Background information for the Urban Land Dialogues Series 2018

This document contains summaries of the research papers listed below.

The Urban Land Paper Series

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The Urban Land Paper Series

About the Urban Land Paper Series

The urban land question is central to cities. However, in the post-apartheid era, the focus has been more on rural than on urban land transformation. And yet land lies at the heart of all the projected and desired changes in cities.

The exclusionary nature of urban land markets plays out in the form of poor settlements located on cheaper peripheral land; the homelessness of people working informally in urban centres who are unable to find appropriate shelter; strains on infrastructure and management capacity, as densities exceed their design capacity; and increased vulnerabilities, when people are unable to gain secure tenure. These are not technical outcomes but rather lived realities.

South African cities are characterised by spatial, social and economic fragmentation and the exclusion of millions of poor citizens from access to urban resources and the benefits of city life. Low-density urban sprawl and inefficient land-use patterns impose a great burden on poor households that spend a considerable proportion of their income on transport costs, put a substantial strain on city finances and threaten environmental sustainability.

Over the coming decades, urban areas are set to change dramatically: more people will live in cities, and will require more houses and services, public transport, jobs, and places of recreation and learning – all of which take up space and need land.

The first volume in The Urban Land Paper Series begins the conversation about urban land within the context of achieving spatial transformation in cities. It looks at the role of municipalities and attempts to provide insights that would enable cities to better understand the land issues. Each paper approaches the urban land issue through a particular lens in order to understand the often-conflicting perspectives. The second volume of urban land papers uses the lens of transit-oriented development (TOD) to explore various land questions facing cities because TOD is unequivocally urban in its nature. It has become a central component of the integrated urban development agenda, promoted in the National Development Plan (NDP), the Integrated Urban Development Framework (IUDF) and part of many cities’ integrated, spatial and built environment development plans.

The Urban Land Paper Series is not intended to be an exhaustive investigation of the urban land topic but rather as a basis for further dialogue – a catalyst to get policymakers and planners, academia and the broader civil society to think about and debate how to deal with urban land issues. This publication provides an overview of the papers discussed in the two volumes. Some of the issues raised will be discussed further during the urban land dialogues that are being held on the 26th, 27th and 28th March in Johannesburg, Port Elizabeth and Cape Town respectively.

LAND has social and economic value
LAND justice is more than just ownership
LAND is a complex commodity – competing demands and trade-offs
LAND markets are exclusive
The Politics of Urban Land and Ownership: locating spatial transformation in the urban land question

In this paper, Nomalanga Mkhize reflects on the different forms of power and influences that different urban actors use to stake their urban land claims. Any examination of the “urban land question” must acknowledge the contradictions and complexities facing African cities, as land contestation emerges through the interests and actions of multiple stakeholders. For some, “planning” is seen as an instrument used to depoliticise and thus mask the operations of vested interests, and so urban land reform is an antidote to the perceived failure of planning. Yet alongside land reform, what needs to be explored is the way in which Africans, in particular Black South Africans, can have a sense of cultural and economic ownership of cities – as producers, not merely as consumers or workers.

As local governments seek to develop a coherent vision of equitable land dispensation in their cities, land reform provides a more all-encompassing political vision for re-thinking what and how land should be used, accessed and owned in 21st century African cities with all their contradictions.

Recommendations

1. Local governments must be able to define the localised land question, based on a very clear understanding of what makes an area's land issues distinctive in relation to its economic, ecological, and social dynamics. This is a political process, not a technical endeavour, i.e. a process of coming to grips with the aspirations and interests of various social segments, many of whom carry a history of dispossession and exclusion.

2. An ongoing dialogue on urban policy is needed to grapple with some of the contradictory elements of urban policy and the implications for land. Emerging dilemmas and tensions must be understood in relation to the political, economic and technical aspects of urban spatial management. Such dialogues must, by definition, include the voices of multiple interests and stakeholders.

3. Local governments must be able to facilitate, or at least promote, social integration and the notion of cultural belonging and economic ownership of the city, particularly by previous excluded segments of the population. This needs to be expressed spatially (rather than simply through marketing and branding).

4. Local authorities must leverage public land to break residential and commercial geographies of affluence, by leasing/renting public land and state-owned properties at below market prices to emergent enterprises owned by designated groups and cooperatives.

5. Local governments must adopt a land-reform approach to integrated development planning and view land, as a critical component of engaging residents openly about the role of land in short-to-long-term development.
In this paper, Paul Hendler offers a concise history of land rights, land ownership and development, and environmental concerns, and how these dynamics continue to influence the present. The history is divided into five periods: pre-1913, 1913–1948 (from the Natives Land Act to the start of apartheid), 1948–1976 (Soweto revolt), 1976–1994 (time of apartheid reformism), and post-1994 (post-apartheid democracy). The paper also examines the limits and possibilities for municipal interventions and proposes key issues and areas for these interventions.

Municipalities have the potential to transform urban spaces into compact, densified living, working and recreational spaces through catalytic infrastructure transportation projects. While the municipality may not own vast tracts of land within its jurisdiction, it has authority over road transportation and can influence where and how more efficient and integrated public transportation systems and infrastructure are planned and implemented. To do this, municipalities need to embrace a broad development function, which goes beyond catalytic infrastructure projects to include mixed-used developments that allow more citizens to exercise their right to the city.

Instead of outsourcing the development function to the private sector, municipalities (as public-sector developers) should envision, plan and manage the implementation of inclusive development projects, on municipal – or municipal-acquired – land for the benefit of low-income communities, the working poor and the unemployed. The land used for these developments should remain the property of the municipality and form part of an emerging asset base. Challenges to inclusive development are pressures from the taxi industry and shopping malls, which undermine the integrative potential of integrated public transport, and the drive for clean cities, which affects the livelihoods of informal traders.

Local governments are subject to the influences of asymmetrical power relations between the established private and emerging business sectors, and citizens from poorer and working-class communities. They will have to trade off land usage for social purposes gains against private and elite gains, and they are likely to face opposition from private real estate interests and from ideological and political opponents opposed to the idea of public-sector developers.

Sufficient consensus will be needed among all role-players and could be expedited in cases where municipalities have significant non-core landholdings that they can use to leverage development. Municipalities without this leverage will have to seek other forms of leverage, such as development funding. In addition, the conditional grants received by municipalities for infrastructure, services and residential and/or mixed development, are insufficient, and so most municipalities make up these shortfalls on the capital market or through raising debt. Municipalities could also explore the feasibility of setting up their own municipal-owned banks, which would not only lend to municipalities but also to the small, medium and micro-enterprise sector.

Municipalities that can develop sufficient gravity around their role as public sector developers should focus their land-use planning and management practices on building energy efficiency, implementing and enhancing recycling programmes for waste management, planning and implementing sustainable urban transport systems (including pedestrianisation) and managing urban ecosystems, particularly with the aim of conserving water and recycling wastewater.
Rethinking Land Value in South African Cities for Social and Spatial Integration

Mercy Brown-Luthango makes an important argument for rethinking how land is valued, arguing that “a shift in mind-set is needed across the South African society, particularly among city planners and decision-makers, about the value of urban land and its role in changing how South African cities function.”

Municipalities, which are responsible for driving and realising the South African government’s developmental agenda, face significant and often competing demands:
- Providing infrastructure and services to all households and clearing service backlogs to poorer households through, for example, the upgrading of informal settlements.
- Raising and improving own-revenue sources in order to become more financially independent and sustainable.
- Restructuring the urban spatial form, to improve urban efficiencies and encourage more sustainable use of land and other resources, achieve social integration and inclusion of marginalised groups, and improve the health and well-being of households, by bringing them closer to employment opportunities and services.

At the centre of local government’s ability to meet these competing demands is the issue of land and how different role-players perceive and operationalise the value of land.

Land value capture can be a catalyst for transforming the way in which cities function and are managed. Where appropriate, city-makers must challenge the sovereignty of individual property rights and use the instruments at their disposal in bold and creative ways, to enable land to fulfil a social function. Densification and mixed-use/mixed-income development, on vacant or underused parcels of land within the city, preferably around quality public transport interchanges, offer exciting possibilities to transform the current patterns of low-density urban sprawl. Legislative and other mechanisms are available to facilitate this densification and could be scaled up.

