

Western Cape's housing policy open for public comment

By [James Stent](#)

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On 14 May, the Western Cape government announced the release of a new policy framework to guide the development of "inclusionary housing" in its municipalities. The document is open for public comment until 13 July 2021, with workshops to be virtually held on 31 May.



The proposed R14bn Harbour Arch development on the Foreshore, Cape Town, is set to be completed over the next ten years. Just 10% will be inclusionary housing.

Inclusionary housing policy is one way to compel property developers to include a proportion of affordable housing units in any development over a certain size in well-located areas.

In South Africa, the ratio of units and the qualifying areas are determined by the municipalities, with provincial governments playing a coordinating role. Inclusionary housing requirements are popular around the world as an alternative to government-run housing and means of redressing spatial injustices. In Spain, 30% of new developments are set aside for inclusionary housing, with no alternatives offered by legislators.

Housing activist organisation Ndifuna Ukwazi (NU) has hailed the policy framework as "a huge step towards spatial justice", while cautioning that inclusionary housing cannot be realised in Cape Town without the City of Cape Town also developing its municipal policy on inclusionary housing.

At present, just one municipality, the City of Johannesburg, has an inclusionary housing policy, adopted in 2019.

Developing inclusionary housing in Cape Town

NU has been advocating for inclusionary housing, particularly in Cape Town, on average the most expensive city in South Africa, and in 2020 secured a settlement with the city that clarified that the city can impose inclusionary housing contributions on developers even before it has finalised the municipal inclusionary housing policy.

In the absence of local examples of working models of inclusionary housing, the Western Cape government is pitching this inclusionary housing policy framework as a way of “getting started”, noting that the framework will develop alongside the rollout of inclusionary housing in municipalities across the province. Currently, only social housing policy administered by Social Housing Institutions directly works to bring housing in the inner city and surrounds to lower income households.

Broadly, the policy framework provides a guide for Western Cape municipalities to develop their inclusionary housing policies.



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18 Jan 2021



Housing Market Study required

Municipalities, with the guidance of the province where needed, are expected to perform a Housing Market Study to determine whether people living in the municipality can afford to live there, and what is the “housing gap” in the area. The “housing gap” is the difference between what an average household can afford and the average price of a house.

Once the study has been completed, the municipality is to develop inclusionary housing policies to define how big a development must be before it falls under the inclusionary housing requirement, and the proportion of inclusionary housing units required in these developments.

These municipality-defined thresholds and ratios are likely to come under close scrutiny, as they will largely determine the effectiveness of inclusionary housing as a tool to change the spatial make-up of our cities. Too steep, and developers will scale back operations dramatically; too lax, and the policy might as well not exist.

Inclusionary housing is aimed at the same demographic that qualifies for social housing – those who earn too much to qualify for RDP houses, and those who earn too little to qualify for mortgages through banks. These are households earning between R3,500 and R22,000 per month, and would include “key workers” like nurses and teachers. (However, according to the document, “Cape Town households earning up to R30,000 will struggle to acquire housing without state assistance due, among other things, to limited supply in this market.”)



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James Stent 19 Nov 2020



Changing the apartheid design of SA cities

One of the key aims of the Spatial Planning & Land Use Management Act of 2013 is to change the apartheid design of South Africa’s cities. The Act requires all municipalities to approve and adopt Municipal Spatial Development Frameworks to guide land use, which must include designating areas where inclusionary housing policy may be applied.

According to the policy framework, “well-located areas” may be understood as synonymous with concepts like restructuring

zones, which are wealthier areas that qualify for capital grants under the Social Housing Act.

Municipalities are encouraged to ensure that there is no overlap between the two concepts. Well-located areas are, in short, places that developers prize, with good access to public infrastructure, jobs, parks, schools, services and so on.

Once municipalities have identified areas for inclusionary housing, when an application for a development falls within that area, the policy must be applied.

The inclusionary housing policy framework compels larger residential developments in well-located areas to include sub-market-rate units, either for sale or for rent. However, there are two ways that a developer could get out of this requirement.

“In lieu” payments

The first is to make “in lieu” payments – in effect developers would pay the municipality instead of developing on-site units according to a municipality-developed framework. These funds would then be diverted back to supporting and building affordable housing on well-located land. The policy framework notes that the in lieu rate might be set higher than the in-kind cost, as is done in other countries, in order to deter developers from choosing this option.

Alternatively, developers could choose to build affordable housing on another site, as long as the amount of housing is the same and the affordable housing units are also on well-located land.

Once built, the inclusionary housing can either be rented out or sold at the developer’s prerogative. Rentals should remain within the affordability threshold, and tenants would be subject to income checks. Properties that are sold as inclusionary housing should remain so over the long term, and not be resold on the open market.

Social housing institutions are central to this policy framework, as they have experience managing tenants whose incomes lie in the affordable housing bracket. The policy framework proposes these institutions as potential partners for private property developers, either for managing affordable housing units built by the developers, or as a recipient of the developers’ off-site contribution to inclusionary housing.

According to the policy framework, the incentive for developers is that they can get additional land use rights by triggering the inclusionary housing requirements, such as being able to build more densely, or have mixed-use units. The policy framework also encourages municipalities to consider other incentivising policies, like reduced planning or parking requirements.

While Cape Town’s lucrative property market will need to adjust, the effective implementation of inclusionary housing will help to move cities away from the apartheid legacy.

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