

# Beyond Gentrification:

## Exploring alternatives

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## Abbreviations

BCLT	Bristol Community Land Trust
BNG	Breaking New Grounds
BOT	Build Operate Transfer
CBA	Community Benefit Agreement
CBD	Central Business District
CDFI	Community Development Financing Institution
CHA	Chicago Housing Association
CID	City Improvement District
CLT	Community Land Trust
CoJ	City of Johannesburg
FLISP	Finance Linked Individual Subsidy Programme
GDS	Growth and Development Strategy
GPF	Gauteng Partnership Fund
IDP	Integrated Development Plan
IUDF	Integrated Urban Development Framework
NDP	National Development Plan
PfT	Plan for Transformation
PGDS	Provincial Growth and Development Strategies
PPP	Public-private Partnership
PSR	Private Sector Rental
RDP	Reconstruction and Development Programme
SACN	South African Cities Network
SPLUMA	Spatial Planning and Land Use Management Act
TUHF	Trust for Urban Housing Finance
UH	University Hospitals

*'We often think that problem we have in front of us just started yesterday, but the legacy that has brought in this idea of exclusion is now being fed by a consumerist, capitalist agenda; but in the past [there were] different kinds of vehicles which has lead to where we are today. And without understanding historical discourses we are shooting in the dark and being completely arrogant about our knowledge and about how we moving forward. We tend to be engaged and fixated with the notion of development as quantitative – those small things on the ground — emotions, anger, feelings, irritations, depressions – our country is facing depression right now. The anger is a sign of depression. But we seem to not be able to recognise that.*

*There is a lack of a new imagination – partly a lack of being able to see the beauty of what is already there. If you can't recognise something of being of worth, then you will always want to build something new over it, it is the eradication of what exists and then something new.'*

**Feedback from Durban Workshop**

## Executive Summary

Gentrification has now been acknowledged globally as the economic, social and physical changes to an area that result in class transformation and displacement for those living and operating businesses there. Whilst the process of urban change is a constant and a reality, the outcomes of this process can also seem inevitable unless very specific steps are taken to mitigate the negative impacts. There is no one-size-fits-all solution. Municipalities should carefully evaluate and adopt the range of options available to them so as to begin developing a comprehensive city building framework that promotes inclusivity for all, whilst still ensuring growth and prosperity to the benefit of all its citizens. As a scoping exercise, the report intends to investigate a number of ways in which South African cities and urban development practitioners can move beyond the impacts of gentrification, towards better inclusivity and transformation. To achieve this, desktop research, workshops and interviews were undertaken so as to gather perspectives and approaches from both local and global sources and better understand and advise the South African urban context.

The research focus uses inclusivity as an analytical lens, and aims to explore the following key questions:

- What is gentrification, and how is it manifesting in the South African context?
- What types of developmental mechanisms can be applied to the South African context to encourage better spatial transformation and inclusivity?
- How can municipalities reframe their development approaches to mitigate the negative effects of gentrification?

A theoretical exploration around gentrification, inclusivity, and the Right to the City is presented, with the following main points presented:

- Gentrification and regeneration are not the same thing. Whilst both processes have the intention of transforming and improving the built form, when **displacement** occurs as a result of capital investment and urban transformation, it is **gentrification**.
- There are economic, physical, social, and cultural costs and benefits to gentrification. Too often, the costs outweigh the benefits.
- As a conceptual lens, inclusivity can be applied at various scales — a very specific development site, an area within a city or as a city-wide imperative. As such it is an elastic term that can be more practically evaluated through three facets: accessibility, affordability and diversity.
- The framework of the Right to the City talks directly to key elements of inclusivity, both as a guiding regulatory framework and as a way to understand present urban realities and future ideals.

To address practical ways in which an inclusive approach could be implemented, seven mechanisms for urban development are presented for municipalities, irrespective of size or geography, to consider and learn from:

- Affordable Housing
- Mixed Development
- Inclusionary Zoning
- Community Land Trusts
- Community Wealth Building
- Rental Regulation
- Public Space

A number of key considerations for South Africa's cities are drawn from the research and feedback regarding:

- Urban Management
- Financing
- Land Considerations

To address these considerations as well as the framework and mechanisms offered in this report, recommendations for a future research agenda include:

1. Aiming to achieve an 'inclusivity balance' whilst making trade-offs with consideration to each city's local dynamics
2. Exploring alternative urban management mechanisms
3. Investigating further into different land-use approaches: land value capture, urban land markets and public private partnerships
4. Creating policies, legislation and funding models that encourage investment as well as inclusivity

Annexes to the report include both local and global case studies to illustrate each of the proposed mechanisms, a detailed explanation of the current South African situation as well as additional empirical data from on-the-ground practitioners.

## Introduction

Historically and presently still, cities remain focal points for economic growth, innovation and social development. Cities are where the vast majority of modern productive activities are concentrated and where the most scopes for employment are located. Well-managed cities have the potential to offer important opportunities for economic and social engagement and development. Cities remain sites of interaction between dwellers and the built form; they also remain sites of consumption and leisure with the continuous emergence of new lifestyle choices and ways of negotiating and experiencing the urban. The sheer volume of people, information and materiality that comprise contemporary urban life necessitate the huge investment in infrastructure, land use and management so as to maximise these flows and processes, ensuring that all dwellers have equal access to all that cities have to offer.

Nevertheless, as cities grow, managing them becomes increasingly complex. The sheer speed and scale of urbanization, population growth and urban transformation, particularly in the developing world, presents formidable challenges. Developing countries in particular struggle to provide adequate housing, physical infrastructure and economic, social and environmental services to their urban populations. Cities across South Africa face major, interconnected challenges. They must provide infrastructure and services for rapidly growing populations and address multiple issues including informality, a mounting housing crisis, the adverse impacts of climate change and worsening environmental conditions, challenged local governments and an increasing numbers of urban poor.

Across the globe, as well as in South Africa, cities are experiencing waves of gentrification - the economic, social and physical change to an area that results in class transformation and displacement for those living and operating businesses there. To both inhabitants and city builders, gentrification brings both costs and benefits to the areas and precincts where such changes occur. The purpose of this report is to identify what gentrification is, how it is manifesting itself in South African cities and to present ways to mitigate the costs of gentrification towards more inclusive approaches to development.

The imperative for inclusivity and for more inclusive development is not a new one and neither are the challenges held within. South Africa has a well-planned, broad and inclusive constitution that aims to radically redress past inequalities as well as protect rights and liberties. However, given the country's incredibly violent, divided and unequal history, the spatial and socio-economic landscape remains ruptured and scarred, thus inclusivity has been largely difficult to achieve. There still remains a desperate need to address this imperative for inclusivity both socially and physically, whilst also growing the country's economy both locally and globally.

To this end, an extensive review of literature has been undertaken. As a scoping study, the research is intended to apply to South African cities in general, but focused primarily on Johannesburg and secondarily on Durban and Cape Town. This was done so that illustrative examples and strategic frameworks could be used to support the theoretical and conceptual lenses explored in the study. A framework for theoretical considerations has been presented, and a range of mechanisms for inclusive development are identified. These mechanisms were selected based on the frequency they have appeared in the literature both locally and internationally. The wealth of information available regarding these mechanisms, as well as various case studies to draw from, made them viable tools for consideration in South African cities. The mechanisms do not have perfect track records, and there is a great deal to learn from both their successes and challenges, if they are to be used for creating more inclusive development programmes and ultimately more inclusive cities. The theoretical discussions around gentrification and inclusivity highlight the costs and benefits of each type of development, and the toolbox of mechanisms offered in this report provide a range of approaches from which to choose from, including important lessons that South Africa's municipalities can learn from.

## Overview of Structure

This report investigates ways in which South African urban development can move beyond gentrification towards inclusivity. The approach and methodology of this investigation is explained in the following section, which clarifies how the information in this report was gathered and from which sources. The next section elaborates briefly on the key challenges facing municipalities across South Africa today. Following that, key

theoretical considerations: gentrification, inclusivity and the Right to the City are explored so as to provide an overarching conceptual lens to guide this research.

Following this background, the report proceeds to describe seven mechanisms that could be used in South Africa to encourage inclusive development. A number of case studies and mechanisms, both locally and globally, were researched and analysed, and these seven emerged as the most implementable in the South African context and the most enabling towards more inclusive change. Dialogue boxes accompany sections of the report (and Annex 3), providing direct feedback from South African government agencies, developers, residents and academics who attended workshops discussing the various theoretical concepts and development mechanisms. To reflect on other considerations relevant to urban change, additional sections discussing urban management, financing and land considerations are included.

Finally, an agenda for future research is presented, which aims to identify additional areas for further investigation and departure. The report aims to present a variety of options for South African cities to explore, and also to open the topic up for increasing dialogue, creativity and experimentation so that deeper understandings around inclusion are considered and acted on for the broader benefit of all urban dwellers.

## Approach and Methodology

A qualitative research approach was used to gather data to inform the theoretical framework of the research and suggest alternative approaches to urban development.

The first and primary methodology took the form of desktop research where relevant literature was reviewed and summarised. This enabled the researchers to build a broad, but comprehensive understanding of key issues. The following areas of theoretical literature were reviewed, analysed and synthesised:

- Gentrification (both locally and internationally)
- Inclusivity
- The Right to the City
- The South African Context (Annex 2)

The second methodology was the exploration of alternative approaches to more inclusive development using illustrative case studies (Annex 1). These included local as well as international examples, and highlight benefits, challenges and lessons that could be applicable to the South African situation. These approaches include:

- Mixed Development
- Affordable Housing
- Inclusionary Zoning
- Community Land Trusts
- Community Wealth Building
- Rent Regulation
- Public Space

In addition to the desktop review of literature and alternative development approaches, three workshops were held with residents in Jeppestown, developers and social housing institutions in the City of Johannesburg, and academics, planners and developers in eThekweni Municipality. The workshop with Jeppestown residents, in Johannesburg, was held on 13 February 2016 in order to obtain a better understanding of what inclusivity means to residents; whether Jeppestown is seen as an inclusive space; the existing development approaches that are currently taking place in the area; as well as how development in the area, and in other areas, can be more inclusive.

Two other workshops were convened in Johannesburg and eThekweni on separate days; the workshop in Johannesburg was held on 16 February 2016 and the one in eThekweni was convened on 23 February 2016. The purpose of the workshops was to understand what inclusive development means to developers, social housing institutions, planners and academics and to unpack and discuss the identified alternative

development mechanisms (affordable housing, mixed income and mixed use development, inclusionary housing, community land trusts, community wealth building and rent regulation) and their relevance to the South African context. The workshops also gave participants the opportunity to identify some alternative practices that they find inclusionary and potentially applicable to the South African context.

A South African Cities Network (SACN) stakeholder workshop took place on 15 March 2016 after the draft report, resulting in further feedback and considerations from SACN's member cities, which were incorporated into the second draft of the report. This report together with a presentation concludes the final part of the research.

## Key Challenges Facing Municipalities

South African municipalities face a formidable list of competing rationalities and priorities that urgently need attention. Substantial investment in social infrastructure and services to meet basic needs is still necessary to reduce historic inequalities and to improve liveability for a majority of inhabitants. Increased and improved housing is required to address continuing urbanization and poor living conditions. Economic investment and development is also needed, particularly in medium to smaller cities across the country so as to increase business and employment opportunities. In most cities, there needs to be an acceleration of more integrated and compact forms of development that consider public transport networks and opportunity zones. Most local municipalities are fragmented and are in dire need of rationalization and more efficient and effective management systems. This inventory of challenges remains long and intricate. Adding to these pressures is the urgency involved in delivering the more immediate goods and services, particularly to inhabitants living in lower-income areas and informal settlements. These short-term necessities can often overshadow the more long-term imperatives to create more inclusive and integrated spaces. The overall goal of urban development is to make cities more liveable, giving people equal access to goods and services and opportunities, requiring both short and long-term solutions.

Municipalities have been slow to respond to urban development challenges in an innovative way. Given the degree of informality and fluidity that characterises many cities across the county, reverting to or maintaining old ways of doing development have presented more challenges and hindered real spatial and social transformation. Charlton (2010) challenges municipalities to really consider urban development by putting the urban dweller at the centre of habitation in the city rather than placing the city at the centre. This will allow for multiple perspectives, dialogues and engagements, which in turn can allow for a more nuanced understanding of inhabitants' needs, movements and priorities.

### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'Blindness to appreciate what we have and then to compare it to an ideal – particularly to those cities shaped by global ideals – it really does cause obstacles in thinking and practice at a very local level because if you start from a premise that something is broken and needs to be returned – in SA: returning inner cities to former glory (and the former glory was the most horrific – apartheid glory – best example of exclusion) – we need to be careful about what we think we are trying to do there.'*

## Research Focus

In terms of thinking about inclusive development, given the vastly disparate income and cultural differences present in South African cities, a one-size-fits-all solution would be unworkable; different neighbourhoods will require different interventions to accomplish more inclusion and integration. What is needed is a more in-depth understanding about what both drives gentrification and the implications that current development practices are having on people's ability to survive in cities. As such, it is clear that considerations around inclusivity — what it means, how it can be translated and how it can be implemented — needs to be at the forefront of planning agendas and practices. Using inclusivity as an analytical lens, the research aims to explore the following key questions:

- What is gentrification, and how is it manifesting in the South African context?
- What types of developmental mechanisms can be applied to the South African context to encourage better spatial transformation and inclusivity?
- How can municipalities reframe their development approaches to mitigate the negative effects of gentrification?

## Theoretical Considerations

### Gentrification

#### Introduction

Despite the word 'gentrification' being on everyone's lips, it still remains an elusive and misunderstood term. The literature concerning gentrification is now vast, particularly in the Global North but increasingly in the Global South, an indication of how gentrification has become a permanent feature of urban development imperatives across the globe. In fact the extent of this is now so pervasive that Davidson and Lees (2005: 1167) argue that gentrification has become global; it is now a 'global blue-print' for regeneration practices and imperatives. The aim of this section is to present an overview of the main definitions and gentrification trends, both historically and currently, both in terms of what drives the process and what the outcomes are. The final part of this section will focus the lens on South Africa, where gentrification trends are now becoming more apparent so as to analyse how it is playing out and impacting the lives of inhabitants.