Recommendations
South Africa does not lack good policies, all of which speak about spatial restructuring, densification, compact urban form and social inclusion. South Africa also has instruments in place that allow municipalities to apply land value capture, e.g. the Municipal Property Rates Amendment Act (No. 29 of 2014), and the Urban Development Zones and the Neighbourhood Development Partnership Programmes.

To facilitate the optimal use of existing policies and instruments, the following is needed:
1. Pursuit of the progressive intention of the property clause within the Constitution and SPLUMA. A different, bolder legal instrument might be needed in the longer term, to give practical guidance to municipalities on giving effect to the social function of land.
2. Greater integration between policies and the funding instruments to enable them.
3. Closer integration between transport planning and land-use planning and management.
4. Boldness, creativity and an appetite for experimentation by planners and other city officials to encourage density and infill development.
5. Political will to deal with vested interests wanting to maintain the status quo.
6. A city-wide planning perspective, instead of piecemeal interventions that do not speak to a vision of a broader urban transformation.
7. Clarity about different value capture instruments, their aims and the rationale for using them, i.e. whether they are implemented for financial purposes or to effect more socially just outcomes.
8. Consistency of policies and plans across regions to avoid developers “voting with their feet”. 

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The Role of City Authorities in Directing Urban Land towards Spatial Transformation

In this paper, Stacey-Leigh Joseph interrogates how cities can manage and develop urban land to transform space and meet the country’s development goals. The history of land dispossession in South Africa has made the conversation about land emotive and political, but this conversation is not transformative enough. Several assumptions and deep-seated beliefs about land need to be interrogated: who is allowed to access land, what rights do people have to land, who are the vested land interests, and how does the system protect and entrench unequal land rights? A balance must be found between the need for shelter, effective transport infrastructure, economic development and mixed-land use to create more compact cities, with the need for open space, agricultural and environmental activities and maintaining ecological balance.

Recommendations
A municipal spatial transformation agenda should consider the following land-related aspects:
1. A land strategy that is clear on how to physically change the locations of investment, where people are located and how to actively change the current unequal spatial layout. Land has traditionally been key to asset creation but, as the world and technology changes, how land is valued and used needs to change, so that a future generation is able to access a different kind of asset creation. Spatial investments made now will fundamentally change and reconfigure the urban form – it is important to consider the long-term spatial outcomes of interventions that address short-term requirements (e.g. public transport investments).
2. To deal with politics and contestation, a land conversation with public and private actors is required. The conversation needs to go beyond redistribution, restitution and redress, and to recognise that the transformation of South African cities is as much about who owns land as about how land is used and managed. Cities can be effective drivers of local and national development if land – its role and the values South Africans attach to land – informs built environment interventions.
3. Local government’s power and authority needs to be recognised. City governments have a tough but necessary task to play in steering and “disciplining” land investments (regardless of land ownership) towards development that contributes to spatial transformation. Land-use management decisions, especially development approvals, must not be contrary to the broader strategy of transformed, integrated cities.
4. Internal coherence and alignment among municipal departments responsible for built environment investments should be supported administratively and politically. It is within the ambit and control of local government to ensure that departments responsible for planning, transport, housing and human settlements, infrastructure development and the environment are aligned and function optimally.
5. Local realities must inform engagement and negotiation with provincial and national departments and stakeholders, to ensure more effective alignment, implementation and monitoring of the country’s long-term growth and development. Current challenges experienced by municipalities in accessing land need to be addressed, and state-owned enterprises must be held accountable (and where necessary penalised) for holding onto (or selling off at exorbitant prices) land parcels needed for development.
6. Cities need to develop and scale up their political and technical capacities to make innovative, flexible, informed and visionary decisions about land in the context of transformation. They will also need to be able to navigate the numerous challenges and contestation of the new planning regime.
7. Cities must take responsibility for the developments approved (i.e. those that clash with the broader development agenda) and steer more appropriate investments. Cities must balance the longer-term spatial transformation vision with the need for income (required for service delivery and day-to-day functioning) derived from the sale of property and property rates and taxes.

As South Africa embarks on a dramatic new phase of planning law reform, cities, the private sector and other spheres of government are all facing new and challenging questions. Stephen Berrisford locates these questions within a historical context, by plotting the evolution of planning law over the past 20 years, broken into three periods: 1993/4–1999, 2000–2009 and post-2010. The paper proposes an approach that cities can use in their ongoing engagements with other spheres, as well as in the day-to-day management of spatial planning and land use regulation.

Land use and planning laws are the lynchpins of efforts to transform apartheid’s spatial legacy into more efficient, sustainable and inclusive cities. The challenge is for cities to identify and maximise the opportunities provided by the current legal framework, while simultaneously mitigating the risks that arise from the prevailing uncertainty.

The most significant opportunity arising from the evolution of urban planning law in the country is the growing clarity on the scope of local government’s powers in relation to municipal planning. Before 2010, planning decision-making was a provincial power, to be devolved to local government only at the discretion of the provincial government. Now that power sits squarely with local government, with provincial (and national) government only able to exercise decision-making in prescribed, exceptional circumstances. Cities have the legal power to manage land use and development more independently, which brings both opportunities and risks, and challenges. This has important implications for appeals, the development of municipal planning bylaws, the design of new land-use management instruments and the alignment of sectoral approvals.

**Recommendations**

The four areas in which cities are urged to be proactive in anticipation of the roll-out of SPLUMA are:

1. Scaling-up of planning and land-use management capacity.
2. Rationalising of decision-making systems for land-use management and spatial planning.
3. Resolving intergovernmental disputes over spatial planning and land-use decisions.
4. Maximising the influence of cities and city concerns in the development of the range of complementary statutory instruments, which are still be introduced nationally and provincially to facilitate the implementation of SPLUMA.

Given the scale of these challenges, cities will benefit from tackling them together, preferably through a body such as the South African Local Government Association (SALGA) or the SACN.

Cities must take advantage of a moment in the evolution of our local government law that may not last indefinitely. Just as the courts have begun to show impatience with national and provincial governments’ efforts to challenge the principle established in the *City of Johannesburg* case in 2010, they too may begin to lose patience with cities that fail to rise to the occasion.
Land Use Planning Alignments: reflections on short-cuts and compromises

In her paper, Nellie Lester reflects on land-use planning, management and development challenges in the context of slow spatial legislative reforms, illustrated through three case studies: the Harry Gwala community in the current Ekurhuleni Metropolitan Council, Diepsloot Township in the City of Johannesburg and the Lwandle community in City of Cape Town.

Since the transition to democracy, a series of legal challenges has stifled land development decisions. While the apartheid laws were directive and specific, the post-apartheid land-related laws have been rather tentative and inconsistent as they grapple with the social complexities of land. The “old order” laws (e.g. the Less Formal Township Act) were not properly resolved in the democratic transition. In many ways, “interim” laws such as the Development Facilitation Act (No. 67 of 1995) have created more problems because of the delays in formulating replacement laws.

SPLUMA, which came into effect in July 2015, gives municipalities greater powers for land-use planning, but successful implementing their plans will require the alignment and collaboration of the national and provincial spheres of government responsible for delivering infrastructure at local levels. The current misalignment is particularly evident in cities where coordinating the delivery of social infrastructure (e.g. schools, housing and public transport) is next to impossible, as the demand is highest at municipal level, but the planning and budgets remains in the control of national and provincial government departments.

The case studies illustrate the dilemma of communities who were granted “interim” rights to settle on land without clarity on how such provisions would be addressed under new laws passed after the democratic transition. And the growing levels of frustration at community levels should not be underestimated. The case studies also highlight the limitations of the legal process as the main mechanism for resolving such conflicts and the broader problem that exists: that of misalignment across national, provincial and local government. These are inherent interdependencies, where no one party can act without affecting other parties. And while local government is the most visible sphere, it does not always have the influence or power to guide the actions of other parties.

