations

This section presents recommendations for affordable housing delivery encouraging using the FLISP subsidy in mixed-income developments in South Africa. The recommendations will be outlined in three sections, namely recommendations for policy, recommendations for theory, and recommendations for future research.

5.6.1 Recommendations for policy

The government should consider implementing a National Housing Policy for urban centres on mixed-income housing developments that are supported by legislation. The South African legacy of Apartheid calls for a slightly more innovative approach to policy. At the local government level, the main objective is to develop affordable housing in collaboration with private developers using inclusionary housing principles near economic hubs. The recommendations of the guidelines for the policy will be:

- Mandatory inclusionary housing policy should be drawn up to form part of the spatial development framework for every major city in South Africa.

- Low- to middle-income households should be integrated into affluent suburbs, which will aid in dismantling the Apartheid spatial planning and promote social cohesion.
- Inclusionary housing projects with a 25% allocation for affordable housing should be proposed on a site-per-site basis for the intended suburb in the city. The inclusionary requirement should be two-pronged allowing 5% as an in-lieu payment into an inclusionary housing fund for housing development for households earning R3 501 – R11 999 per month, allowing the policy to capture the full spectrum of the gap market.
- Mandatory onsite inclusionary housing should target households with a monthly income ranging from R12 000 – R22 000, ensuring accessibility to the FLISP subsidy. It also falls within the building capabilities of private developers for the middle-income market, ensuring the profitability of the project. The subsidy provision aims to develop a demand-side market.
- The policy must impose a holding period into perpetuity on the unit and not the individual to retain affordable housing status on the property. This secures a perpetual affordable housing market.

5.6.2 Recommendations for theory

The development of mixed-income housing requires a supportive framework that offers guidelines to ensure the policy recommendations achieve the proposed mandate. The recommendations include:

- The sensitivity due to Apartheid legacy, inclusionary housing should be income sensitive, allowing middle income earners in affluent suburbs and low income earners in middle income suburbs.
- Local government should communicate with communities earmarked for mixed-income developments to mitigate community resistance.
- Developers are encouraged to propose inclusive housing schemes, specifically focusing on the building layout and uniformity of the architectural aesthetics between the units for middle- and high-income households.
- Local authorities should offer incentives to private developers such as density bonuses, in-lieu fee payments, and fast-track planning approvals. The combination of any two of these incentives will bode well for mixed-income housing projects.

5.6.3 Recommendations for future research

Further research is required on how the government could operate a parallel policy in affordable housing delivery using the housing fund, as proposed in the study, together with the FLISP subsidy. The FLISP subsidy undeniably targets too wide a range of individuals and is bound not to cover the full market, as has been found. South Africa must find an adequate housing solution between the typical RDP and middle-income housing. The affordable market is at risk of another gap market emerging. To, therefore, prevent this, a solution is required for the FLISP subsidy to service the total gap market adequately. The study could focus on how the government could provide land in the urban space for such a policy focused on housing the gap market, which could also aid in dismantling the Apartheid spatial planning in the urban space.

5.7 Conclusion

This study aimed to explore global best practices in mixed-income housing to recommend affordable housing delivery to low-income earners using the FLISP programme in South Africa. The research explored how the sampled countries used mixed-income housing to address the affordable housing shortage. The research found that through inclusionary housing principles, affordable housing delivery was achieved in mixed-income housing developments. The recommendations proposed how using these practices together with the FLISP subsidy could increase affordable housing in South Africa.

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