In terms of understanding the relationship between inclusivity and gentrification, the following distinction is worth setting out briefly in the introduction: gentrification results when there is a capital investment into an area, resulting in demographic changes - specifically class transformation and displacement. There remains confusion around the relationship between regeneration and gentrification, often with the two terms being used synonymously. On the distinction between the two, Shaw (2008) is clear: when **displacement** occurs as a result of capital investment and urban transformation, it is **gentrification**. Gentrification, linked strongly with class (Smith, 1996), race (Lees, 2000) and gender (Rose, 1984), is embedded into underlying systemic logics and processes that perpetuate margins of inclusion and exclusions, and has been able to grow and flourish largely through unchecked market forces but also because of a lack of government intervention. This will be repeated and elaborated on further in this section.

#### Definition

Across the globe, there is now a common tendency to label all forms of urban change as gentrification. This tendency highlights how elastic and blurry the term has become. In order to evaluate or measure gentrification, definitions are needed, which at this stage in the evolution of the process, is no easy task. Since Ruth Glass first coined the term in her seminal work, *Aspects of Change*, in 1964, the processes and implications of gentrification have played out in and across a wide range of geographical and socio-economic spaces. At the same time, these (processes and implications) have been researched and recorded by scholars across a variety of disciplines — all contributing to the 'chaos' in trying to pin definitions down. Whilst some scholars, such as Rose (1984), advocate embracing the 'definitional chaos' which would help to capture the complexities of an evolving and distinctive process, others such as Zukin (1987) and Smith (1996) call for agreement about gentrification's common traits so as to be able to re-politicise the policies and practices of seemingly neutral urban actors.

Most scholars, however, acknowledge gentrification's variability — common agreement now exists that gentrification varies across time, place and stages of the process (Clay, 1979; Kerstein, 1990). Agreement also now exists about the defining traits of gentrification irrespective of this time, place or staging. It is commonly accepted that gentrification starts with an increased capital investment into an area, which results in a rise in property value, ultimately causing demographic changes — primarily in the form of displacement, class transformation and physical transformation in that area. Who or what causes or facilitates gentrification is often broken down into two categories of factors — production or supply factors — which will be elaborated on in a later section. Whilst the literature was historically divided as to which factor is the most influential, it now seems that the line between production and consumption is increasingly blurry and that both factors are mutually supportive in the gentrification process.

Turning to the definitions, Hamnett (1984: 284) defines gentrification as...

...simultaneously a physical, economic, social and cultural phenomenon. Gentrification commonly involves the invasion by middle-class or higher income groups of previously working-class neighbourhoods or multi-occupied 'twilight areas' and the replacement or displacement of many of the original occupants. It involves the physical renovation or rehabilitation of what was frequently a highly deteriorated housing stock and its upgrading to meet the requirements of its new owners. In the process, housing in the areas affected, both renovated and unrenovated, undergoes a significant price appreciation. Such a process of neighbourhood transition commonly involves a degree of tenure transformation from renting to owning.

Smith (1987: 463) stated that...

...the crucial point about gentrification is that it involves not only a social change but also, at the neighbourhood scale, a physical change in the housing stock and an economic change in the land and housing market. It is this combination of social, physical, and economic change that distinguishes gentrification as an identifiable process/set of processes.

What is clear from both definitions is that gentrification leads to changes in the social composition of an area and its residents as well as a change in the nature of housing stock (tenure, price, condition, etc.). What is less clear from the definitions (but which will become clearer in the historical section that follows) is that processes of gentrification are able to link micro-level manifestations (e.g. neighbourhood change, changes in consumption patterns) to macro-level changes (e.g. deindustrialisation or globalisation) and that the spatial and physical manifestations of the term has in fact evolved as urban development patterns have changed (Hamnett, 2003).

### Regeneration or gentrification?

Urban transformation processes have, in the past and presently still, taken place through wide-ranging urban policies and planning strategies that all share common keywords – 'reconstruction,' 'renewal,' 'revitalization,' 'rejuvenation,' 'rebirth' and 'redevelopment,' but by far the most persuasive, particularly since the 1980s (in the US and UK at least), has been 'regeneration.' Whilst these words might carry similar meanings in terms of urban change, their use synonymously with 'gentrification' has caused much confusion. Most cities across the globe are in processes of constant transformation where there is continual reinvestment and development of the built form — these are often simultaneously referred to interchangeably as regeneration and gentrification as if these were the same processes. But as Shaw (2008) argues firmly, there is a tipping point from 'regeneration' to 'gentrification.' On the distinction between the two, Shaw is clear: when **displacement** occurs as a result of capital investment and urban transformation, it is **gentrification**.

Displacement is and always will be vital to understanding gentrification, but like gentrification, this process is often difficult to qualify and document on a statistically significant scale. This is because displacement can be both involuntary as well as voluntary and assessing this distinction can be difficult. In addition, it is difficult to track large numbers of displaced people or households or to assess the impact of the move (Shaw, 2008). In trying to understand displacement, the gentrification literature has reviewed the different types, what causes it and what its implications are for those who gentrify and those who experience the impact of gentrification.

### Defining Displacement

The most widely accepted definition of displacement is that developed by George and Eunice Grier (1978 in Marcuse, 1985)...

displacement occurs when any household is forced to move from its residence by conditions that affect the dwelling or its immediate surroundings, and that: 1) are beyond the household's reasonable ability to control or prevent; 2) occur despite the household's having met all previously imposed conditions of occupancy; and 3) make continued occupancy by that household impossible, hazardous, or unaffordable.

Marcuse (1978: 204) adds that displacement can be defined in terms of individual households or housing units or at the scale of a street or neighbourhood, or as a consequence of physical or economic changes.

Whilst the above definition of displacement is usable, Marcuse (Ibid, 1978: 205) follows that... 'to cover the full range of housing-related involuntary residential dislocation that constitutes the problem of displacement... [ ]... one might supplement this definition with the concepts of exclusionary displacement and of pressure of displacement.' It is here that Marcuse is scrutinizing different ways that displacement occurs.

#### Direct Displacement

The processes of gentrification lead to the displacement of traditional occupants in an area, such as the displacement of a household from the unit that it currently occupies. This might occur because a landlord raises the rent beyond occupants' ability to pay (economic displacement) or a landlord cuts off water forcing occupant to move out (physical displacement). Direct displacement can also occur when an occupant is served an eviction notice on the property they occupy.

#### Indirect (Exclusionary) Displacement

The transition to more affluent users may not involve direct displacement, but it is by definition exclusionary (Marcuse, 1978). Here low-income people are excluded from a place they might have lived in (or worked or shopped) had the place not become gentrified.

Exclusionary displacement from gentrification occurs when any household is not permitted to move into a dwelling, by a change in conditions that affects the dwelling or its immediate surroundings, and that: 1) is beyond the household's reasonable ability to control or prevent; 2) occurs despite the household's being able to meet all previously imposed conditions of occupancy; 3) differs significantly and in a spatially concentrated fashion from changes in the housing market as a whole; and 4) makes occupancy by that household impossible, hazardous, or unaffordable (Marcuse, 1978: 207).

### Historical 'waves' of gentrification

As indicated, despite the generalisable features, both internationally and within a single city, gentrification is a cyclical process that manifests in different forms across different sites and different time periods. Gentrification today is quite different to gentrification that occurred in the early 1970s, late 1980s and even the early 1990s (Lees, 2000), a result of both local specificities as well as global forces. Systematic gentrification dates back to the 1950s in the Global North, but the process has since evolved quite evidently, so as to enable the assemblage of a periodised history, with each phase of gentrification defined in and through a particular constellation of local, political and economic conditions being nested within larger geographical scales (Hackworth and Smith, 2000).

The first-waves of gentrification were responses to the global recession that impacted on the global economy in late 1973, resulting in inner-city housing disinvestment by the private sector. State-led funding and initiatives, justified through discourses of ameliorating urban decline were used to counteract private market economic decline in small neighbourhoods in North-eastern USA, Western Europe and Australia. The second-wave of gentrification began in the late 1970s when the depressed markets began to revive. Local governments began prodding the private market to reinvest through incentives like grants and enterprise zones (Hackworth and Smith, 2001). Developers and investors responded, using the downturn in property value to buy up large portions of devalourised neighbourhoods. This second-wave, largely market-led, lasted until the end of the 80s and was characterised by integration of gentrification into a wider range of economic and cultural processes at national and global scales. Stark evidence of this was New York City, which emerged as a 'world city' with inflation in the real estate market and the burgeoning of the 'alternative' art scene. Large-scale evictions and homelessness were directly connected to gentrification and protests and resistance were rife (Smith, 1996).

The third-wave of gentrification followed the 1990 global recession, resulting from the 1987 stock market crash. This third-wave post-recession gentrification was perhaps the purest expression of the economic, social and physical conditions and processes that make reinvestment into disinvested inner-city areas so alluring for property developers. This wave of gentrification was different to the former two in terms of scale, reach and level of economic force: gentrification began spreading beyond the urban core to more remote neighbourhoods; the impact of globalisation on the real estate markets brought in larger corporate developers;

and local and national governments became more interventionist in the process. Working class people were displaced out of the inner-city as middle class people moved in with new cultural and political sensibilities and with attachments to distinctive lifestyles and urban aesthetics.

In its original manifestation, gentrification was a 'state of exception' (Lees and Ley, 2008) but is now a leading driver of urban change around the globe, taking a range of spatial forms and involving different groups of people. Whilst the third-wave of gentrification took gentrification away from urban centres into neighbouring areas, the drivers and impact of this process are now evident in suburban (Badcock, 2001; Hackworth and Smith, 2001; Robson and Butler, 2001; Smith and DeFilippis, 1999) and rural areas (Phillips, 1993; 2002; Smith and Phillips, 2001). In addition, whilst these processes had been the preserve of the global north, where post-war gentrification was a reaction to suburbanization, rent gaps and post-industrial restructuring, the literature on gentrification beyond the global north is now extensive, appearing across geographical (Eastern Europe, South America, the Caribbean, India, Brazil, South Africa, Asia, and even holiday islands such as Tenerife) as well as economic landscapes.

Whilst traditional processes of gentrification were understood in relation to the rehabilitation of existing stock, more recently much debate has taken place regarding brownfield development and development that entails wholly new constructions, both within and on the periphery of urban areas. These debates centre around whether these development processes can in fact be called gentrification given that direct population displacement does not occur. Undertaking extensive research in and around London, Davidson and Lees (2005) highlight how brownfield — land previously used for industrial purposes and new-build 'infill' development — in the form of newly constructed complexes and residential estates, whilst not causing direct displacement could in fact ultimately produce exclusionary displacement (as previously discussed). The researchers argue that these new forms of gentrification clearly indicate how capital deployment has changed significantly in reach and scale. Here gentrification is largely conducted by property developers who have the capacity and capability for the large-scale deployment of economic capital through the establishment of mixed development complexes, and where associations related to cultural, social and economic capital have changed in its wake. Whilst the literature around new-build gentrification is still thin, what exists none-the-less could foreground possible future trends, both internationally and in South Africa.

Taking the gentrification discussion further, Davidson and Lees (2005: 1167) and Clark (2005) argue that gentrification has gone global, where... 'a "gentrification blueprint" is being mass-produced, mass-marketed, and mass-consumed around the world' and in direct relation to this, the form and type that gentrification has taken has mutated in relation to the specific geographies and actors involved. The, now extensive, literature on gentrification has identified many distinct tendencies with regards to how gentrification is currently playing out. Davidson and Lees (2005: 1170) provide a simple definition of the defining characteristics of contemporary gentrification whereby, 'in the widest sense,' the process entails the: (1) reinvestment of capital; (2) social upgrading of locale by incoming high-income groups; (3) landscape change; and (4) direct or indirect displacement of low-income groups. The authors argue that this definitional simplicity encompasses the vast diversity of processes and types of gentrifications found around the globe, suggesting portability to the concept, which has grown and modified over time.

## Drivers of gentrification

Important to understanding the gentrification process is a reflection of what drives and has driven gentrification, as well as the key actors involved in the process. The early waves of gentrification (particularly the third-wave) were analysed in terms of two categories of factors (and actors): production (or supply) vs. consumption (or demand). Whilst, as indicated earlier, the distinction between the two has become increasingly blurred with both factors becoming mutually supportive, a brief review of both these factors remains necessary because they provide key insights into the diversity of factors that drives the process.

Production (or supply) side factors relate to the economic and political conditions that enable gentrification: namely the relationship between inflows of capital into an urban space and the subsequent production of such space. The production side includes factors such as:

- cycles of disinvestment and reinvestment in inner-city areas;

- state policies that facilitate and sustain free market capitalism;
- deindustrialization and the rise of the global service economy; and
- liberal mortgage lending policies

(Brown-Saracino, 2013).

Smith's (1987) rent-gap hypothesis — where investors take advantage of the gap between current and potential ground rent values — sits firmly in the production side. The production side locates gentrification in long-term cycles of investment, disinvestment and reinvestment in the built environment and focuses on the relationship between changes/variations in land value and property value. It suggests that a number of structural conditions and key actors become aligned to produce the conditions under which gentrification takes place. These structural conditions are closely intertwined with broader local and global market conditions; whilst these key actors (property developers, politicians, government agencies, policymakers, landlords, financial institutions and the media) work together to ensure the gentrification of a neighbourhood.

Consumption (or demand) side factors advance that whilst housing stock, market forces and state policies influence gentrification, it could not occur without gentrifiers who have complimentary consumer preferences and demands (Brown-Saracino, 2013). As such, the consumption side focuses on the characteristic of the gentrifier and their consumption patterns. A central factor in driving gentrification is the commodification of 'culture,' which reflects closely the tastes of the 'new middle class' bringing out new cultural and political sensibilities (Ley, 1996). In the early stage of gentrification, the middle class moved from the suburbs into urban centres searching for certain place attributes, diversity, a sense of history and urban amenities. The range of actors involved in the consumption side were initially identified as economically marginal, educated, left-wing bohemians (Rose, 1984), modest home renovators (Jager, 1986; Warde, 1991) and the 'new middle class' (white collar workers associated with a post-industrial, service-oriented economy) (Ley, 1996). However, as these processes became more widespread, property developers, policy makers and financial institutions have become more complicit.