What is clear is that the issues are complex and will require collective action, not simply legal recourse, which is lengthy and costly for both government and affected communities. An urgent dialogue is required across spheres of government to institute greater collaboration with respect to land-use planning. The alignment of spatial development frameworks at national, provincial and municipal level is crucial to enable local land-use schemes and detailed precinct plans to be effective.

Recommendations

The following recommendations are proposed as proactive measures to assist cities in obtaining the support of provincial and national spheres of government in the implementation of SPLUMA.
1. Establish mechanisms to speed up land-related legal challenges, to fast-track decisions so that communities are not kept in limbo about the land and without access to housing and services.
2. Refine and develop land-use schemes or precinct plans that incorporate informal settlements, defining the use and development intent for each settlement within the municipality.
3. Enrol the active support and collaboration of provincial and national government in formulating, preparing and approving local spatial development frameworks and land-use schemes, to avoid possible misalignments or conflicts of plans.
4. Consider and fast-track mechanisms that enhance the internal capacity of municipal development planning departments to enforce land-use decisions and monitor the implementation of these decisions particularly in relation to informal settlement upgrading.
Market Interventions for Sustainable Cities: understanding land markets

The paper by Nicola King and Mark Napier seeks to understand why land markets fail (thus constraining development) or function well (thus enabling sustainable spatial development). Such an understanding will allow for better-informed policies, legislation and proposed actions. In turn, a better understanding of the impact of policies, developmental interventions and land-use planning on spatial development (in the context of divergent local needs and the greener economy objectives) would go a long way in ensuring effective policies and better implementation of sustainable cities in the future. This would ultimately ensure the sustainability and resilience of communities, cities and regions.

Within cities, land is a key and limited resource, essential for built environment interventions and central to any decisions about urban management and development. Land, and its appropriate management, is required to meet social, economic and environmental goals, which are often in conflict with each other. Land-use planning and development control laws are the basic instruments for managing natural resources in developing countries.

The paper proposes a framework of urban land markets for sustainable cities, which recognises that any interventions fall within the broader realm of sustainable development. The framework places these interventions in the context of five forms of capital (financial, natural, produced, social and human) that underpin sustainable development and the flows of capital, factors of production, wages and services.

Government and market interventions are used to influence land market outcomes in cities across the world. Although well meaning, these interventions may lead to unintended consequences, such as socially undesirable outcomes in complex land and real estate markets. With a better grasp of land market dynamics, these effects can be more consciously factored into policy and programme designs. The challenge is understanding the complexities of the system sufficiently well to be able to intervene to address market failures but without distorting the market to the detriment of all.

Recommendations

1. Decision-makers need to consider the “true” value of land, to ensure the internalising of the importance of land markets in supporting income and job creation.
2. When allocating resources, cities should take into account: the level of service provision and the method of payment across sectors, land vendors and other suppliers and sources, security and reliability of land supply (including property rights), income across sectors and user groups, willingness-to-pay across sectors and user groups, and the ecological thresholds of supply and whether the resource is renewable or non-renewable.
3. Appropriate legislation, which is strongly defined and appropriately enforced, may ultimately separate polluters from residential users, integrate private and public spaces, and lead to longer-term revenue streams through lower rents. This includes enforcing policies that restrict land uses to preserve the ecological infrastructure, artificially limiting urban development to manage urban densities, and increasing minimum development standards to raise the cost of unintended or undesired development alternatives.
4. Relevant and timeous information needs to be available and accessible, i.e. data about land and real transactions that municipalities can use to inform their integrated development plans, including how vacant and under-used land will be developed and managed.
5. Property rights need to be clearly defined, secure and transferable, to encourage rising property values, more frequent land transactions, higher municipal revenues, and the use of real property as collateral. Including the economic value of natural resources, such as land, into decision-making allows for the resource to be properly measured, carefully managed and effectively allocated among competing users. This will, in turn, effectively support the principles of good land governance and transformation towards just, sustainable cities.
Translating Land Policy to Practice

The final paper in Volume 1 deals with how to translate policy to practice in cities. Peter Magni compares the recommendations in urban land policy documents to the existing land system in operation within cities. The primary policy concern is addressing the unequal distribution of land caused by apartheid, but at present the policy remains detached from how an urban land system functions.

The property market is the engine of the urban land system and has several role-players: investors, government/regulators, tenants, buyers, landholder/leaseholder, property professionals, developers and financiers. The sustainability of the property market and, by extension, the sustainability of the broader land system, depends on the optimal functioning of the relationships between the role-players. Complicating the urban land system in South Africa are the parallel informal markets and traditional land holdings. The municipality requires land for housing, infrastructure and for natural resource management, but also for income.

Within the current local government system, the contradictions and conflicts related to land include:

- The fragmentation of responsibilities across sectors within municipalities.
- The focus on deriving income from land, at the expense of understanding and intervening to ensure sustainable property markets.
- Political interference, which makes achieving land-related municipal goals difficult.
- The serious problem of corruption in relation to municipal land.
- Poor urban-land coordination between the three spheres of government

Municipalities need a paradigm shift in relation to their land responsibilities and roles. They need to understand property markets and to focus on the sustainability of the property market. With decreasing tariff revenues, cities need to increase their rates base by facilitating a sustainable city-wide land market, and strategically releasing and acquiring local government land. To achieve this outcome will require municipalities to clearly articulate land-related processes to all role-players within the land market, to enter into well-defined land-related PPPs, and to develop a clear strategy to deal with corruption related to land.

Nevertheless, municipalities are but one role-player dealing with the urban land system. The national policies in relation to land include acquiring well-located land for low income housing, dealing with informal settlements, achieving spatial transformation through densification and directing urban growth and particular land uses to particular locations, and public participation. These will be the responsibility of local government to implement. However, given the complexity and related conflicts of urban land interventions by municipalities, the current policy proposals are not detailed nor sensitive enough to these nuances. This accusation against the policies can be extended to the processes and needs of the other role-players in the urban land market, be they in the formal, informal or traditional context. The policies in question should consider what interventions government can make to ensure that the urban land role-players function optimally.
Interrogating Transit-Oriented Development in the Context of Urban Land Questions

In this first paper of Volume 2, Nomalanga Mkhize explores whether transit-oriented development (TOD) can adequately address the expectations of spatial restructuring within the context of the existing land challenges in South African cities. Fundamental to the challenge of re-designing cities is the historically entrenched land use and ownership patterns that have perpetuated a racialised, "economic apartheid" logic in cities. This is most visible in the contrasts between densely populated, unevenly planned informal settlements and townships versus well-developed, spatially cohesive, affluent areas. Tackling spatial fragmentation, mobility and socio-economic exclusion raises key political and economic questions relating to access to, availability and spatial distribution of urban land.

TOD planning recognises that well-developed public transportation interventions are a core element of spatial transformation, and yet in South Africa private vehicles seem to be driving development processes and decision-making, often in direct contradiction to planning intent. The constraints facing TOD relate precisely to the political history of land in South African cities, where political and social expectations around space are still driven by exclusivity and class and racial segregation.

Urban land remains a question of both power and fundamental survival. The politics of land inequality – both past dispossession and present struggles for access – dominate the country’s urban areas. Social movements, such as Abahlali baseMjondolo, and political organisations, such as the Economic Freedom Fighters, have placed the problem of land squarely in the middle of South Africa’s economic and urban political challenges. TOD approaches must contend with the dynamic interplay of land hunger, land inequality and skewed property markets. The TOD approach to urban development planning must aim to be pro-poor, by grappling with the urban land inequality as a complex developmental dynamic. Achieving socio-economic integration requires planners to keep in mind land value and commercial value trends, so that planning does not accidentally reinforce islands of affluence and exclude poorer communities socially and economically.

The challenge is to assess the question of improved mobility and integration by looking at the existing transport practices in city communities and asking how and why certain modes, such minibus taxis, persist in a given urban space. On-going urban sprawl and informal development of neighbourhoods complicates matters because market-driven property relations lie at the heart of much city economic development. Also important is to deal explicitly with the opportunities and limits for TOD approaches to balance out land market dynamics that lead to exclusion. Fundamentally, the imperative is to ensure that the city economies are reformed in ways that shift the social imaginaries around how citizens interact across class and social lines.
Land Ownership in the Context of Inclusive Urban Development

The discourse around land in South Africa is largely framed as a rural issue, while discussions about urban land rarely address questions of ownership or use. This paper, by Simon Halvey, Joanna Ryan, Joan Stott and Matthew Townshend explores practically how land ownership could potentially shape the progress of development with respect to zoning and density, using three Corridors of Freedom case studies: Louis Botha, Empire Perth and Turffontein that are all close to main transport arteries and therefore ideal for TOD.

Land ownership can shape how development occurs, through the decisions owners make over land in terms of land use and when to sell. In addition, the tenure type can determine how the costs and benefits of development are distributed, as these are different for property owners and for tenants. The most common types of land ownership are private and state, which each have their own complexities. Private ownership can lead to concentrations of wealth and deny power to those without land, while public ownership may replace abuses of individual ownership with abuses of bureaucratic control.

In South Africa, unequal access to land and housing reinforces the historical spatial inequality, driven by the property market that is based on competitive bidding and leads to higher prices for well-located land. In addition to higher land prices, marginalised communities also have difficulties accessing the formal property market because of issues such as the absence of legal title deeds. Bringing poor households into the formal market and increasing their security of tenure can help narrow the divide between the formal and informal markets, and lead to more inclusive cities.

TOD is seen as a means of achieving spatial transformed, inclusive cities, but the question is: who benefits from, and who bears the costs of, significant public investment in cities, such as TOD. The land ownership/zoning profiles for the Corridors of Freedom and demographic profile of Louis Botha corridor found that individuals own the majority (62.97%) of stands, but that the state is the largest owner in terms of area, owning about a third of the land along the corridors. Such fragmented land ownership and the problems of integrating private and public land parcels are major obstacles to achieving TOD. Coordinating the interests of disparate entities may be difficult, but the considerable land area owned by the state presents opportunities for development. A relatively high proportion of this state-owned land is residentially zoned, and so could be available for high-density, low-cost housing developments.

Of concern for implementing TOD is the current zoning in the corridors. Almost three-quarters of the stands are residentially zoned, and the zones are clustered rather than interspersed, with little mix between residential and commercial zoning. This means that a lot of rezoning would be required to achieve the desired level of mixed land use. Yet the research found that rezoning applications had been filed for less than 2% of the stands. Of these applications, 56% were successful, with the degree of success appearing to be correlated with ownership type. Only 21% of rezoning applications by individuals were successful, compared to 100% for government.

When determining who benefits (or not) from TOD investments, tenure matters, as residents in poorer neighbourhoods are often unable to afford the rental increases that accompany development. Those most at risk of being financially excluded from (and indeed by) investment in the TOD corridors are residents in low-income areas with a high proportion of renters or other non-ownership occupancies. Therefore, planners should be aware that gentrification poses a risk of exclusion in areas containing high levels of rental accommodation and low-income residents.

Further research is needed into (i) state-owned residentially zoned land along the corridor, as having access to sufficient land can accelerate the process of inclusive development, and (ii) reasons for rezoning applications being unsuccessful, as unsuccessful applications can limit the development that can take place and negatively affect the land owner.
Towards a Measure of Spatial Justice in South African Cities: spatial mismatch and SPLUMA

This paper looks at the applicability of the spatial mismatch concept to South Africa and is based on research by the Socio-Economic Rights Institute of South Africa (SERI) in 2016. Spatial mismatch provides a starting point for developing an indicator against which progress towards spatial justice – a principle underpinning SPLUMA – can be measured. Spatial development frameworks (SDFs), municipal by-laws and land use management schemes are central municipal instruments to implementing SPLUMA and its principles.

Municipalities must include previously disadvantaged areas in their SDFs and address historical spatial imbalances. A possible spatial justice measure is designating well-located residential and economic areas for incremental upgrading, for example: abandoned buildings occupied by poor households, informal settlements and backyard shacks, and informal street trade in the inner city. The designation confers an official, legal status on these areas and incremental upgrading and land use regulation could ensue.

Private sector investment is a key factor in the persistence of the apartheid city structure/spatial mismatch. Developers prefer to build housing and commercial developments in established zones of economic and social activity, while property owners have organised into strong lobbies to protect their interests. Although some municipal spending targets poorer areas, it cannot compete with private sector investments. Land development decisions are one of the most powerful instruments at a municipality’s disposal to direct investment. SPLUMA provides for the setting up of a Municipal Planning Tribunal, which must consider certain factors when deciding on an application. For example, the tribunal must make decisions that are consistent with the development principles contained in the Act and take into account government’s constitutional transformation imperative. To promote accountability, tribunal decisions should be measured against the principles.

Land use management is an instrument to ensure that development decisions (taken by tribunals) and municipal policies and visions (contained in the SDF and other plans) are carried out and properly enforced. It is an implementation mechanism for the SDF but requires an important shift in thinking: municipalities will need to drive development, not respond or be dictated to by other role-players. For example, cities could zone existing informally developed areas in a manner that promotes spatial justice. In Brazil, special zones of social inclusion (ZEISS) are used to legalise informal land uses and regulate them in pro-poor ways. Inter-sectoral collaboration and alignment (especially planning, human settlements and economic development) will be crucial in designating incremental upgrading areas and special zones that can be used to achieve spatial justice.

The allocation and use of land is central to spatial justice because land allocation reflects and reinforces existing power relations. The allocation of private land occurs based on the principle of allocation to the highest and most profitable use, whereas state allocation has focused on allocating land on urban peripheries and is, typically (except for limited social housing initiatives) not well located. Locally or informally allocated land often reflects best use and access to land in well located areas. SERI's research is just the beginning; the maps and quantitative work provide a base layer upon which more detailed and context-specific themes can be investigated.
Proactive Upzoning of Land in TOD Developments to Promote Urban Regeneration in South African Cities

In their paper, Stuart Paul Denoon-Stevens and Verna Nel examine how proactive rezoning in TOD projects and strategies can be used to create an urban form that is spatially just and efficient. They argue that zoning can be a powerful tool for shaping the development of cities but is often incompatible with (and unsuitable for) cities in the South. There has been limited use of proactive rezoning or upzoning in South Africa, where the debate around land use management reform has focused more on zoning regulations than on the zoning map itself, and how this map embeds an exclusionary and inefficient pattern of land use rights. The power of proactive rezoning is that it addresses both the zoning map and the zoning regulations.

TOD is not a new concept. Prior to the wide-scale availability of private vehicles, many suburbs developed along public transport routes. Today, the challenge is to attract car users back to public transport and urban living, and create more compact, sustainable cities with a high quality of life, while simultaneously improving access to opportunities for those who depend on public transport. Creating vibrant urban nodes requires more than a public transport route; it requires the right mix of activities, amenities, housing and access for the specific area. Diversity is a key component and must include employment and housing opportunities for various income groups. Proactive upzoning is a powerful tool to achieving this.

What is needed is a nuanced local approach to designing proactive upzoning initiatives. Proactive upzoning must be developed in consultation with developers, property owners and the local community. The municipality may have to demonstrate its commitment through upfront investments in housing and infrastructure. In so doing, cities can lead the way in transforming their urban spaces to be responsive to the needs of public transport users and pedestrians, which is the key purpose of TOD, and create a spatially just and efficient urban form.

Proactive rezoning is one of the tools that cities can use to intervene in the functioning of land markets to effect radical spatial transformation, which is desperately needed in South Africa. More than two decades after the fall of apartheid, deep spatial inequalities still plague South African cities, in large part because of the underpinning land ownership and development system. Part of the role of cities is to better use the tools at their disposal, such as zoning, to systematically generate greater equality in urban land access and use. Only then will South African cities and settlements realise the vision of becoming spatially just, and “good” places to live, work and play.
Development-Oriented Township Land Use Management: learning from Eveline Street, Katutura, Windhoek

An important, yet under-discussed issue is the extent to which land use management in townships can help promote development. This paper, by Caitlin Tonkin, Andrew Charman and Thiresh Govender, shares lessons from the Sustainable Livelihoods Foundation’s (SLF) Unlocking Land for Micro-Enterprise Growth project, which investigates the impact of different land use management systems (primarily in South Africa) on informal micro-enterprises, and includes research in Eveline Street, Windhoek. Transit-oriented development (TOD) is used as a lens to magnify specific case details.