As gentrification continues to expand across the globe where public policies, urban designs, consumer trends and the systemic facilitation of gentrification are taking place at a much wider scale, the distinction between these two factors has become more blurred. The connected relationship between globalization and gentrification has located these imperatives and processes firmly within 'the circuits of global capital and cultural circulation' (Smith, 2002), which not only embeds gentrification within global capital accumulation cycles and strategies, but also sets cities up against each other in the global competition for resources. Within these global circuits a wider range of drivers, imperatives and actors conspire to create the markets and the conditions for both the production and consumption of gentrification, making identification and analysis of drivers and outcomes a bigger challenge.

Anecdotally, writing for *The Atlantic*, Daniel Hertz highlights how many (most) urban inhabitants have become caught in the tensions, contradictions and hypocrisies that gentrification, together with the impacts of globalization present them on a daily basis. Entitled 'There's basically no way not to be a gentrifier,' Hertz reflects over the difficult choices urban inhabitants have to make in the face of absent government policies and practices that could protect the rights and securities of its people. Here, Hertz is advocating for the types of measures a government could take to mitigate the negative effects of gentrification: building more homes, regulating for the provision of more affordable housing; housing subsidies; protections against eviction and exclusionary caps on housing construction, etc. In the absence of such intervention and protection, choices one makes about where one chooses to live, eat, shop and play could ultimately create a ripple effect that could lead to direct or exclusionary displacement of other, usually less wealthy people, in the area.<sup>[1]</sup>

These tensions, contradictions and hypocrisies highlighted by Hertz emerge at the intersection between urban imaginaries and realities. Across the globe, urban inhabitants share the desire for a 'good' and 'just' city for all, where neighbourhoods provide sites of security, sociality and tolerance and where access to affordable housing and amenities, job opportunities and lifestyle choices are unhindered. In reality, this only works for a

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[1] Hertz D. 2014. 'There's basically no way not to be a gentrifier.' *The Atlantic*. <http://www.citylab.com/housing/2014/04/theres-basically-no-way-not-be-gentrifier/8877/>

selection of these populations, with many distressed lower-income populations intentionally or unintentionally being excluded from partaking. Gentrification, linked strongly with class (Smith, 1996), race (Lees, 2000) and gender (Rose, 1984), and embedded into underlying systemic logics and processes that perpetuate margins of inclusion and exclusions, has been able to grow and flourish largely through unchecked market forces but also because of a lack of government intervention.

## The Consequences of Gentrification

The benefits and disadvantages of gentrification have divided and continue to divide scholars, planners, city builders and commentators. Opinions surrounding gentrification are often divided between those who see the negative social and economic costs of the processes and those who see improvements to the local neighbourhood as beneficial for its inhabitants and for the city as a whole. As gentrification has been defined as a physical, social, economic and cultural phenomenon (Hamnett, 1984: 284), it is useful to look at the positive and negative impacts of this process on these phenomena so as to not simplify these debates into discrete camps.

### Economic

#### Economic Benefits

There is little disagreement about the positive economic benefits of gentrification with respect to municipalities and the private development sector, particularly with respect to revitalising economically neglected areas. It is argued that gentrification provides a boost to city tax revenues and property values through having more tax-paying households, particularly more affluent households. Gentrification can also encourage and increase the viability for further investment into an area, benefitting both local governments and property developers.

In response to the consumption side of gentrification, Florida (2002: 8) maintains that urban economies are revitalised through the attraction of a 'creative class... people in science and engineering, architecture and design, education, arts, music and entertainment... [and] creative professionals in business and finance, law, health-care and related fields.' This consumption drive of gentrification will bolster place reputation by cultivating a 'hip' affluent urban lifestyle which brings in additional capital, and impacts positively on cultural, social and physical urban life as well.

#### Economic Costs

Increases in property prices represent an opportunity or social cost depending on which particular stakeholders are involved. Clearly an inflation in property values and of rental or house prices leads to displacement, both direct and exclusionary. In fact, gentrification could lead to the loss of affordable housing and increased costs for local services. An increase in property values is of benefit only to homeowners and municipal revenue and not to those renting, or to tenants occupying the space in other ways. Even where more deprived owners decide to 'cash-in' on increased property values, they are likely to be faced with high rates and prices elsewhere, diminishing any possible gains. Finally, gentrification of one neighbourhood can also have price-shadowing (increasing rents and prices in adjacent areas) and other policy effects on surrounding neighbourhoods (Atkinson, 2004).

Processes of gentrification often do not strive to improve the quality of life and businesses for people living in an area, preferring rather to import from other places and erase what currently exists. Revitalisation of an area as a result of gentrification often overlooks local and existing social and cultural capital, rather importing affluent and cultural capital from other parts of the city or other parts of the world.

Gentrification usually results in a change in consumption patterns within an area. Often this is in the form of independent shops whose prices are higher than the earnings of the surrounding population or chain stores that may provide low cost goods, but also limit the opportunity for small business ownership and growth, as well as upward mobility.

An often-ignored economic cost of gentrification is the economic and physical cost to municipalities due to displacement. Municipalities are already stretched in terms of providing shelter (temporary or permanent) to

those urban inhabitants who might need such shelter. When displacement takes place, if the municipality cannot provide those displaced with alternative accommodation, lower-income groups are often forced to urban peripheries, usually informal settlements, most often far from economic opportunities and transport links. This results in greater economic pressure on municipalities in terms of housing, service and infrastructure provision.

## **Physical**

### Physical Benefits

Perhaps the most obvious upside of gentrification is the rehabilitation of the physical fabric of urban forms, e.g. the reversal of decades of urban decay, the rehabilitation of housing stock or the restoration of historic properties. The general benefits identified through these regeneration processes might have wider impacts e.g. the improvement of public spaces and development of new and diverse amenities and services. This, in turn, could change the image of a neighbourhood, which may invite further investment and alter negative preconceptions about the area.

### Physical Costs

A lack of diversity and accommodation for a wide range of users can make a physical space exclusionary. Whilst this is not always a tangible, clear manifestation, its repercussions are felt by those who are marginalised from the space by its physical nature.

Because gentrification has become a global phenomenon, developers tend to look to other international cities for ideas on how to design the urban form in a way that will attract a certain type of user. This can result in a homogenous cityscape, with similar designs being replicated for different building and use types, eradicating the specificities and uniqueness of place.

## **Social**

### Social Benefits

It is advocated that with gentrification comes increased stability to an area and increased social mixing and diversity. Class transformation and mixing in an area could, directly or indirectly be linked to a deconcentration of poverty. Gentrification can also bring better quality local shops and services e.g. schools and health centres.

### Social Costs

On the other hand, Atkinson (2004) points out there is little empirical evidence to suggest that gentrification results in a deconcentration of poverty. Atkinson (2004) also argues that lower-income households may be unable to access these improved shops and services because it is out of their price range or because they have been forced to move out of the area. Further, where services are 'improved' significantly, this may represent a loss of those services that are geared to low-income households in the neighbourhood. Researching gentrification in the United Kingdom and Scotland, Doherty et al. (2009) found little evidence of gentrification inducing better social-mixing or actually improving inhabitant's well-being.

Gentrification radically alters the constitution and voice of a local community. This is particularly true for marginalised population groups such as the poor, elderly, female-headed households and racial minorities. The physical displacement — the loss of housing or closure of businesses — that results from gentrification also leads to social displacement — a breakdown in social and familial networks and support and severs ties to important institutions e.g. places of worship and health centres.

## **Cultural**

### Cultural Benefits

Gentrification can help to rehabilitate cultural amenities and increase cultural mixing in a neighbourhood. Caulfield (1989: 618) maintains that gentrification creates more tolerance and social diversity because

gentrified spaces allow for more encounters between a wide range of people who have a sense of freedom in personal expression.

#### Cultural Costs

Measuring tolerance in an urban setting is difficult. This is because the process can often privilege particular subjective positions, cultural practices and class fractions. One group's cultural practices replacing another's does not mean more culture, it just silences those that have been overtaken. Usually those displaced do not have the agency to make it obvious that culture already existed before the gentrifiers arrived. Gentrification can in fact lead to a loss of social diversity and cohesion due to displacement and class transformation. This could result in community conflict where ethnic and racial differences could in fact become sources of tension and discrimination.

#### Gentrification in South Africa

Turning now to South Africa, given the country's colonial heritage and its history of racial and spatial segregation under apartheid, studying gentrification involves attending to a whole host of historical, geographical, political and socio-economic processes. A review of the literature reveals a growing body of work, with more research being undertaken around growing gentrification trends in the Western Cape (Donaldson, 2009; Garside, 1993; Visser and Kotze, 2008), particularly the City of Cape Town which is experiencing gentrification in response to gay leisure and tourist consumption (Elder, 2003; Visser, 2002). Only a small amount of research has been undertaken in Bloemfontein (Hoogendoorn, 2006, 2011) and Johannesburg (Walsh, 2013; Winkler, 2009; 2012, 2013). Evidence is emerging of a rise of gentrification in peripheral 'black' townships where residents are investing heavily in their housing stock (Visser, 2002), although it remains unclear as to whether this is resulting in class displacement or not. There is also an emerging trend of rural gentrification, where wealthy urbanites, usually white South Africans, are purchasing and renovating second homes in smaller rural towns. In most cases this is for retirement purposes or as a holiday home (Donaldson, 2009; Hoogendoorn et al., 2009; Visser, 2003).

South African cities face serious urban planning and development challenges with respect to historical patterns of urban segregation, suburbanisation and decentralisation, which resulted in disinvestment from inner-city areas and 'white middle class flight' away from central business districts (CBDs). Despite two decades under a new dispensation intent on attempting to redress previous inequalities, many CBDs still face significant decay and a lack of capital, social and physical investment. Learning and borrowing from international trends, since the early 1990s many government policies and plans have focused on urban regeneration imperatives that are adopting more free-market economic strategies rather than social policies to improve urban areas. The decline in property values in and around CBDs have made it difficult for municipalities to generate property tax, and given the huge financial constraints facing all municipalities, private sector development has been allowed to expand, in fact almost encouraged, unchecked by a broader regulatory systems and government mediation. As such, gentrification trends are being able to greatly influence the physical, economic and social characters of South African cities.

What is evident in South Africa is how gentrification is emerging as a result of a number of different forces and actors. The demise of apartheid saw the introduction of local government 'urban renaissance' policies and strategies (Visser and Kotze, 2008) where gentrification was viewed as a means to combat inner-city decline and where city councils implemented a plethora of investor-friendly policies to re-attract private capital and middle-class households. For private developers, local government incentives that closely resembled Smith's (1987) 'rent-gap' thesis opened up opportunities for good returns on property investments. This has resulted in the private sector purchasing of many buildings in the CBD and privatising public space and urban management through City Improvement Districts (CIDs), particularly in Cape Town, Johannesburg and Pretoria; as well as developing large-scale urban projects such as the Victoria & Albert Waterfront in Cape Town and the Blue IQ Projects, the Turbine Hall, the Drill Hall, etc. in Johannesburg. As such, some local municipalities have been agentive in enabling gentrification to emerge in South African cities.

Whilst there can be no doubt about the need for capital reinvestment into economically distressed inner-city neighbourhoods, many local municipal urban policies that seek to regenerate city centres focus on making

their cities economically competitive to the detriment of social and spatial justice (Winkler, 2009). An example of this is The Johannesburg Inner City Regeneration Charter, which states that the objective to regeneration is to 'raise and sustain private investment leading to steady rise in property values' (CoJ, 2007: 84). Policy discourses that attend to 'economic competitiveness,' 'responsive governance,' 'social cohesion' and 'social mixing' indicate that more pressing needs like unemployment, shrinking opportunities, social exclusion and inner-city hardships that lower-income populations face, are a thing of the past (Marcuse, 2002; Slater, 2006). In South Africa, municipalities have formulated more socially responsive policies (e.g. the Growth and Development Strategy (GDS) and the Human Development Strategy in Johannesburg) as a commitment to the city's poorer populations. Yet these have come under heavy criticism for merely being tacked onto an economic growth agenda that presumes a trickle down effect that will ultimately alleviate poverty (Winkler, 2009).

Encountering low property values and prices within the CBDs has allowed private investors to capitalise on the consumption factors that drive gentrification. The establishment of arts precincts within urban centres that speak to young, aspirant middle and upper classes with trendy, chic consumer lifestyles and habits mirror the third-wave of gentrification, particularly as it transpired in global cities of the north like New York and London. No longer seeing the suburbs as desirable, these young people have shifted their gaze to the urban core, which offers new possibilities, and desires for contemporary living that in turn create new investment opportunities for property developers and businesses alike. Existing neighbourhoods are being overtaken by new ones, which become heavily branded and commodified, privately controlled and completely detached from the areas surrounding it (Walsh, 2013). Again the City of Johannesburg regeneration charter indicates this shift in intentions with the City's rebranding Johannesburg as a 'cultural capital'...

The City of Johannesburg (CoJ) will work to ensure a successful branding of the Inner City as the Cultural Capital of the country. The title of 'cultural capital' of the country is available and has great potential. In a world where the cultural sector is increasingly prominent in the profiling or branding of cities, this potential strength should be given greater prominence in achieving a world class African city (CoJ, 2007: 22, 23).

Whilst these gentrification imperatives resemble much of what took place in the global north, contrary to what took place there, the inner cities of South Africa were not depopulated, where those who moved to the suburbs left vacant and boarded up buildings to sit empty for extended periods. Instead in South Africa, following capital and white flight, the inner cities were populated by a migration of jobseekers wanting to live near places of formal or informal socio-economic activities. Still currently, these inner-city areas are home for many indigent and lower-income populations who may reside in physically dilapidated buildings and rely on the informal sector to survive. Regeneration imperatives that seek to turn urban cores into 'cultural' precincts and 'world class' cities view these inner-city resident populations and informal socio-economic activities as undesirable and unmanageable. What has transpired and continues to rapidly become common practice is the cleaning up of urban centres through the direct and indirect displacement of these undesirable populations, driving them to the urban periphery, further away from their places of livelihood and the stamping out of informal activities (e.g. Operation Clean Sweep).