In townships, informal businesses provide alternative strategies for income generation and livelihood support in contexts where formal employment opportunities are extremely limited. Yet informal business owners are not legally able to use their properties in economically valuable ways, such as running small businesses, and often experience negative consequences for doing so illegally. At the same time, township entrepreneurs struggle to formalise their businesses because of the red tape involved in the licensing process. Formalising and supporting informal micro-enterprises present an opportunity for developing township economies and benefit:

- business owners and employees, through increased incomes and protection of the business;
- the township, through the creation of safe socialising spaces and improved business infrastructure; and
- the state, through increased tax revenues.

However, South Africa’s current land use management system does not support – and is in fact an obstacle to achieving – this agenda. The inflexible, unfairly regulatory or overly prescriptive land use management system prevents multiple, flexible land uses in townships, which constrains the growth and formalisation of township micro-enterprises, blocks the derivation of economic value from land and quashes the potential of the informal economy to provide alternative income generation opportunities for the urban poor. By not using the land use management system as a tool for such an agenda, the opportunity for developing townships is being missed.

The Eveline Street (Windhoek, Namibia) case study provides some land use management lessons for South Africa, for streets that are already transport corridors/high streets:
1. Ensure secure business and land rights, so micro-entrepreneurs will not face repercussions if they invest in business infrastructure or growth
2. Re-zone residential township properties in business corridors, to create mixed-use or commercial areas that accommodate multiple uses of land and a mix of businesses
3. Use licensing regulations as a tool to manage land use and encourage private investment.
4. Modify the existing urban infrastructure, to support development, e.g. wide pavements (for off-street parking and economic activities), varying plot sizes, street lighting, and space for expansions and alterations.
5. Develop an efficient, accessible and flexible public transport system that can support growth, facilitate economic inclusion and connect nodal points of activity.

Having township-tailored, land use management components specifically aimed at triggering township development will enable entrepreneurs to “unlock” more value from their land and so pursue more secure, formalised and sustainable income generation strategies, thus building better livelihoods for themselves – which is a truly developmental outcome.
A Critical Review of Land-Based Financing for Inclusive Urban Development

Local governments are under increasing pressure to use their own revenues to fund infrastructure and development investments. In this paper, Simon Halvey, Joanna Ryan and Matthew Townshend explore whether land-based financing (LBF) – which includes land value capture (LVC) – is an appropriate and effective method to raise the necessary revenue to finance inclusive development through TOD in cities, drawing on the case study of Tafelberg in Sea Point, Cape Town.

LBF options centre on possibilities represented by the financial value of land, but little attention has been paid to the practicalities of satisfying the many urban role-players and their divergent land objectives. National and local government implementation plans gloss over the difficult questions, suggesting that little attention has been paid to what the multiple functions and values of land mean for LBF in South Africa. LBF is potentially exclusionary because if the aim is to maximise revenue, LBF would work better in well-developed areas with a reliable tax base. As these are not areas where the previously marginalised are likely to stay, the inequalities in investment patterns would be entrenched.

Nevertheless, LBF instruments can be applied to be consistent with a pro-poor agenda. For instance, providing evidence of the impacts of LBF can help increase the support and commitment of local communities and interest groups – the Tafelberg case study shows that a lack of support from stakeholders can cause considerable difficulties for the application of LBF. This evidence should be complemented by clear policies on how the revenue raised is to be directed. Although the ringfencing requirement of LVC severely limits the potential of using these funds to cross-subsidise projects in other areas (or to fund social housing in the same area), it does free up revenue for use on other projects. Therefore, the focus should be on how this freed-up revenue is targeted. Revenue raised through the lease or sale of government-owned land requires the same targeting. However, this does not currently seem to be a priority for government, as shown both by the Tafelberg case study and lack of a pro-poor commitment in any LBF or LVC policies and frameworks.

Cities and government should work towards an unequivocal commitment to how revenue generated through public urban land is spent. A logical starting point is an inventory of land assets owned by the different spheres of government that identifies current land use and market value. The government or city can then decide which land parcels would be more beneficial to urban development if sold to private developers and use the proceeds for inclusive and spatially equitable developments. The City of Cape Town appears to be moving in this direction, identifying other potential sites for inclusive housing, such as the Helen Bowden Nurses Home. Other LBF instruments could also be explored. For example, taxing vacant land could potentially tackle two problems at once: improve the effective use of urban land, reducing illegal settlements that frequently occur on unused land; and generate an additional revenue stream for municipalities.

Cities need to think about using land value to achieve various policy outcomes, although these outcomes are often incompatible, e.g. revenue generation vs. socially desirable inclusive development. The Tafelberg case highlights the complexities involved in implementing LBF strategies in the face of these conflicting goals. However, with the necessary commitment by the various government spheres, seemingly opposing needs can begin to be addressed concurrently. Although achieving their goals of efficient, financially viable, and spatially reformatory development within current revenue constraints is not straightforward, by actively committing to balancing these divergent needs, cities can make strides towards simultaneously achieving all of these.
Research by Partners

Minding the Gap: An analysis of the supply of and demand for low-income rental accommodation in inner city Johannesburg

Socio-Economic Rights Institute of South Africa (SERI)

For many, rental is an important form of tenure. In recent years, there has been a shift in national policy, from focusing on freehold title RDP housing developments to including the provision of affordable rental housing as a priority. Several programmes and subsidies have been developed to facilitate rental housing. However, these programmes have either targeted middle-income earners, or have not been implemented at scale. Affordable low-income housing remains a neglected component of the urban regeneration of cities. In the absence of a national policy framework, metros have been driving urban regeneration, seeking to entice investors back to the inner city, promising that benefits will "trickle down" to poor people. The City of Johannesburg has adopted this model of regeneration, although it has also developed a number of programmes and institutions to facilitate low-income housing – most notably the Johannesburg Social Housing Company (JOSHCO).

The report by SERI highlights the insufficient supply of both formal and informal rental accommodation for low-income and poor households in the inner city of Johannesburg. The research found that of the rental accommodation available in the City (which includes formal private sector, social and informal small-scale options), no permanent housing options are available to those earning below R3200 per month. This is a problem, as nearly half (49%) of households in the inner city earn below R3200 per month. These are often the people who live in overcrowded conditions in dilapidated buildings – what the City refers to as “bad” buildings – and who service the city: car guards, domestic workers, informal traders, waste collectors, security guards, taxi drivers, cleaners etc. They can afford monthly rents of less than R900 (mostly R300–R600). The market cannot and will not cater for these income groups. Inner city regeneration has effectively led to the eviction of such people en masse.

While the City has acknowledged the urgent need for such accommodation, very little has been done to address the gap in supply and demand. The City’s “housing strategy” in the inner city is directed towards people it wants to live there, not the people who currently do live there. The City’s “new” plan, contained in a policy that has not been made public and is only referred to in court papers, is a pared-down, more aggressive version of the Transitional Housing Programme that was abandoned 10 years ago. It moves people evicted from “bad” buildings to shelters, where they are expected to stay for 6–12 months, after which they are expected to enter the formal housing market. It is unrealistic to suggest that the kind of economic transformation necessary to participate in the private rental housing market can be achieved in 6–12 months, i.e. increase their incomes by the factor of five or ten necessary to rent a room from a private landlord, especially given the stagnant job market and economy. Therefore, after the 6–12 months, the residents end up on the streets or in another “bad” building.

Recommendations

1. National government must provide more than capital subsidies, i.e. management and administration subsidies for public rental housing. Public housing stock must be managed and maintained, including recruiting and employing personnel with the right skills for operating as a landlord, collecting rent, and keeping rent default levels to a minimum.

2. The City must recognise that its role goes beyond facilitating free enterprise and develop the political will and institutional capacity necessary to become a provider of rental housing. Even private property developers acknowledge that the City must retain and refurbish “bad” buildings as affordable rental housing for those unable to access social housing or the private sector.

It is possible to progressively eliminate homelessness in the inner city, as housing demand in the inner city is not endless; it is finite, measurable and can be planned for. What this report shows is that providing housing to every poor and low-income household living in the inner city is an achievable, affordable goal within the next few years. The City just has to want to do it.
A Way to Understand Housing Markets beyond “Subsidy, Gap and Market

UCT-Nedbank Urban Real Estate Research Unit

This paper by the UCT-Nedbank Urban Real Estate Research Unit demonstrates the importance of developing a nuanced understanding of market demand and market segmentation to better inform the actions of the public and private sector with regards to housing. Currently in South Africa:

- Housing delivery by the private and public sectors is failing to sufficiently address the housing backlog and cater for new household growth. For the public sector, this is because of increasing fiscal constraints and insufficient delivery capacity. The private sector has mostly failed to deliver housing stock that is affordable to large segments of the population.
- The housing delivery model has reinforced the inefficient, inequitable and unviable nature of South African cities, through poorly located and low-density developments.
- The model tends to produce relatively standardised products that do not match the diversity of household types. This is because of too many regulations and standards, historical inertia and the need for equity and economies of scale.

The housing delivery model assumes a homogeneous group of consumers, with only a cursory regard for household income as a proxy for demand. A far better understanding is needed of what housing and households look like in South Africa (i.e. avoiding oversimplified “market segments”, such as Subsidy, Gap and Market). A comprehensive and nuanced submarket analysis is important:

1. To identify and track the drivers of demand, and better understand housing market dynamics, for example the filtering of housing stock from higher income to lower income households over time, and households climbing the “property ladder”.
2. To estimate more accurately the quantity and nature of housing units that will be demanded in the future, by projecting household growth and housing choices per submarket.
3. To identify shortages or surpluses in specific submarkets, enabling more appropriate and effective intervention.

The paper suggests a methodology of how the South African housing market could be segmented and disaggregated into a set of interrelated submarkets. This is done using structural and affordability approaches based on single household attributes. From this, the gap between supply and demand was determined and future house types demands estimated. The report recommends this model be applied to Cape Town census data to provide findings that could lead to more informed market and policy responses to the current housing problem.
The challenge of developing higher density, affordable housing in the inner city of Cape Town

UCT-Department Construction Economics and Management

This paper provides an overview of the economics of providing well-located housing in the inner city of Cape Town. It emphasises the need to maintain an appropriate balance between the viability and affordability of the product offered to the market and overcoming the value-versus-cost challenges. While developers have limited influence over value, they do have influence over cost structures through the development approach chosen. Moreover, local authorities influence the viability of projects through standards and regulations. The conclusion drawn from the research has considerable implications for the formulation of market-driven housing policy interventions.

The research found that, like other South African cities, Cape Town suffers from being inefficient and inequitable largely due to its low density and sprawling nature. As a result, most planning- and housing-related policy interventions advocate the provision of higher-density, more affordable residential housing in well-located areas such as the inner city. However, to date, these policies have, on the whole, been unsuccessful in achieving these outcomes. This paper argues that this is because these policies largely do not take urban economics into account and fail to address the value-versus-cost tension that needs to be overcome to allow for the provision of such accommodation. Based on the viability calculations provided, the research illustrates the main cost drivers associated with higher-density, inner-city residential development and makes certain recommendations as to how these cost barriers can be reduced.

The solutions put forward by the paper offer lower-income households the ability to successfully compete with higher-income households and other land uses for well-located space in Cape Town’s inner city. The findings of this research illustrate the type of interventions that the public and private sectors can consider, to improve the viability and affordability of affordable housing units in city centres located in emerging countries.

**Economic drivers for new development in the City**
South Africa’s economy may not be growing fast enough, but the demand for housing is. South Africa has a housing shortage, and housing is critical part of the economy. Also, cities are unsustainable, inequitable and unviable. Two challenges:

- Shortage of affordable housing, i.e. rentals of up to R5000 per month (75% of households in Cape Town earn less than R20,000), whereas average rentals are R8000–R15000 per month.
- The need to address spatial sprawl and increase integration.

What is needed is to build housing within the city footprint, closer to job and other opportunities. Achieving this is difficult because the value vs. cost equation is working the wrong way: rental yields = 5–7% whereas cost of finance = 10–15%. Therefore, the need is to increase value per m² and reduce cost per m². How?

1. **Stop focusing on new build:** most expensive form of development, only represents about 1% of total stock, incurs “land production costs” (land acquisition, infrastructure), requires regulatory approval (development rights) and carries finance costs (30–50% of total costs)
2. **Build smaller and redevelop existing lower density stock** (i.e. build one extra floor on single-storey houses): stimulates the economy, is viable and so can be taken to scale, incurs lower development costs (no new land costs, uses existing infrastructure capacity and foundations), has development rights usually in place, increases value per m² (smaller units), is in the urban footprint and closer to existing work and other opportunities, increases densities, uses existing infrastructure, and offers an opportunity to retrofit dwellings to make them “green”, no subsidies, results in better integration).
Equitable Access to Land: learning brief

Afesis-corplan

As this learning brief by Afesis-corplan points out, the need to speed up land reform and land redistribution is a hot topic in South Africa. Some say that the Constitution needs to change; others say that the problem is weak implementation and elite capture of the land reform process.

What the Constitution says:

- Section 25.5 (land redistribution) does not give people the right to land but gives the right to a legislative and other (e.g. economic and institutional) environment that helps people gain access to land on an equitable basis.
- Section 26 (housing) gives people the right to adequate housing on a progressive basis and within available resources. As housing needs to be built on land, Section 26 in effect does give people the right to land for residential purposes.

To understand whether Section 25.5 is relevant (or not) to housing, the brief explores what an applicant would need to show to get a ruling from the courts that the State is violating Section 25.5. The applicant would need to show that:

(i) the state is not doing enough to foster conditions for land redistribution;
(ii) the conditions that the state has fostered are not enabling citizens to gain access to land on an equitable basis.

The learning brief suggests that a case can be made for (ii) even in the case of land for housing.

Millions of people continue to live in informal settlements – and the situation is worsening: between 1994 and 2014, the South African government provided more than 2.5 million houses and some 1.2 million serviced sites, but the housing backlog increased from 1.5 million to 2.1 million units, and the number of informal settlements went up from 300 to 2 225. Citizens are not gaining access to land on an equitable basis.

The brief argues that the state is not living up to Section 25.5 of the Constitution, as the legislative and other measures the state has put in place are not ensuring that everyone has access to land (for residential purposes) on an equitable basis. Nor, as shown by court cases that individual communities are winning, is the state fulfilling Section 26 dealing with the right to housing. The implications of applicants winning a case related to Section 25.5 would be huge. The state would have to rethink its human settlement policies and programmes, and introduce legislation to speed up the identification, acquisition and development of land for human settlements. Spending priorities would have to shift from housing top structures to land acquisition and development. With the same budget, the state could reach far more people each year by providing at least a (basic) serviced site and tenure security as part of a new Managed Land Settlement Programme and the upgrading of informal settlements to at least level 2 (basic services) of the Upgrading of Informal Settlements Programme.