There has been an intensification of private-sector involvement in establishing large-scale multifaceted regeneration projects. This means that free-market economic strategies, rather than policies around social and spatial justice are acting as catalysts for change. As such these contemporary regeneration practices and the policies that are guiding them will continue to marginalise, exclude or displace many residents. Whilst regeneration is needed to make cities more liveable and more sustainable, having more opportunities and spaces for engagement, interaction and leisure, this needs to happen for all who live and work there. In this way regeneration needs to be aware of both the costs and benefits of gentrification, and aim for more inclusionary mechanisms of urban change.

### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'Perhaps we can start to think about gentrification and its ripples like the Group Areas Act in its attitude. It starts to create small pockets but not any mega-aspect – just on the ground, mostly small-*

*scale but sometimes large-scale. How do we work with the system that comes from past practices which is so powerful and so entrenched in our society, that it is quite difficult to get the government to take the risk to shift or shape policy in any meaningful way. We have to subvert intervention – like acupuncture – not in an antagonistic way but in a type of productive dystopia where at the end the city looks at this development in a new way.'*

## Inclusivity

### Why the lens of inclusivity?

In trying to move 'beyond' gentrification, it is evident that cities need to find ways to capitalise on the economic, social, physical and cultural benefits, while also mitigating the costs. Whilst some development approaches that follow gentrification trends can have benefits, such as a boost to city tax revenues and the rehabilitation of the built form, as previously indicated, the costs of gentrification are exceedingly high, particularly with respect to the displacement of lower-income groups and increased exclusion and marginalisation. Development approaches that aim to harness the benefits of gentrification whilst at the same time being conscious of and attempting to mitigate the costs are pivotal to creating inclusive, progressive development in and across South African cities. A commitment has been made to redress past inequalities and to steer the country to a more just future, as a result, development logic at all scales needs to aim for more inclusive and transformative urban development plans and policies so as to begin addressing the needs of *all* populations.

South African cities, and many cities in the global south, face demographics that are vastly different from many of the cities in the global north, particularly when looking at income and wealth distribution. The majority (53%) of South Africa's city-dwellers are low-income (households earning under R3,200/month) (SACN, 2015a: 81). This contributes to the existence of both formal and informal trading, housing and living structures - all of which are essential to accommodating the wide income range present in South African cities. As such, considerations around affordability and accessibility must then come to the fore when planning and executing urban development projects.

With the inclusive city as a conceptual lens, this study seeks to understand what inclusive urban development means and what it would look like within an urban South African context. Inclusive development can focus on how an inclusive city works as a whole, and it can also examine more concentrated, specific area-based developments within a city, often motivated by a single developer (public or private) or specific development scheme.

#### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'we need to broaden [our] concept of inclusion – we tend to only see developers and the state – but actually it's also social organisations, labour movements, and all other types of groupings'*

#### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'Our understanding of inclusivity is very narrow - tag on a bit of this and tag on a bit of that – it is not a fundamental approach – need to change mindset, this is also linked to power (state is over controlling and concentrates power at all levels) but do we need all these regulations and blocks that exclude people from getting on with jobs of being ordinary citizens and investors in their micro-households in their jobs and societies not - "Let many flowers blossom." "No WE will plant them" as state. State should plant some but they shouldn't be the only planter'*

#### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'We see inclusive as quite stark low-income/high income; black/white; old/new neighbourhoods; poor/rich – we need to engage with the nuances where there are many other solutions that could come through this. It often comes down to an ideology – if a city does not want to be inclusive and change its ideology, there are constantly going to be these participatory mechanisms and projects and spatial targeting that become more exclusive than inclusive – lots of people are going to lose out once you intervene – they don't find those spaces to operate within.'*

## How can we measure inclusivity?

To help measure and assess inclusive urban development, three key factors have been identified: affordability, accessibility and diversity. *Affordability* relates to cost of living, income, and economic opportunity. *Accessibility* refers to transport, public space, goods and services, political participation, freedom to move through space or hang out, and access for varying abilities and opportunities. *Diversity* means the full scope of races, cultures, religions, sexualities, political views, choices etc.

Considering these three factors in both formal and informal processes as guiding principles in the formulation of development policies and procedures can help account for and address the more exclusionary forms of development and help move towards ensuring that urban spaces are developed to cater to a wider South African population.

### Affordability

The frame of *affordability* refers to cost of living, income and economic opportunity. Inclusive development should aim to ensure that the processes of urban change that are undertaken do not inevitably result in patterns of displacement and class transformation. Usually, displacement occurs when redevelopment raises the cost of living higher forcing the people living in the area to move out because these costs become too high.

In a workshop held in Jeppestown, Johannesburg, involving residents from a range of backgrounds, participants discussed the recently renovated buildings in the area which are offering 'affordable housing' for R1,500 to R4,000 per month, whilst market-rate units in the area go for R5,000 and up. Many participants explained that what is 'affordable' for the majority of existing residents in the area would be R600 – R1,000 per month. Definitions of affordable housing will be explored later on in the report (see page 30) and contestation over understandings about what affordability means warrants critical engagement. This lack of affordability with respect to housing is one of many aspects when analysing expenditure as a whole.

Expenditure links directly into cost of living, which includes not only to the more immediate needs of residents such as housing, transport and access, business and food, but also to a whole range of formal and informal necessary amenities and services that impact on quality city living including education, health, entertainment, safety and sociability. Keeping cost of living in consideration whilst embarking on urban development initiatives could assist in creating more inclusive spaces, rather than an inevitable class transformation and displacement.

According to *Poverty Trends South Africa*, a report by StatsSA (2014), for the 2010-2011 financial year, poor households spent on average R5,416 on housing per year, while non-poor households spent on average nearly eight times that amount at R42,792 on housing. These stark expenditure differences provide a glimpse into the class disparity in South Africa, and the impact that class transformation could have on cost of living for lower-income populations.

With this information in mind, inclusive urban development must understand that to create affordable areas, economic opportunity within the immediate area must be created and harnessed both through private and public sectors and through formal and informal means. Writing from within a South African context, Landman (2010) supports this proposition where she highlights that housing development needs to take place in close proximity to socio-economic opportunities to support inclusion and integration.

When considering affordability, it is necessary to remember that South Africa holds one of the highest Gini Coefficients (representing wealth inequality) in the world. This becomes important when analysing the affordability of urban spaces, because the gaps between the upper and lower classes are quite extreme, and as a result, cost of living will also have extreme variations (StatsSA, 2014). This is also pivotal when looking at development alternatives and making comparisons to international examples.

### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'Economic integration is most critical – if we get economic integration right then we will get racial integration – they are so tied up together – the economic integration of our cities is an incredible driving force – part of that is how we switch and how we give poor and moderate incomes access to the city's resources on a basis on which transaction costs are not so high so as to impact on their ability to function. This has to be government investment, households cannot achieve that investment themselves and the private market is not going to do it.'*

### **Accessibility**

*Accessibility* refers to transport, public space, services, political participation, freedom to move through or relax in space and access for varying abilities and opportunities. Due to the sprawling nature of many, particularly the bigger, South African cities, due to the legacy of apartheid town planning, transport links are essential to making urban spaces accessible to the wide range of city residents (SACN, 2014b). In terms of transport, the City of Johannesburg has been rolling out the 'Corridors of Freedom' project, which aims for transit-oriented development, creating 'corridors' of growth, whilst in other big cities like Durban and Cape Town new initiatives are underway. To make urban development more inclusive, having the ability to access cheap and reliable transport to traverse within and beyond the city are key to ensuring that all inhabitants are welcome and able to use urban spaces and amenities. Johannesburg's Rea Vaya, Cape Town's MyCiTi, and Durban's People Mover are all examples of new bus transport systems in each city.

Public spaces are another element often overlooked when thinking through urban development. To create an inclusive area, access to public space in which one feels comfortable and welcome is vital to engendering a sense of belonging and building a no-cost space to meet, relax or participate in local activities and urban life. Making spaces work for the public also includes making basic amenities available such as public toilets and taps, as well as ensuring proper maintenance like cleaning and repairs.

In *Governance and Governability*, Narsoo (2008) explains the need for inclusive, accessible and responsive government and political processes. Narsoo (2008: iii) clarifies that '...unless there is an ability to build a responsive government at all spheres than there is no connection between [governance and inclusivity].' The spheres that are addressed in this responsiveness refer to both the formal and informal, or first and second economies. Accessibility to employment or the ability to conduct business requires an accepting view of the second economy, as for many city dwellers it is the only accessible way to gain income and earn livelihoods. Access to the efficient delivery of services is also vital to inclusive development, as is the maintenance thereof.

One key question that has emerged from workshops, interviews, literature, and articles around South African cities and gentrification in general, is the idea of 'access for whom?' This idea leads one to try to understand for whom a development or city is aiming to accommodate. Often, the best-intentioned spatial interventions end up catering to a minority of the city's population – often the more wealthy.

### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'Sometimes we get so caught up in the process of inclusion, whether it is spatial targeting or other methods... but once you intervene from outside the process, it ends up being something completely*

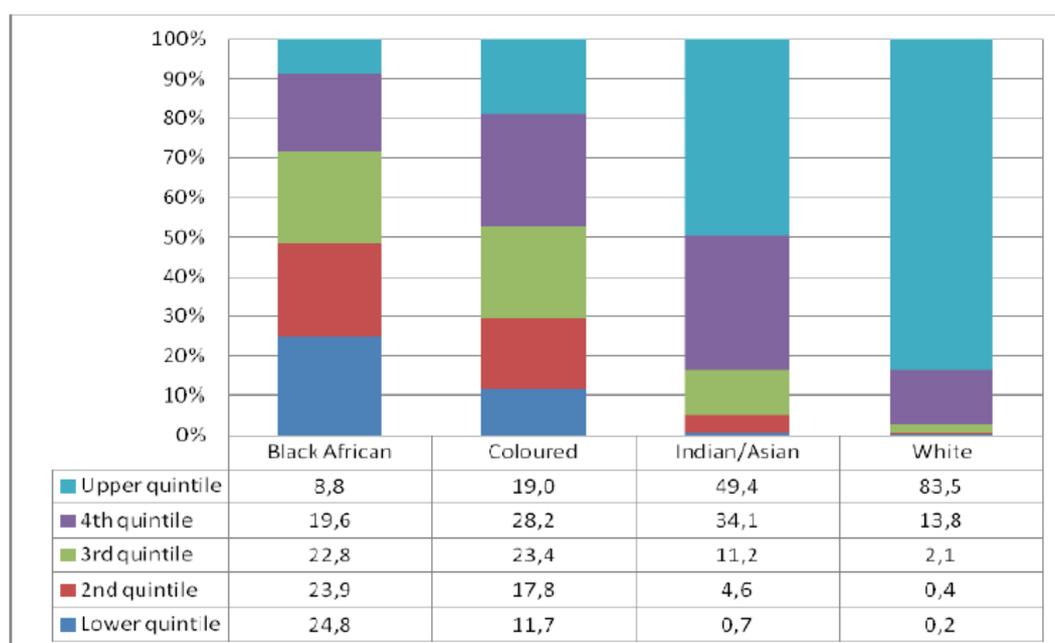
*different. The same is true around gentrification – often gentrification is an intervention for something better but – in whose eyes and how, and not necessarily for the people who really need it.'*

## Diversity

When referring to *diversity* in the context of inclusive urban development, the full scope of races, cultures, religions, sexualities, political views, choice, etc. are encompassed within the term. Part of understanding diversity is looking into the indirect cost, or social cost of living. For example, social cost of living includes safety, networks, trust, culture and faith. Particularly in the South African context, race must also be considered, as the wealth distribution amongst various races remains starkly unequal, as demonstrated in Table 1, measuring the expenditure quintile distributions by population group. In addition, cultural practices and values vary greatly amongst races, and even within races, and thus need to be given due consideration.

Table 1

**Figure 6: Percentage distribution of households by per capita expenditure quintiles and population group of household head**



From 'Income and Expenditure Surveys 2010-2011' (StatsSA, 2012: 9)

Inclusive urban development must always keep in mind the idea that there are many diverse individuals and views that need to be accommodated in one space. While it is never possible to include *everyone*, efforts to not directly exclude any particular groups must be made.

The idea of social exclusion is explored by Beall (2000: 852); she explains that 'exclusion as a result of either physical/social or economic deprivation or discrimination does not allow certain groups of people to participate in city life and activities.' Recognising the range of groups of people or ways of living (culture, informality, etc.) in certain areas for development is the first step in creating spaces that foster such diversity.

It is perhaps instructive to highlight at the outset that understandings of what constitutes inclusive urban development vary across different actors, institutions and contexts. What emerged strongly from the Inclusive African Cities conference held in March 2007 is that boundaries between exclusion and inclusion are not always clear, making it difficult to assess when practices of inclusion have been realised. The conference also highlighted that the notion of inclusivity is not static – everyday life gives way to new forms of inclusivities and exclusivities (SACN, 2008).

### ***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'A lack of diversity and relevance in many new developments is when there is nothing that reflects me or that I can relate to, the drivers of development only speak to the developers' own culture (or idea of culture), and do not speak to culture of broader community.'*

### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'[I] wonder if there is a deliberate attempt towards inclusion or exclusion or just something that happens. Comes down to question as to methods chosen e.g. Warwick Junction – in the early stages there was a deliberate effort to include and change in the way that local people were involved in determining the future for that area. But later interventions were very much exclusive and imposed and there was a different reaction that came from people as well – process got completely mixed up – there were still attempts at inclusion but still very much a top down approach process.'*

## **What about municipal revenue?**

Municipal revenue is key to having a workable city budget, but general obligations of cities must not be cast aside in order to gain that revenue. According to SACN's 2008 *Inclusive Cities Report*, the inclusive city is one that 'provides all its citizens with decent public services, protects citizens' rights and freedom, and fosters the economic, social and environmental wellbeing of its citizens. It strives to produce a beneficial framework for inclusive economic growth and improves the quality of urban living. Environmental protection and integrated built environments help to achieve a cohesive urban space that functions effectively. An inclusive city aids the social cohesion of its communities and celebrates their diversity' (SACN, 2008: 7).