However, the state does not need to wait for such a court case. It can proactively shift its policy and legislative focus away from the providing top structures to providing land and services, by modifying existing legislation and/or introducing new legislation that defines what is meant by “equitable access to land” and put in place procedures for monitoring and evaluating the extent to which such equitable access to land is continually being improved.
Spatial Transformation through Transit-Oriented Development
Wits-Spatial Analysis and City Planning Research Chair

The Spatial Transformation through Transit-Oriented Development in Johannesburg report series is the product of a project undertaken between the Agence Française de Développement (AFD), the City of Johannesburg (CoJ), and the NRF South African Research Chair in Spatial Analysis and City Planning at the University of the Witwatersrand. The project aimed to provide operational support to, and empirical evidence for, the City of Johannesburg’s Transit-Oriented Development (TOD) programme – at the time known as the Corridors of Freedom (COF). It was a unique and important collaborative endeavour, in which the project proposal, research questions and final approach were co-produced by the three partners. The reports cover a range of topics, from an international comparison of Transit-Oriented Development Corridors, to an in-depth study of the regulatory, institutional and incentive environments in the COF, and the response from the private sector. It also included a survey of 1,200 residents; users and businesses and an in-depth qualitative case study analysis of four nodes: Marlboro South; Park Station Precinct; Orange Grove and Norwood; and Westbury. The case studies encompassed a wide range of the environments along Johannesburg’s corridors, including older suburbs, informal settlements, townships, public housing stock, industrial areas and transit nodes in the inner city. The team consisted of academics, officials, consultants and community members. Methodologically, all reports relied on academic and media sources, with the majority consisting of an integrated analysis of survey findings and key stakeholder interviews. The summary that follows looks at the key points from each report and offers a concise sense of the main findings.

Key findings:
- The international experience supports the case for transit corridors, noting that they are useful and necessary planning instruments in urban regeneration – improving sustainability, increasing access for poorer communities, and improving rates bases in strategic areas.
- Transit corridors have been associated with an improved municipal fiscal that is able to provide denser urban environments with consequently higher efficiencies in the urban form.
- The current forms and institutional arrangements of TOD corridors in the CoJ demonstrate much promise and have some of the key features of successful corridors found elsewhere, i.e. a lead department with high levels of technical skill.
- However, there is a need for greater coherence at both the planning and implementation level, and a need for more buy-in from all departments in the CoJ.
- The CoJ has set an ambitious approach to the development of the Corridors – attempting to create a “guided” enabling environment for the private sector that incentivises and attracts investment into these sites, whilst balancing the needs of the public good, and the larger developmental agenda.
- There are some important locations that will potentially satisfy private sector interests of lowered risk and higher demand; these include affordable housing along Louis Botha Avenue and investment opportunities in the Knowledge Precinct.
- The TOD programme has a long-time horizon. However, after just four years it has seen some successes, including the provision and use of the Bus Rapid Transit (BRT) by certain communities; significant public environment and infrastructure upgrades, and the construction of vital services, such as clinics in areas that were previously under-served.
- In order for the impact of TOD – which extends beyond just the BRT – to be maximised, the City must foster a multi-modal transport system, including the BRT, Gautrain, commuter rail, and minibus taxis.

Across the Corridors it is clear that there is significant youthful energy directed towards micro-businesses, with many residents starting new enterprises. Louis Botha Avenue, Marlboro South and Park Station are already showing signs of being complex multi-use sites that attract people from all over South Africa and the continent.

The transit corridors already have an important economic function in that they are attractive sites due to their accessibility and the ability of residents to save on transport costs. However, demand is forcing up the price of commercial and residential property, making these areas inaccessible for poorer households.

Nodal findings:
Each node faces a set of specific conditions that require particular engagements and services.

- Westbury, as a site of older public housing stock, faces severe social pathologies, and very low rates of employment. Residents feel isolated and parochial – despite being quite close to the inner city in terms of physical distance – and there is a need to consider social infrastructure as a key future intervention.
- Slovo Park as an informal settlement requires better services and housing but also greater participation and engagement with residents about their future.
- Louis Botha Avenue (Orange Grove in particular) is mixed-use and mixed-income area and has important businesses varying in size. Here care needs to be taken to support the organic processes of informal and formal entrepreneurship and to avoid potential gentrification and displacement that could result from interventions.
the Peterson Park housing project is a vital intervention, the governance dynamics in the area provide important lessons for the Col in its future interventions in middle-class areas.

- Marlboro South is an area of enormous potential, but has high rates of poverty and very poor living conditions. It is very well located and has a number of businesses, at a variety of scales, which would like to remain. This area requires housing interventions, service upgrades and consideration of the urban environment, especially safety and security.

- Park Station Precinct, as arguably the most important transit node in Johannesburg, suffers from a governance crisis and as a consequence has not been able to capitalise on its cosmopolitan and vibrant nature. There is a lack of support for the economic activities in the area; insufficient affordable accommodation; and the station requires better linkages into the fabric of the inner city.

Recommendations:

- Currently, there is a ‘toolbox’ of incentives that is being developed to enhance partnerships with private sector developers, and there is evidence to suggest that this could be enhanced by considering questions of urban management; the release and development of state-owned land, and examining the development of demand – rather than supply-side investments.

- Safety and security, questions of urban management, and employment were themes that consistently appeared across the corridors. The City needs to pay close attention to these concerns, as they are affecting all aspects of the Corridors, such as the quality of life for residents and the potential future investment from private developers.

- Public participation protocols require rethinking and possibly reconfiguration. In their current formulation they are not sufficiently able to include the voices of some of the poorest and most marginalised. They are also incorrectly conceptualised as information-sharing sessions, rather than real engagement or consultation.

- Furthermore, public participation needs to be seen as part of long-term relationships with communities and stakeholders that occur throughout the process rather than a once-off compliance-led activity.

- Given the need for cross-sectoral and inter-departmental co-ordination, area-based management models could be highly effective in addressing these issues and should be considered as a way of addressing the host of differentiated needs across the transit corridors.

- The current practice of having ‘point people’ – particularly within the Johannesburg Development Agency (JDA) – dedicated to specific nodes and corridors is excellent and should be continued.

- All processes in the corridors must be supported by up-to-date websites that are current with ease of access to all relevant information.

- The Col needs to promote and publicise its achievements, and let the general public and other departments know what it has accomplished.

- Exceptional care needs to be taken to ensure that built environment interventions do not worsen conditions in vulnerable communities, highlighting the need for better empirical evidence and consultation before implementation.

- Built environment interventions must be complemented with social development and engagement in order for the full potential of the transit corridors to be realised, in terms of addressing the social and economic aspects of marginalisation.

- Overall, there is much to be learned from the first few years of the programme that can improve the Col’s TOD initiatives going forward: better engagement and participation; clearer plans; better marketing and overall communication within and outside the Col, and careful consideration of the limits of built environment interventions.

In short, the research project revealed that transit corridors are an effective programmatic choice in restructuring the spatiality of the City of Johannesburg and dealing with some of the most intractable urban problems; there are a range of ways to improve Johannesburg’s TOD programme going forward. To realise the full value of the TOD vision, it is necessary for the Col to continue the programme with the vigour it has demonstrated thus far. The dedicated and skilled teams in the City have already been able to achieve some successes, and with the evidence base that this study now offers, interventions and plans can be more finely honed and refined to focus on specific community needs, whilst addressing questions of a declining fiscus and the need to restructure and reinvigorate the City of Johannesburg. This project also included a series of urban labs – a number of engagements between City officials, academics, members of civil society and the private sector and other key stakeholders – on particular issues related to Johannesburg’s future. This report is also included in the series.
Four Criteria for Advancing Spatial Justice through Affordable Housing in the Private Sector

Ndifuna Ukwazi

**Four Criteria**

**Is it providing greater access to land and housing?**
- Affordable housing should advance the right to housing for residents. It should be targeted at residents who need housing the most. These are residents who are vulnerably housed, facing eviction and displacement or do not yet have decent homes.
- Affordable housing must be **racially targeted** at residents who are Black and Coloured. It should provide access to housing for people who were forcefully removed, displaced, denied or dispossessed of land and housing. It should contribute to mixed race buildings and precincts.
- Affordable housing must be appropriate for a range of household sizes and not just singles or couples. The size should not exclude the majority of households which are between 3 and 5 people.

**Is it well-located?**
- Affordable housing should be integrated into well-located areas. It should be located in areas that are growing in terms of economic investment, wealth and jobs. These areas should already have good transport links, established infrastructure and quality services such as hospitals and schools. These areas tend to be in the city centre and surrounds; along transport corridors and nodes; and in former white only suburbs. It should contribute to mixed-use buildings and precincts and a liveable, dense and sustainable city.

**Is it affordable?**
- Affordable housing should be rented or sold **based on average incomes** rather than prevailing market prices. Households should not spend more than 1/3 of their income on rent or a mortgage. Because a product is cheaper than the market does not make it affordable.
- Affordable housing should be targeted at residents who do not earn enough to rent or own in well-located areas. In 2017, these are households who are earning between R80,000 and R180,000 per month. It should contribute to mixed class buildings and precincts.
- Affordable housing must reach deeper to target a range of low incomes and not just the top bracket.
- Affordable housing should be rented for between R0 and R6,000 per month; or available for purchase in 2017 for less than R550,000.

**Is it affordable in perpetuity?**
- Affordable housing should be **retained in perpetuity**. Whether it is rental stock or for ownership, the cost of affordable housing should not increase substantially higher than inflation or incomes year on year.
- Transparent, fair and binding regulatory and institutional arrangements must be put in place to ensure that affordable housing is **protected in perpetuity**. These mechanisms must be cost effective and feasible.
Is it providing greater access to land and housing?

Affordable Housing Should Advance the Right to Housing

Affordable housing should advance the right to housing for residents. It should be targeted at residents who need housing the most. These are residents who are vulnerably housed, facing eviction and displacement or do not yet have decent homes.

Cape Town is clearly divided between residents who have access to housing and residents who do not. While there is an undersupply of housing for households earning less than R18,000 per month, there is an oversupply of housing for residents who earn above R18,000. Affordable housing should be targeted at households earning between R0 and R18,000.

Affordable Housing Should Be Racially Targeted

Affordable housing must be racially targeted at residents who are Black and Coloured. It should provide access to housing for people who were forcefully removed, displaced, denied or dispossessed of land and housing. It should contribute to mixed race buildings and precincts.

75% of households in Cape Town earn between R0 and R18,000. Of these, 92% are Black and 76% are Coloured. Providing affordable housing at this income range not only meets housing need, but also provides access to Black and Coloured families.

Affordable Housing Should Be Appropriate for Families

Affordable housing must be appropriate for a range of household sizes and not just singles or couples. Between 3 and 5 people should be able to live there.

A household is as a group of people who live together, and provide themselves jointly with food or other essentials for living, or a single person who lives alone. Black Households are between 3 and 4 people on average. Coloured households are between 4 and 5 people on average. The average household size in Cape Town is between 3 and 4 people.

Deficit/Surplus of properties

Household Size in Cape Town

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Average Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>3.25</td>
</tr>
<tr>
<td>Asian</td>
<td>3.63</td>
</tr>
<tr>
<td>Coloured</td>
<td>4.42</td>
</tr>
<tr>
<td>White</td>
<td>2.52</td>
</tr>
</tbody>
</table>

Demand/supply analysis for the Cape Town Metropolitan area shows a considerable supply side deficit for households earning below R18,373 p/m. Source: Francois Viruly 2016, updated for inflation.
Is it well-located?

Affordable Housing Should be Integrated into Well-Located Areas

Affordable housing should be integrated into well-located areas. It should be located in areas that are growing in terms of economic investment, wealth and jobs. These areas should already have good transport links, established infrastructure and quality services such as hospitals and schools. These areas tend to be in the city centre and surrounds; along transport corridors and nodes; and in former white only suburbs. It should contribute to mixed-use buildings and precincts and a liveable, dense and sustainable city.

Well located areas are not areas of the city in which we would like to see future growth because there is space available. They are established areas with proven potential to provide dignified lives. There is no one hard rule for deciding whether an area is well-located. But we can suggest a number of indicators.

Well-located areas have access to good public hospitals and schools. Sea Point is near to Somerset Hospital and a number of good schools. It has its own municipal hall, police station and post office in walking distance and there are good shops in the area.

Well-located areas show sustained growth in investment, wealth and jobs. Cape Town CBD accounts for 25% of the entire metro’s economy and 30% of residents work here.

Well-located areas have access to reliable public buses, taxis and train networks. Wynberg will be serviced by the new MyCiTi and is a hub for transport to a number of destinations.

Well-located areas still have mostly White people living there. Maitland is very centrally located and has good opportunities to densify.

Well-located areas can still be densified by demolishing old buildings and going higher or filling in on vacant plots. The Voortrekker Road corridor around Goodwood is ideally situated for dense human settlements.

Well-located areas have established infrastructure. Bothasig already has established electricity, sewerage, roads and water infrastructure.
Is it affordable?

Affordable Housing Should be Based on 1/3 of Average Incomes

Affordable housing should be rented or sold based on average incomes rather than prevailing market. Households should not pay more than 1/3 of their income on rent or a mortgage. Because a product is cheaper than the market does not make it affordable.

If a household pays more than 1/3 on housing related expenses then it is overburdened and has less money to spend on other essentials. This expense includes all housing related expenses: electricity, rates, taxes, water, services, household insurance.

It is not possible to provide a truly universal measure of affordability that is appropriate for all incomes because different households have different expenses. However, internationally and in national legislation, the affordability threshold is set as a maximum of 1/3 of gross household income which can be paid towards rent or servicing a mortgage. Other cities around the world that use the 33% rule include Berlin and New York. In Canada 30% of household income for housing is considered affordable.

New York
The U.S. government regards housing costs at or below 30% of one's income to be affordable.

London
The government in 2007 used 25% of gross income as the figure for what was affordable.

Melbourne
A household is typically described as being in 'housing stress' if it is paying more than 30% of its income in housing costs.

Toronto
The Canada Mortgage and Housing Corporation (CMHC) consider households that spend 30% or more of total before-tax household income on shelter expenses, have a "housing affordability" problem.

Berlin
A new law will work as follows: People on low incomes living in social or state-owned housing will pay no more than a third of their gross income in rent. For tenants in a few buildings with especially high energy costs, that ceiling will be dropped to 25 percent of gross income.
Affordable Housing Should be Based on Incomes Between R 0 and R 18,000

Affordable housing should be targeted at residents who do not earn enough to rent or own in well-located areas. In 2017, these are households who are earning between R0 and R18 000 per month. It should contribute to mixed class buildings and precincts.

Affordable housing should be rented for between R0 and R6 000 per month; or available for purchase in 2017 for less than R550 000.

What is affordable for the majority of residents in Cape Town? Using the \( \frac{1}{3} \) rule those earning R18 000 can only afford to pay R6 000 per month on rent or can afford a bond of up to R550 000.

Affordable Housing Should Target a Range of Incomes

Affordable housing must reach deeper to target a range of low incomes and not just the top bracket.

Households earning R18 000 per month are at the very top of the affordability threshold. Most households actually earn between R0 and R4500 per month (454,005 households) and can only afford a lot less. They don’t qualify for bonds and can only afford up to R1500 in rent per month. We cannot solve the housing crisis if we only focus on the upper fringe of the affordability ladder.

The upper limit for affordable housing earns
R18 000
and can afford to rent
R6 000
or own
R550 000

BUT, most people earn
R2 298 – R4 593
and can afford to rent
R766 – R1 531
or own
R70 229 – R140 367

Affordable Housing Should be Retained in Perpetuity

Affordable housing should be retained in perpetuity. Whether it is rental stock or for ownership, the cost of affordable housing should not increase substantially higher than inflation or incomes year on year.

Affordable housing that is not managed with a suitable mechanism for protecting affordability in perpetuity ignores the key driver of the problem: a hot property market. This requires a regulatory mechanism to protect rents or sale price from market forces or these will rise quickly and steeply and soon be unaffordable. In the case of ownership it would also be unfair if few residents on low incomes were able to resist the temptation to sell and cash out the equity. Other residents would not have been provided with the same opportunity.

This would mean that the intention of creating mixed-class and mixed-race buildings and precincts is quickly eroded. Rather a single affordable home should benefit many households over its lifetime. This means that any resources that are used may serve multiple households and a significantly greater socio-economic impact would be made with the same capital outlay.

There are a number of different types of mechanisms which have been used around the world to regulate rental and sales prices. These mechanisms need to be fair, effective and efficient.