Whilst it remains continually important to keep a focus on increasing municipal revenue, particularly in these times of economic crisis, development efforts also need to pay closer attention to more sustainability and inclusivity so as to ensure greater long-term and widespread growth. With the long-term in mind, more affordable development that can encourage growth for the people of the city will likely make a greater impact than efforts for quick income and short-term municipal revenue from rates and taxes.

### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'You have to also work with what you have and often what happens is we are trying to change what we have and then in that way we are moving away from probably from a better and worse scenario to a worse scenario than a better scenario – from an inclusivity perspective.'*

### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'In order to understand what is inclusivity, need to understand what is exclusivity? Harvey, Lefebvre, all those writing from political economy perspective, note that exclusivity revolves around capitalism, through concentrations of wealth, that is true but not the whole picture – Certainly in South African context we have colonial exclusivity, Apartheid was a form of class, race and capital exclusivity and it is about skewed power – so much around exclusivity related back to power relations – labour movements, social formations, capital concentration - and an inability to negotiate power.'*

## **Right to the City**

Over the past decade, the Right to the City has become a more popular, legitimated and urgent call for city-makers to address urban shortfalls and inequalities. Rights enshrined within this call talk directly to the key elements of inclusivity (affordability, accessibility and diversity), making it particularly salient to this study. The Right to the City invites creative engagement into city imagining and building and invites all inhabitants to be

involved in this process. South Africa's National Development Plan (NDP) proposes the adoption of five normative principles to guide the visioning of urban futures throughout the country: spatial justice, spatial sustainability, spatial efficiency, spatial resilience, and spatial quality (National Planning Commission, 2011). Linking directly to these principles is the call for the Right to the City, which offers a framework and ideology to bring these concepts into reality.

Coined by Lefebvre in 1968, the 'Right to the City' has become popular in light of spatially unjust and exclusionary development initiatives in and across urban areas. (Harvey, 2008). Lefebvre conceived of the city as an 'oeuvre' - a work in progress. He envisioned the Right to the City as being a demand by inhabitants to share in the fullness of urban life and to negotiate its potentialities, giving them full access to the city and all it has to offer. The right enshrines the right to habitation, to appropriation and to participation and is seen to be both grounded in present, everyday realities and in the visions and contestations of a better urban future for all.

The Right to the City calls for a reframing of rights that are more inclusive, equitable and creative. The concept has been co-opted by various social movements to highlight a range of urban concerns relating to livelihoods, access to opportunities, political and social expression and basic dignity. Across the globe, regeneration imperatives have shifted in intention from the resolution of an area's urban problems to a proactive increase in its investment potential and competitiveness, leading to the disjointed and incoherent redevelopment of urban landscapes and spatial patterns. The changing recognition of cities as sites of economic growth, consumption and commodification so as to invite further investment opportunities, encourages free-market, private-sector led regeneration strategies that favour higher-income populations whilst further excluding and marginalising lower-income ones.

It is now widely felt that the imperatives and discourses around urban regeneration have become reduced to an everyday vernacular — a catch-all phrase for diverse interventions into the urban environment with a multitude of stakeholder and political intentions. As has already been indicated, whilst regeneration and gentrification might seem synonymous, the intentions and outcomes are not. Whilst both seek to improve the built form and urban life, gentrification precludes the type of lasting change that *all* city inhabitants have a right to partake in and enjoy. The call for the Right to the City is envisaged as one that reinserts the political back into urban regeneration. This call is not instituted solely through formal, institutional processes but also through the inhabitation of urban spaces and the variety of ways that people live in, make use of and appropriate them (Purcell 2002). Rights are constituted as social relations, as a means of mediating power and justice — how it is organised, contested and negotiated. The Right to the City can be used as both an institutional and social framework in and through which ideals about cities — how they are and how we want them to be — can be established and measured against.

Using the Right to the City as a lens for understanding urban development in South Africa brings to the fore the stark inequalities that still remain deeply entrenched as a result of apartheid: the social and spatial segregation, the unequal delivery of housing and services, the glaring disparities between the very rich and the very poor, and the seeming long way to go before these disparities are adequately addressed. The Right to the City is a reminder of the broad constitutional rights that all inhabitants of the country have been promised, which for many, particularly the most marginalised and disadvantaged, are beginning to lose currency. At the same time, the call for the Right to the City is not only instituted through formal processes, but through the variety of ways that people inhabit, negotiate, appropriate and contest their everyday realities.

In terms of claims to habitation, the Right to the City can be seen as a useful mechanism to fight and mitigate the negative effects of gentrification. Particularly in the inner-city of Johannesburg, but no doubt across the country, lower-income residents who have for many years been living in poorly maintained buildings, are now experiencing acts of evictions and displacement as developers are trying to gain greater value on their properties and land. Tensions have risen between the constitutional rights that guarantee a right to access to adequate housing and a right not to be evicted from one's home without due legal process, the interests of local governments and private capital intent on dictating the terms of urban regeneration imperatives, and the needs of inner-city inhabitants whose livelihoods depends on being close to the CBD and to the familial and support networks they have established over the years. In Johannesburg, the Right to City has been used in a

number of court cases (Coggin and Pieterse, 2011) where these evictions have taken place and where the courts have been able to engage around a whole host of considerations enshrined in the right – urban citizenship, housing rights and lived circumstances of occupiers (Ibid, 2011).

Similarly, with respect to urban services, the Right to the City affirms the inherent connection between lived space and urban citizenship. In terms of services, these rights can be extended across the whole gamut of urban needs and amenities, including transport, water, electricity and sanitation. Given that many lower-income inhabitants are often housed on the urban periphery or in poorly maintained areas, these rights are consistently undermined or ignored. Service delivery protests are now a common occurrence across the country, clearly indicating how urban dwellers are invoking notions of rights, be they constitutional or ideological, to challenge government at all scales. With respect to services and amenities, Coggin and Pieterse (2011) account for a number of constitutional cases where the Right to the City has been invoked to engage and mandate relevant actors and institutions to account for legally justiciable socio-economic rights so as to help redress imbalances.

Social movements such as Abahlali baseMjondolo argue that the reshaping of the city should not only involve investment into physical changes, but also a reframing of decision-making mechanisms to include the poor and disenfranchised (Purcell, 2002). This approach to participation relates directly to access, one of the key facets of inclusivity mentioned earlier.

The Right to the City also frames this as the right to participation and appropriation, rights which often exclude lower-income groups whose voices are silenced or ignored. The right to participation invites urban dwellers to voice their needs, solutions and aspirations and includes participatory decision-making processes into how cities and socio-spatial patterns should be collaboratively re-configured. Whilst there have been efforts by the government to include the disenfranchised in development processes, enabling them to participate in and influence decisions over the production of urban space, often these efforts have been more tokenistic than empowering.

The right to appropriation is concerned with affording urban dwellers with physical access to space so that they are able to occupy and utilise it in ways that contribute to their socio-economic development. This right is based on the promotion of the use value of space by residents, as opposed to the exchange value that mainly serves the interests of those who control resources (Purcell, 2002; Sadri and Sadri, n.d.). In Johannesburg, the recent crack-down on street traders is a clear violation of this right as it deprives lower-income people of their ability to use space to improve their socio-economic conditions. This is contrasted to the right to property, which essentially gives the property owner control over the use of space. Sadri and Sadri (n.d.) argue that... 'on the contrary of the right to property, which is personal and exclusive, the right to appropriation suggested by Lefebvre is a collective and inclusive right.' Giving consideration to the socio-economic and physical needs of urban dwellers, together with freedom of choice in how public space can be utilised, reflects the affordability and diversity facets of inclusivity.

Whilst in the South African context, the Right to the City has been framed predominantly around housing and services (Coggin and Pieterse, 2011; Joseph, 2015), Karuri-Sebina and Koma (2015) argue that public spaces should also be considered as an essential right for inhabitants and an important space for recreation, rehabilitation and spatial transformation. In terms of public space, the Right to the City can be seen as a response to the privatisation and subsequent exclusion of certain groups of people from public spaces. This increased privatisation of public space employs a range of discourse and design mechanisms that aim to exclude undesirable people and uses, undermining rights and opportunities. In order to address this, there is an imperative by everyday users of space to 're-territorialise' it. Re-territorialisation refers to reclaiming and redefining space in a way that responds to the needs of the users. In Johannesburg for instance, most public parks are used as places of worship and in the inner-city many basements, formerly used for parking cars, are now being used as businesses spaces. These practices are a clear indication of people asserting their rights to appropriation and participation, where inhabitants claim their rights to access spaces and utilise it fully for socio-economic engagement and negotiation.

As is evident, considerations and questions around the Right to the City have much currency in South Africa, and centre around a whole host of conversations that primarily include who has these rights and who does not, and how these rights are negotiated and constituted both in law and on the streets. Given that this report is considering processes of urban change and development, evaluating the physical, socio-economic and political implications that this is having on the lives of inhabitants, including a rights based understanding to this, whether this is institutional or aspirational is necessary. In connection with the NDP's five spatial principles together with the facets of inclusivity, the Right to the City's rights based approach can ensure a legal and ideological platform to continue building from.

***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*How do we understand practices of gentrification, inclusivity and rights to the city from the everyday perspective of residents in the city? In Jeppestown, a discussion around such contemporary development approaches took place. The main private development that has appropriated the area in the last few years in Jeppestown is the Maboneng precinct. As new developers continue to buy buildings, Jeppestown residents identify them as 'Maboneng.' In our workshop, residents clarified that this is not because they believe that it is the same developer, but rather the approach that is taken by the developer, has become dubbed as 'the Maboneng approach.'*

*Key characteristics of 'the Maboneng approach' that were identified by residents include: not approaching and communicating with the community about plans for the property; a general lack of respect for community who have lived in the area for a very long time; an influx of wealthy and powerful property owners; and the priority for the developer being economic gain regardless of what may be destroyed in the process.*

Figures 1 and 2



Maboneng Images From 'We Won't Move' (Walsh, 2014: 402)

## Mechanisms to Mitigate the Negative Effects of Gentrification

In identifying ways to move beyond gentrification, a wide range of case studies from across South Africa and the globe were investigated. From these case studies emerged seven mechanisms that contained potentially useful takeaway lessons for the South African context. Annex 1 (see page 55) outlines useful local and global case studies to illustrate ways in which these mechanisms have and can be implemented. Whilst there are many other mechanisms that could be used, the ones identified in this report were the most relevant and widely researched at the time of writing.

### Affordable Housing

#### Introduction

Whilst at first glance 'affordability' seems an easy concept to grasp, in practice it can be hard to define and measure, particularly when considering the changing circumstances of individuals and households over time. MacLennan and Williams (1990: 9) offer a very general definition...

'affordability' is concerned with securing some given standard of housing (or different standards) at a price or a rent which does not impose, in the eyes of some third party (usually government) an unreasonable burden on household incomes.

Most definitions of housing affordability are concerned with opportunity cost of housing, which is clearly the essence of the concept of affordability: what has to be forgone in order to obtain housing and whether that which is forgone is reasonable or excessive in some sense.

Analysing affordability is usually done through adopting a 'ratios' approach — measuring the relationships between household incomes and housing costs. Benchmark averages or percentile levels of income and costs are used to assess the extent of variability between places or household types and/or assess changing circumstances over time (Hulchanski, 1995). Across the globe there is widespread acceptance of the simple 'rule of thumb' ratios standard (25 to 30% of income) for assessing housing affordability problems. This approach has come under much criticism because income and household costs change significantly over life cycles.

In response to this, researchers (e.g. Stone, 2006 and Brownill, et al., 1990) argue more strongly for a residual income approach which is defined as 'the amount of money left after housing costs have been met that is crucial in determining whether the costs of housing are really affordable' (Brownill et al., 1990: 49). Residual income deducts rent/bond repayment and a normative allowance for non-housing goods and services (food, clothing etc.) from income to arrive at a residual income... 'the opportunity cost of housing vis-a-vis other goods and services...' (Whitehead, 1991: 873). The 'opportunity cost' language is essentially the logic of residual income — where choices need to be made between several mutually exclusive alternatives given limited resources. Whilst the residual income approach seems a more logical way of assessing affordability, difficulties in how to operationalise these types of calculations and establish standards means that the ratio approach continues to be used.

South Africa faces a low-income housing crisis across the whole country, with backlogs estimated at over three million units (Pillay and Naude, 2006). In addition, an estimated 1.4 million households live in squatter camps and informal housing conditions (CSIR, 2000: 21, in Pillay and Naude, 2006). In South Africa, affordable housing is viewed both in terms of ownership and rental. In terms of ownership, affordable housing 'is the range between the current cost of a fully subsidised Reconstruction and Development Programme (RDP) house and the top of the "affordable housing range" as defined in the Financial Sector Charter + 40%...' in 2007 this ranged between R50,000 and R350,000 (National Department of Housing, n.d.: 9). In terms of rental, affordable housing is 'the range between the rent that someone earning R1,500 per month can pay and the rent that someone earning R7,500 per month + 20% can pay' (Ibid, 2008: 10). This implies a range of R600 to R3,000 per month, indicating that the definition of affordable housing is attempting to target the 'working poor' and lower middle occupations such as nurses, shop workers, clerical staff — those earning more than the groups targeted for fully-subsidised housing.

But what about people who are earning less than the amount targeted by affordable housing? According to Census 2001, roughly one in five households (185 340) in the city of Johannesburg reported they did not have an income and another one in three households reported annual earnings of between R1 and R19,200 (i.e. a maximum of R1,600 per month). In total, 51% of households in the city have a monthly income of between R0 and R1,600, a figure that most probably does not include social grants such as pensions or disability payments (CoJ, 2005). This means that not only are the majority of households in the city considered poor, they are also not targeted for affordable housing. In addition, given the rate of population growth in cities, coupled with smaller household sizes, the total number of poor households needing support has risen, making the pressure to provide affordable housing all the more urgent.

<p>Accessibility</p> <ul style="list-style-type: none"> <li>Legislating for affordable housing can secure increased access to housing for more diverse population and demographic groups.</li> <li>Motivating for more affordable housing to be located in more accessible areas could help increase accessibility to other necessary services and amenities, including transport, health, education and economic opportunities.</li> </ul>	<p>Actors/Stakeholders</p> <ul style="list-style-type: none"> <li>Regulatory frameworks could take the form of policies enforcing the necessity to allocate a certain amount of development to affordable housing. This framework can outline incentives that could encourage developers to consider affordable housing voluntarily.</li> <li>Government departments, including planning and human settlements as well as the municipal entities that provide services and infrastructure play a role.</li> <li>Social Housing institutions are often brought in to manage the low-income and affordable housing market, as well as to provide urban management of public spaces.</li> <li>Financing institutions help mitigate financial risks and provide financial support and opportunities to institutions that might not otherwise have the means.</li> <li>Private developers are interested and motivated to do more inclusive development and can see the social and economic benefits of providing a proportion of affordable housing.</li> <li>Residents need to be consulted about development intentions and brought into decision-making processes to ensure that trust, ownership and security is engendered.</li> </ul>
<p>Affordability</p> <ul style="list-style-type: none"> <li>Legislation for affordable housing provides a framework to ensure that a proportion of development is made affordable for lower-income populations.</li> <li>Having access to affordable housing means that lower-income groups will have income to spare for other needs and services.</li> </ul> <p>Diversity</p> <ul style="list-style-type: none"> <li>Having a quota of affordable housing within a development will guarantee a mix of incomes,</li> </ul>	<p>Considerations</p> <ul style="list-style-type: none"> <li>Land use planning and land management policies need to be linked to a formal affordable housing agenda to ensure the provision of affordable housing and more socially inclusive development.</li> <li>Given the skewed ratio of people needing affordable housing in South Africa, developers need to use the housing market more effectively to cross-subsidise (see page 49) for affordable housing on the same (or neighbouring) site.</li> <li>Affordable housing cannot and does not mean the same thing everywhere. For each different area, local authorities need to define what is affordable; to indicate, on the basis of surveys, how many affordable homes are to be provided; and to negotiate with developers to provide that number of affordable homes or to obtain contributions towards the overall target for new affordable</li> </ul>

<p>which will bring a mix of populations.</p> <ul style="list-style-type: none"> <li>As there is often a correlation between income and race, culture, etc., affordable housing can engender a diverse mix of residents within a development.</li> </ul>	<p>dwellings.</p> <ul style="list-style-type: none"> <li>Municipalities need to provide incentives to developers: tax benefits; land; development and use rights; bulk and link infrastructure; fast-tracking of approval processes; and access to government subsidies (National Department of Housing, n.d.).</li> <li>Public-private partnerships (PPPs) have now become an integral part of affordable housing delivery and inclusionary housing so it is important to unpack and discuss the dynamics of PPPs.</li> </ul>
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***On-the-Ground Perspective: Feedback from Durban Workshop***

*'[we] tend to see housing as divorced from city building and that is a big problem. We need to reconceptualise housing and human settlement as a huge component of city building as opposed to something you have to do to serve residential requirements, and affordable housing should be seen as [a] major city building tool.'*

***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'The market responds to the needs, there have been 50 000 residential units that have been provided in the inner-city over the course of 10 years without any legislation on affordable housing. We brought three large buildings to the market in Berea over a very short time. Ponte was also partially refurbished during that time. The result is that we brought over a period of 18 months, 1 600 units to market in Berea that created over supply and we had to cut rentals on four different buildings to ensure that we were able to operate. That's how the market force operates, business will adapt to the environment.'*

A case study on Affordable Housing is available in Annex A, page 56 of this report.

## Mixed Development

### Introduction

Definitions of 'mixed development' can vary, being based on a range of factors that include: the type of mix, the tenure types, a mix of income groups or a larger socio-spatial mix through all of the aforementioned, including a mix of social groups and land uses. The concept can be referred to using different terms, including 'mixed tenure,' 'mixed income' and 'mixed communities.' In addition, mixing can take place at different scales — on one site and/or in an entire larger neighbourhood (Landman, 2012).

Mixed developments depend very much on the same factors that characterise other types of housing developments: the population served, location, tenure type, management and scale. Most importantly, the mix of incomes within the developments can vary greatly, with mixed-income developments usually covering a broad spectrum of levels of economic integration. At one end of the spectrum are private-sector, market-rate developments that include a small percentage of affordable housing (built often to qualify for municipal subsidies) whilst at the other end are developments built exclusively for moderate and low-income families. These could include some combination of fully subsidised low-income housing, rental housing/rent to purchase housing for the 'gap' market, and affordable housing for the private market (Klug et al., 2013).

Whilst much attention has been given to the mix of income within a development project, consideration also needs to be given to the mix of land use. Mixed land use is typically characterised by a diversity of compatible land uses serving the needs of the local population within a specified geographical area. These land uses include public services, retail, entertainment and professional services that are easily accessible to residents,

preferably by walking or public transit. The mix of land use can impact the price and demand for housing: having close access to retail, personal services, entertainment, health and education facilities and places of employment could increase demand for housing within an area.

Over the last couple of decades, mixed development approaches have gained much attention and have increasingly become a preferred urban development model for policy makers and local developers intent on transforming urban areas and addressing challenges around urban inequality and inclusivity. Mixed development is now being promoted in development programmes across South Africa through the Breaking New Grounds (BNG) program initiated by the Department of Sustainable Human Settlements (Department of Housing, 2004) as one way of redressing patterns of spatial fragmentation and separation across South African cities. BNG specifically emphasises the need for mixed or integrated developments to allow more people greater access to a wider range of socio-economic opportunities in closer proximity to their living places. Mixed-developments simultaneously address the need for more density, more compactness and more integrated urban living forms and lifestyles.

In South Africa, mixed developments vary greatly and comprise a mix of housing or building types, tenure types and land uses, accommodating a mix of incomes and social groups. Projects of different sizes and scales are emerging across the country, ranging from smaller projects such as Brickfields and Carr Gardens to medium and larger projects on very large sites, for example, Wonderpark or entire neighbourhoods, such as Cosmo City, Pennyville and Olievenhoutbosch in Gauteng (Landman, 2012).

<p><b>Accessibility</b></p> <ul style="list-style-type: none"> <li>• Enhances access to a range of opportunities in closer proximity to where people reside.</li> <li>• Attracts and supports a higher level of services and on-site amenities and facilities that are in close proximity to other urban facilities.</li> <li>• Promotes the use of public transport, which reduces vehicular reliance.</li> <li>• Can create additional employment opportunities for lower-income groups due to a greater amount of disposable income by middle-income groups in the area.</li> <li>• Includes a range of communal facilities, including parks, playgrounds, libraries, community halls, braai areas, etc.</li> </ul>	<p><b>Actors/Stakeholders</b></p> <ul style="list-style-type: none"> <li>• Private property developer:             <ul style="list-style-type: none"> <li>○ constructs mixed-income housing projects in partnership with the government;</li> <li>○ is the major player in the partnership and controls the entire value chain: owns the land (may have been purchased from the municipality), is responsible for the construction and marketing of the development project.</li> </ul> </li> <li>• Government provides subsidies for property developers producing low-income and social housing.</li> <li>• National Treasury provides grants to finance bulk infrastructure, enabling cross-subsidisation of the 'gap market' and 'free market' housing components (Haferburg, 2013).</li> <li>• Municipality and its entities can agree to:             <ul style="list-style-type: none"> <li>○ pre-construction housing sales with the developer and financial institutions;</li> <li>○ a co-developer agreement that enables the developer to avoid cash flow problems and to ensure infrastructure implementation and uninterrupted housing roll out.</li> </ul> </li> </ul>
<p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>• Provides for a range of tenures and prices to ensure affordability.</li> <li>• Developers can provide more affordable housing due to higher density and more sales per square meter.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>• South Africa's historical segregation and high levels of insecurity may impede interventions that focus on integration and diversity.</li> <li>• There is no 'one size fits all' solution or model. It is entirely context dependent given the very unique socio-economic and physical local conditions.</li> </ul>

<ul style="list-style-type: none"> <li>• Provides a more stable, appreciating tax base for municipalities.</li> </ul> <p>Diversity</p> <ul style="list-style-type: none"> <li>• Allows greater integration and diversity in South African neighbourhoods and cities.</li> <li>• Provides the potential for interaction between different social spheres and income groups (e.g. having a mix of students from various backgrounds in the local school).</li> <li>• Helps to reduce negative area effects (e.g. low aspirations and low-level crime).</li> <li>• Creates a vibrant environment that could facilitate the development of supportive networks, building better social cohesion.</li> </ul>	<ul style="list-style-type: none"> <li>• The general negative perception of mixed developments in the country needs to change through increased promotion and awareness of successful and positive projects.</li> <li>• Need to consider carefully the viability of different housing models and price ranges in a single development — the narrower the income bracket, the more successful.</li> <li>• The public and private financing required usually involves several sources, which can add risk to the development.</li> <li>• Financial considerations need to be given to ongoing maintenance.</li> <li>• There is potential to cross-subsidise more affluent units for lower-income units.</li> <li>• Security will need to be considered in the design and maintenance of living and relaxing spaces.</li> <li>• Necessitates creative thinking in terms of different housing models, tenure and unit types, aesthetic and pleasing environments, design for safety and grouping, and thresholds of different income groups.</li> <li>• In order to ensure the ongoing success and sustainability of the development, communities need to be engaged and their input listened to.</li> </ul>
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***On-the-Ground Perspective: Feedback from Jeppestown Workshop***

*One of the main challenges identified by residents in Jeppestown (among all ranges of income) was the lack of local amenities and institutions. Mixed-use developments are important in order to ensure that an area not only provides adequate housing, but also other important landmarks. Such lacking amenities were listed by residents: quality schools, banks, access to sanitation, libraries, community centres, and adequate clinics/healthcare facilities. In addition, a mapping exercise showed that a majority of residents earn and spend their money outside of Jeppestown, indicating that jobs and affordable/quality shopping is also unavailable locally.*

***On-the-Ground Perspective: Feedback from Durban Workshop***

*'Example of mixed-use is Albert Park (in Durban) – part of inner-city revitalisation programme – I have sat in meetings where people have said "that place used to be so alive, but it is really dead now" and I think "what city do you live in? Have you gone down there at night? It is the most happening spot" If you walk around the area the mixed-use is insane – this is what happens organically – you've got residential, you've got youth hostels, you've got garages, shops, laundrettes, businesses up in blocks, it is all happening... but... this place is seen by many in the city as a problem and that gentrification is the answer... so how to do an active agenda so that you don't over-romanticise the problems, but how do you also say "look what good is here too and how can that stay."'*

***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'Giving a range of income groups access to opportunity. In order to do this one has to have to mix of tenure types – can't rely on private ownership, except perhaps in the peri-urban e.g. Fleurhof – mixed-*

*use, mixed-income – the closer one gets to the inner-city, the more, particularly for the low and moderate income groups, they are reliant on a rental market.'*

A case study on Mixed Development is available in Annex A, page 57 of this report.

## Inclusionary Zoning

### Introduction

According to the California Affordable Housing Legal Project (2002: 2), inclusionary zoning refers to a 'local zoning ordinance or land use policy which either mandates or encourages developers to include a specified percentage of housing that is affordable to lower and/or moderate-income household.' This means that government encourages developers to create affordable residential units as part and parcel of their residential and commercial developments (California Affordable Housing Law Project, 2002; Lerman, 2006). Inclusionary zoning can apply not only to housing developments, but also to commercial spaces.

Inclusionary zoning can be used as a tool to create mixed income communities and developments so as to facilitate social integration and reduce urban sprawl. This can happen because the main philosophy behind inclusionary zoning is that developers should integrate affordable units throughout a development in order to prevent segregation based on income levels. Advocates for inclusionary zoning argue that these affordable units should be provided even in communities with rising property prices, so that low and moderate-income people also reside and operate businesses close to socio-economic opportunities. Allemeier (undated: 120) indicates that 'inclusionary zoning links the development of market-related housing units to the creation of affordable units.'

As already mentioned, access to affordable housing and commercial spaces in South African cities remain a major challenge, especially for low-income households. Government has made efforts to address this challenge by providing low-cost, subsidised housing, which in most cases is located in the urban outskirts, with limited access to adequate infrastructure and services and away from socio-economic opportunities. Despite these interventions, the ratio of people requiring access to affordable housing and commercial space far outstrips the supply of such units.

The major focus of the government subsidy system for affordable housing focuses largely on home ownership as a way for securing tenure for low-income households. However, these efforts have not been effective in addressing spatial injustice and fostering inclusion. Recent efforts by government to address affordable housing issues have also included other, previously neglected, tenure options such as growing the rental market and rent to buy, as ways to respond to demand.

There have been efforts by government at a national level to formulate an inclusionary housing policy, which rests upon principles of inclusionary zoning as defined above. However, the policy has not been enacted, which means that there is no national level legislation driving the private sector to develop a proportion of affordable housing within their developments. Only a few metropolitan municipalities have created their own inclusionary housing policies to facilitate the provision of affordable housing, however these have also not been effectively implemented. Inclusionary zoning legislation developed at national level and implemented by municipalities taking into account their local realities, could support already existing principles that have been considered (e.g. spatial frameworks, five pillars of justice) that rest upon inclusion (Klug et al., 2013). However, there are some views, specifically from private developers, that legislation cannot facilitate inclusionary development and that there is a need for government to create an enabling environment for developers to achieve this.

<p>Accessibility</p> <ul style="list-style-type: none"> <li>Inclusionary zoning considers broader areas as opposed to precincts,</li> </ul>	<p>Actors/Stakeholders</p> <ul style="list-style-type: none"> <li>National government can create inclusionary zoning legislation at a national level to guide local</li> </ul>
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<p>rendering the entire region accessible.</p> <ul style="list-style-type: none"> <li>On-site provision of adequate services and infrastructure are usually available in inclusionary zones.</li> </ul>	<p>government interventions.</p> <ul style="list-style-type: none"> <li>Relevant local government departments (Housing, Planning, etc.) can facilitate the implementation of inclusionary zoning, provide incentives for developers, release government subsidies for affordable housing provision, source additional funding and provide bulk infrastructure.</li> <li>Private property developers would be responsible for construction of affordable housing units within their development sites.</li> </ul>
<p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>A percentage of housing and commercial units provided in an inclusionary zone are affordable to low-income residents.</li> <li>The promotion of mixed use developments in inclusionary zoned sites ensures people are in close proximity to socio-economic opportunities and do not have to spend their income on transportation costs.</li> </ul> <p><b>Diversity</b></p> <ul style="list-style-type: none"> <li>Inclusionary zoning advocates for various income groups to reside and work in close proximity to one another.</li> <li>This proximity, in turn, could facilitate social mix and integration.</li> <li>Inclusionary zoning allows a diverse range of businesses, especially local businesses, to locate and operate in the area.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>It is important that national legislation on inclusionary zoning helps to ensure that developments are uniform amongst municipalities to avoid developer flight to other areas where inclusionary zoning is not legislated.</li> <li>The international experience indicates that to achieve sustainability in inclusionary zoning programs, the private sector should take the lead in providing affordable housing, with government playing the role of a facilitator and leveraging additional funds.</li> <li>The private sector's capacity to provide affordable housing should be mobilised and harnessed.</li> <li>Providing a range of incentives for inclusionary zoning practices will enable and encourage private developers to provide affordable housing within their developments.</li> <li>Government should actively engage with developers to ascertain the kinds of incentives that are enticed by on a case-by-case basis.</li> <li>Low to moderate-income households should be provided with affordable housing in areas where they would traditionally be excluded due to land market dynamics.</li> <li>Government should draft legislation keeping in mind the needs of developers. Some developers have expressed that government affords private developers a platform for engagement on legislation, but these inputs are rarely taken into account.</li> </ul>

***On-the-Ground Perspectives: Feedback from Johannesburg Workshop***

*'I think there is a need for legislation but there is a need for it to be done in a way that allows development to happen that almost promotes it. It is the implementation of what you put in place; you must understand what is it that you put in place and the outcomes of what you put in place.'*

*Government must understand what the needs of the private sector are. Legislation doesn't allow for innovation as it does not include what happens on the ground. How creative are you to work in creative ways that allow for flexibility? It takes forever to change legislation, the process is tiring and when you get to the end you haven't created a chance to respond to what is happening.'*

***On-the-Ground Perspectives: Feedback from Johannesburg Workshop***

*'What the city can do is create an enabling environment rather than legislation. Rather than legislate, incentivise... there is a need for legislation that allows development to happen and promotes it rather than over legislation which has been done a lot in this country. There can be individual contracts between developers and the city on how to provide affordable housing but not legislation. This overarching imperative to legislate is counterproductive.'*

A case study on Inclusionary Zoning is available in Annex A, page 59 of this report.

## **Community Land Trusts**

### **Introduction**

According to the National Community Land Trust Network (n.d.), Community Land Trusts (CLTs) 'are local organisations set up and run by ordinary people to develop and manage homes as well as other assets important to the community.' A CLT is a model of affordable housing and commercial space provision that is based on the removal of land from the housing market to assist low to moderate-income households to secure tenure. The main aim of the CLTs is to ensure that housing units as well as other community assets are permanently affordable to benefit the broader community.

The acquired land is leased through long-term leases (such as 99 years) and the fees paid to the CLT are kept minimal (Conaty and Lewis, 2011). The imperative, according to Conaty and Lewis (2011: 2) is that a CLT 'removes land from the housing market without disconnecting residents from their interest in owning, maintaining and improving buildings.'

This model of affordable housing and commercial provision could be used as a tool to preserve affordability in gentrifying neighbourhoods. CLTs promote equitable neighbourhood developments through discouraging the displacement of traditional residents. They are geared towards putting the community first and ensuring that affordable housing units remain affordable in light of soaring property values across neighbourhoods (Conaty and Lewis, 2011; National Community Land Trust Network, n.d.).

The current discourses around spatial transformation indicate that a shift in mindset is needed with regard to how land is perceived, primarily what is needed is a move from exchange to use value. The CLT model is based on this philosophy whereby the value that land holds relates not merely to its economic potential in terms buying, selling and ownership, but that land has important social values vis-à-vis a whole host of social interactions and uses (see page 50). Because the exchange value of land remains at the forefront of most development initiatives, the majority of urban dwellers cannot access valuable land, and governments are often unable to acquire this land for development of low-income housing. Already various pieces of legislation are in place that can direct urban land use and management systems and the CLT model can be brought into this framework offering opportunities for increased inclusion and equality.

In South Africa, land could play a central role in realising the spatial transformation agenda. This requires a balanced distribution of well-located, adequately serviced land that responds to the needs of the population, including low-income households. The CLT model rests on principles of ensuring access to affordable housing by low-income households in areas where they would previously be excluded.

<p><b>Accessibility</b></p> <ul style="list-style-type: none"> <li>• CLTs ensure that low-income households have access to affordable housing and commercial opportunities.</li> <li>• The provision of social amenities and services responds to the needs of all residents.</li> <li>• Affordable housing units are integrated with local economic development initiatives.</li> </ul>	<p><b>Actors/Stakeholders</b></p> <ul style="list-style-type: none"> <li>• Residents of the community, including leaseholders of land within a CLT (both tenants and homeowners), sit on the CLT board. They also actively acquire land for the CLT, designate it for affordable housing provision, and manage the CLT operations.</li> <li>• Representatives from various community-based organisations, including local businesses and non-governmental organisations serve as board members and donate money or land to the CLT.</li> <li>• Government entities at various levels set up legislation supporting the development of CLTs, as well as releasing grants to assist with the acquisition of well-located land.</li> <li>• The private sector assists in acquiring land, financing resources, giving technical support and supporting local economic development initiatives.</li> </ul>
<p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>• Low-income households can afford housing as land is removed from the equation of property prices.</li> <li>• Housing and commercial units, whether rental or owned, can stay affordable for a significant period.</li> <li>• The lower cost of rent or ownership of commercial entities can also help to maintain a lower cost of goods and services available.</li> </ul> <p><b>Diversity</b></p> <ul style="list-style-type: none"> <li>• The land is in the hands of diverse people with varying housing needs, motivating for a wide range of tenure options.</li> <li>• Low-income housing is in close proximity to other income groups, facilitating social integration and mix.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>• As much as the community plays a vital role in establishment and operation of CLTs, other stakeholders including the private and public sectors are also vital to the success of the project as they provide financial, social, and legal resources that contribute to the provision of affordable housing as well as infrastructural and social amenities.</li> <li>• CLTs are not only about the provision of affordable housing units, but also include provision of commercial spaces, communal facilities, the promotion of enterprises as well as strengthening community resilience.</li> <li>• The existence of a CLT can boost social capital within a CLT's jurisdiction.</li> </ul>

A case study on a Community Land Trust is available in Annex A, page 61 of this report.

## Community Wealth Building

### Introduction

Community Wealth Building is a term coined by the Democracy Collective, a group founded in 2000 in the United States. Community Wealth Building is an approach to urban growth that focuses on economic development, specifically the distribution of wealth amongst a city or community. This approach aims to

achieve ‘broadly held wealth’ and ‘puts people and community,’ rather than graphs and abstract data, first (Kelly and McKinley, 2015: 4).

Whilst there are many facets to building community wealth, the core concept is clear: to address the growing inequality in cities, efforts towards the broad distribution of wealth and community-originated and implemented development must take the lead. Various cities throughout the United States have made strides towards accomplishing these goals through projects and policies. ‘Building community wealth’ focuses more on assets, wealth and ownership – rather than income. Whilst income is a significant element in building wealth, it does not result in the ability to withstand economic shocks and hardships that may arise such as unemployment or illness. In addition, assets (such as skills, social networks, a home, stock, savings, etc.), accompanied by an income, can help families to plan for the future (e.g. send children to university and plan for retirement) and create a better community, area or development in the long-term.

The term ‘Community Wealth Building’ may not have caught on internationally, however various aspects of community wealth building have taken different forms all over the world. These aspects include community saving schemes (such as stokvels in South Africa), worker-owned enterprises and community benefit agreements (CBAs, contracts made between local community groups with developers, requiring them to hire locally, create living wage jobs, or contribute in other ways to community benefit), amongst others.

The Democracy Collective defines community wealth building as a systems approach, with various drivers working together. The drivers used are identified as: broad-based local ownership, the multiplier effect, inclusion, systems of support, workforce development, place, and collaboration (Ibid, 2015) - these are key elements in any area-based development.

In South African cities, we are still working towards achieving the driver of *broad-based local ownership* in the formal economy. Broad-based local ownership means that companies and developments are owned by many people in the local community, examples of which include cooperatives and worker-owned businesses. The informal economy thrives on this concept, as it is generally local residents running their own businesses and circulating money through the local economy. In the formal economy, big business with extremely unbalanced hierarchies of income dominate the market (Bronkhorst, 2014). The *multiplier effect* is already a part of some South African cities’ policies, aiming to ensure that money spent by cities is circulated locally – usually within the country, but this could be pushed to a municipal level as well. To take it a step further, there are models in other parts of the world that require larger national and multinational companies working on a development project or starting a company branch to spend a certain amount of money in the local economy.

The driver of *systems* includes developing systems of municipal and banking support to enable the broader base of ownership mentioned earlier and also suggests efforts towards a complete shift in the entire nation’s economic system. The status quo in South Africa, and much of the world, is a system of wealth inequality, where most of the city’s assets are owned by a financial elite (Kelly and McKinley, 2015). Additional drivers are *place*: a commitment to place-making and understanding of an area (something South African cities are adopting), and *collaboration*: ensuring that many parties are at the table, working together to create community benefit, also a challenge for many of South Africa’s numerous and often fragmented government institutions. Finally, the driver of *inclusion* aims for participatory approaches to city development: participant-led development, participatory budgeting and CBAs, all of which link into the driver of the multiplier effect.

<p>Accessibility</p> <ul style="list-style-type: none"> <li>• Is aware of the types of jobs created, ensuring that these jobs are accessible to local community members, and that they are paying a living wage, hopefully leading into access to the opportunity for ownership.</li> <li>• In South African cities, participation is</li> </ul>	<p>Actors/Stakeholders</p> <p>Community Wealth Building approaches aim to bring together a wide variety of players in order to change the systems underpinning the workings of a city, so that many, rather than few, can benefit. Some key players include:</p> <ul style="list-style-type: none"> <li>• City governments</li> <li>• Private developers</li> </ul>
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<p>more tokenistic than empowering. Community wealth building rather sees community participation as equal to other actors such as government and big business and gives the community greater access to development processes.</p> <ul style="list-style-type: none"> <li>Ensures that 'third players' (community: anchor institutions, citizen groups, philanthropy, non-profits, locally owned businesses) have real access to being a part of the process (Kelly and McKinley, 2015).</li> </ul>	<ul style="list-style-type: none"> <li>Institutions</li> <li>Labour unions</li> <li>Cooperative developers</li> <li>Local business networks</li> <li>Impact investors</li> <li>Community development corporations</li> <li>Proactive mayors are needed in cities to push to implement the drivers in a community wealth-building manner, rather than through traditional means. When cities understand how to grow broad-based local ownership and wealth, then spaces as well as people can develop. Without political willpower, many of these approaches will not succeed.</li> </ul>
<p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>The more equal the holdings of wealth in a city, the more equal the affordability of space, goods, services, housing, etc.</li> <li>Wealth in this sense can also refer to livelihoods, a term that has been used in the literature on poverty and income to differentiate from only income, and also look at overall ability to pay/affordability (Pieterse 2015).</li> <li>Livelihoods and wealth are both key to developing a stronger community, as they build upon the resilience of the population and the space.</li> </ul> <p><b>Diversity</b></p> <ul style="list-style-type: none"> <li>By making an effort to ensure that wealth is distributed more evenly and broadly, the diversity of people with access to certain elements in a city can grow.</li> <li>By focusing on building wealth for minorities and lower-income members of an area, a city can ensure a greater representation of diverse peoples in its city.</li> <li>Many community wealth building practices promote the targeting of previously disadvantaged people so as to increase the diversity of people earning wealth in the city.</li> </ul>	<p><b>Considerations</b></p> <ul style="list-style-type: none"> <li>South Africa can better implement strategies to leverage anchor institutions such as universities, hospitals, community foundations and city governments. Cities can encourage these institutions to increase their local spending and employment.</li> <li>Community-based financing strategies already exist in South Africa (e.g. the uTshani fund by CORC - SDI South African Alliance). These could be expanded to include direct city-lending, community development financing institutions (CDFIs) and leveraging to support local enterprise.</li> <li>South Africa has enterprise development programmes emphasising the need for entrepreneurship and start-ups, however this can and should be expanded upon in terms of retention and sustainability.</li> <li>Cooperatives and Employee Stock Ownership Plans are ways to build employee ownership into a company.</li> <li>Land and real estate strategies such as CLTs, urban gardens, and reclaiming delinquent properties with land banks to help ensure that the use of urban space is for community benefit, rather than in the hands of speculators.</li> <li>Connecting workforce development and employers can ensure that workers are prepared for and effective in their positions. This approach can also link into anchor institutions by creating pipelines for employment by such institutions.</li> <li>It should be noted that each community wealth building approach could be implemented on its own or in tandem with others.</li> </ul>

### ***On-the-Ground Perspective: Feedback from Jeppestown Workshop***

*In Jeppestown, limited economic opportunity was cited by many workshop participants as the greatest challenge faced. This results in people pulling others down and pushing others out, as there is a perceived competition for access to employment, resources and wealth.*

### ***On-the-Ground Perspective: Feedback from Jeppestown Workshop***

*'Develop the person, not the landscape.' In recent developments around Jeppestown, the community does not see a legacy of progress, begging the question: 'who are they developing for?' Residents believe that people in the area should be able to grow with the development, and that the current approach to development in causing an increase in crime in the area.*

A case study on Community Wealth Building is available in Annex A, page 63 of this report.

## **Rent Regulation**

### **Introduction**

Rent Regulation is a term that refers to legislation and policies that aim to regulate various aspects of rental properties. Rent regulation particularly applies to private sector rentals (PSRs) as opposed to social housing or owner-occupied housing (Scanlon and Whitehead, 2011). In addition, rental regulation can apply to businesses as well as housing, to maintain access to employment and to affordable goods. A wide range of rental regulations could be implemented:

- *First generation rent control* refers to nominal rent freezes. This means that existing tenants would maintain the same rent with very small percentage increases for the duration of their time as a tenant (Lind, 2001). In response to rent freezes, landlords often reduce the supply of housing since investment in rental stock is no longer as lucrative (Albon and Stafford, 1990; Gyourko and Linneman, 1990). For these reasons, first-generation shifted to second-generation rent control, which is what we see in many cities today.
- *Second generation rent control* aims to stabilise the rental market and improve the tenants' security of tenure (Skabursis and Teitz, 1998). This attitude towards rent control is far more flexible than the first generation approach, and it allows for nominal rent increases in certain circumstances.
- *Duration of Lease and Security of Tenure*: Another type of rent regulation focuses on the duration of a lease between a tenant and landlord, as well as rights towards renewal of the lease. In many countries, there is a minimum lease term (such as three years in Austria and France, or even indefinite in Switzerland, Sweden, the Netherlands, Germany, and Denmark) (Scanlon and Whitehead, 2011).
- *New-build Limitations*: At times, new-builds must meet certain criteria for varying rental markets.
- *Taxation on Owner-occupation*: Property that is owner-occupied can be taxed differently than property that is owned for the rental market.
- *Tenant has first refusal on sale of unit*: Another regulation that could discourage displacement is requiring that the tenant of a PSR has the first right to refuse the sale of their dwelling. Denmark and France are two countries that currently implement this regulation (Ibid, 2011).

The majority of low-income populations in South African cities rent the spaces that they live in, and there are very few rights or regulations implemented or even known of that protect such tenants. A comprehensive rental policy could assist in ensuring that all members of a community have rights and security of tenure, without needing to own property.

When considering rent regulation in South African cities, a bit of context must be understood, specifically regarding migration and home-ownership. Housing quality or stability in cities is not a priority for many, as often there is still a home in a rural area that people anticipate returning to, once enough money has been

earned in the city. In addition, the government has also promised to allocate housing to low-to-no-income South African residents who qualify. For these reasons, there is not as strong an aspiration to spend money on secure tenure and quality accommodation (Charlton, 2009).

Some rent regulation approaches could help to assure fair rights, rates and quality of the private sector rental market in South African cities. Since market conditions do not promote such fairness by default, certain aspects of rent regulation could be beneficial to South African cities working to achieve spatial transformation. Whilst some of these tenure security laws exist in South Africa (court orders required for evictions), many tenants are not aware of their rights.

<p>Accessibility</p> <ul style="list-style-type: none"> <li>Rental regulation can also ensure that the affordability of rents for businesses are maintained, so that affordable goods and possibly employment can be accessed.</li> <li>Rental regulation can also make some of the most accessible areas of a city available to a wider range of residents.</li> <li>Often the most desirable areas of a city (also the most expensive) have the greatest access to social services such as healthcare, education, etc. Rental regulation can help to ensure that these locations are accessible to a variety of income levels.</li> </ul>	<p>Actors/Stakeholders</p> <ul style="list-style-type: none"> <li>Government act as a legislator, creating policies to implement various types of rental regulations</li> <li>Property owners are pivotal in adhering to regulations.</li> <li>Developers and financiers would need to consider the implications of regulations when creating their development and financing models.</li> <li>Tenants (both residential and businesses) would benefit in terms of affordability and access to certain spaces.</li> </ul>
<p>Affordability</p> <ul style="list-style-type: none"> <li>Second generation rent control can help to mitigate rising rates of rent that are not following market trends and matching affordable rates for the residents of an area.</li> <li>A greater security of tenure can allow residents sufficient time to find affordable housing if their current housing is in an area that is gentrifying and becoming too expensive.</li> <li>Rental regulation can also ensure that the affordability of rent for businesses is maintained, so that affordable goods and possibly employment can be accessed.</li> </ul> <p>Diversity</p> <ul style="list-style-type: none"> <li>Security of tenure can allow certain populations of an area be less at risk</li> </ul>	<p>Considerations</p> <ul style="list-style-type: none"> <li>The varying approaches to regulating PSRs can be used to create a more inclusive rental market and overall area development. Each tool can be used or ignored, mixed and matched to create an environment that works for South Africa's residents.</li> <li>A great deal of criticism has been made by economists towards first generation rent control, but many of these criticisms cannot be directly applied to second-generation rent control policies, or other forms of rent regulation (Lind, 2001). A challenge involved in implementing second-generation rent control or other regulations is the perception by many that these regulations are a rent freeze, and would harm the rental market. Educating government entities and developers around the various types of rent regulation is key in ensuring that adequate policies could be implemented and beneficial to all.</li> <li>Rent regulation does not have to involve regulations around pricing, but can also look into tenure security, new build limitations, and first refusal on sale of unit.</li> </ul>

of displacement due to gentrification, ensuring that the area remains economically and socially diverse.

- Rent regulation can make housing and business opportunity in an area more accessible to a wider range of people, especially as income and race or culture are so deeply intertwined.

### ***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*In the Johannesburg workshop, developers were strongly against rent control (first-generation) legislation, saying that it 'is a bad idea, that will drive developers so fast... you have to trust market forces. The minute you force people to invest what they will ultimately say is I don't like this and I'm going elsewhere.' However, this is in response to first-generation rent control, which is effectively a rent freeze. Not all rent regulation will have such adverse effects.*

### ***On-the-Ground Perspective: Feedback from Jeppestown Workshop***

*In Jeppestown, residents likened life there to 'living in limbo.' Many families will take a one-room place, but are hoping for a four-room place somewhere else such as RDP housing, or in townships like Soweto, or even back home in the rural areas. A better life always means leaving, because there is not much perceived opportunity for growth in Jeppestown.*

A case study on Rent Regulation is available in Annex A, page 64 of this report.

## **Public Space**

### **Introduction**

Public spaces include parks, squares, public libraries, public sporting facilities, sidewalks, roads, pedestrianised spaces, open or linear markets, beaches, beachfronts and more. The land and infrastructure of these spaces is usually owned by the government and designated for public use. Sometimes these spaces are developed through PPPs.

Public spaces 'represent the primary, and arguably the most important, form of social infrastructure' (Dewar and Todeschini 2004: 69). Public space can refer to a wide variety of spaces, all tied together by the nature of their availability to the 'public.' 'Public space has social and economic importance as a place for trade and communal activities, or as a channel for movement ... For the urban poor, public space is a crucial resource as their private space is more restricted and fragmented than that of higher income groups' (Brown and Lloyd Jones, 2002: 192).

Given South Africa's exclusionary history, many public spaces are still inaccessible to the majority of the public. This could be either due to spatial location, their design manifesting in the lack of access for pedestrians or through privatised security presence (Karuri-Sebina and Koma, 2015). Coggin (2016: 1) reflects on the increasingly private development approaches in South African cities, 'unchecked, the city and its spaces not only remain exclusive, but give rise to an inescapable privatisation of public goods which, in turn, begin to challenge the very nature of democracy. It subverts the collective power of people able to reshape processes of urbanisation and limits this power to those who are able to control the movement of others.' The privatisation of public spaces can curtail peoples' rights to freedom of movement and association - a practice that characterised apartheid South Africa and in turn, is in complete opposition to the rights enshrined in the constitution and in the Right to the City.

South Africa's Constitution requires local municipalities to supply 'adequate municipal health facilities, child care facilities, local amenities, local sports facilities, markets and street trading, public spaces and parks, recreational spaces, municipal roads and transport, fire fighting services, municipal planning and building regulation amongst other things,' meaning that the responsibility for most public spaces lies in the hands of the municipality (Mammon et al., 2008: 6). Ensuring that public space in South African cities both caters to the public as a whole and is accessible is a significant consideration when seeking to create inclusive cities and developments.

<p>Accessibility</p> <ul style="list-style-type: none"> <li>Public spaces should be located in areas that are easily accessible to a wide range of the population.</li> <li>Efforts towards accessibility for disabilities are encouraged in the design of public spaces.</li> <li>Depending on the rights of a nation, public space is usually considered an area where freedoms of expression are allowed in the forms of speech, performance, protest and more.</li> <li>Providing spaces to sit or relax is a free service to the public.</li> </ul>	<p>Actors/Stakeholders</p> <ul style="list-style-type: none"> <li>A public entity, usually a municipality, owns the public space and has the responsibility to develop it for public use.</li> <li>Private developer, architect, designer or contractor is employed by a public agency to develop or design and build the space. Sometimes private companies are involved through PPPs.</li> <li>At times social organisations such as sporting groups or youth camps might use the space and build partnerships with the space's caretakers.</li> <li>Residents of the municipality that the public space is located in are often the main beneficiaries, being the most common users of the public space. Residents may use the space for various purposes, and include homeless residents.</li> <li>Tourists can be significant actors in a public space, as the space may be a cultural attraction.</li> <li>Law enforcement usually has an obligation to look after the public space and its safety.</li> <li>At times, community associations work to ensure safe and useful public spaces such as community policing forums or local social or educational groups.</li> </ul>
<p>Affordability</p> <ul style="list-style-type: none"> <li>Public spaces are intended to be no-cost to the public, removing any economic barriers to entry.</li> <li>Free public toilets and access to water are often elements of public space, and essential necessities to urban life.</li> <li>In some public spaces, free sport, recreation and play facilities are provided.</li> <li>Free public libraries are also a way for public space and goods to be extremely affordable.</li> </ul>	<p>Considerations</p> <p>Public spaces are very diverse in their purposes or designs, so the following lessons learnt may not apply to all public spaces, but are certainly relevant to some.</p> <ul style="list-style-type: none"> <li>The policing or security elements of a space can either encourage or discourage diversity depending on the methods and perceptions employed.</li> <li>Locational placement is key to ensuring that a space is useful to a wide range of public users</li> <li>The safety of the surrounding area of a public space is also significant in ensuring that the</li> </ul>

<p><b>Diversity</b></p> <ul style="list-style-type: none"> <li>• The ‘public’ incorporates a diverse range: accommodating various races, religions, income levels, genders, sexualities, political views and more.</li> <li>• A public space is one in which its accessibility usually results in a diversity of participants and users.</li> <li>• Depending on the infrastructure or services available in a public space, these items can attract a diverse or non-diverse range of people.</li> </ul>	<p>space can be accessed (i.e. busy roads that deter pedestrians from reaching a space).</p> <ul style="list-style-type: none"> <li>• PPPs can create dynamic and exciting spaces, however ongoing accessibility to the public must be constantly monitored to ensure that spaces do not become exceedingly exclusive.</li> <li>• Culturally-relevant public spaces appeal to the residents of an area, and can create a unique city-specific identity that may brand a space, contributing to placemaking or encouraging tourism.</li> <li>• Walkable spaces are important in encouraging fitness, discouraging pollution as well as increasing access to space.</li> </ul>
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A case study on Public Space is available in Annex A, page 66 of this report.

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## Key Considerations for South African Cities

From our workshops, interviews and engagements around the subject of 'Beyond Gentrification,' some key points came up consistently: urban management, financing and urban land considerations. These three subjects are explored more deeply in connection to inclusive development, so as to address some of the questions and concerns of practitioners in South African cities.

### Urban Management

When discussing urban inclusivity, considerations around urban management come strongly and sharply into focus. The on-going maintenance of the built environment remains key to more liveable and sustainable cities. Rapidly growing urban populations place increasing demands on land, housing, services, and infrastructure, but the scale and speed of urbanization, weak revenue bases and lack of capacity, both administrative and technological amongst the departments and enterprises responsible for urban management can prevent provision and maintenance keeping pace with demand. The results are environmental decay and deteriorating living conditions particularly for the urban poor, and often a lack of political will to improve regulatory processes and revenue collection.

In large-scale developments on the peripheries (e.g. Fleurhof and Cosmo City), the management of the urban environment is undertaken through government entities. Whilst private developers bear the costs of developing built environment, it is local authorities who provide infrastructure, services and on-going maintenance. The challenges that have arisen from this tend to be slow delivery in the provision of these services vis-à-vis the development of the built form. In addition different departments work in a 'silo mentality' with little or no overlap and co-ordination of services. This impacts heavily on the value of the investment and the quality of living for newly housed residents.

In many inner-city areas, the management of urban environments has become the responsibility of private bodies, often in the form of City Improvement Districts (CIDs)<sup>[1]</sup>. As mechanisms of urban management, CIDs have been embraced in many cities around the globe where city responsibilities get delegated to local bodies because there is either a scarcity of public funds or a lack of local level responsibility or capacity. Just as terminologies of the model vary, so do definitions. Hoyt (2006: 222) provides a standard definition of CIDs as publicly sanctioned yet privately directed organisations that have the power to impose taxes and provide collective services. Supplementing public funds, CIDs aim to improve public spaces within a geographically defined area to enhance resident and pedestrian experiences, attract visitors and investors and optimise a city's competitive potential (Hoyt, 2006; Peyroux, 2006; 2008). With the broad aim of making inner-city areas clean, safe and attractive to live, work and play in, the services undertaken by different CIDs vary (Hoyt, 2004; Ward, 2007) but generally involve security, cleaning and place-making.

In addressing the 'urban problem' – most particularly the blight and deterioration in the inner-city — many of the big cities across South Africa have looked to other cities around the globe for possible solutions, involving elaborate processes of engagement with diverse local and international actors and institutions. The CID model emerged as a best practice and its principles and practices saw diffusion, particularly in Johannesburg and Cape Town. Whilst some have argued that the role of these CID partnerships and investment by formal business 'has been indispensable to... [the inner city's]... reinvigoration' and transformation (Beall et al., 2002: 115), caution is also raised regarding the often one-sided vision of capital and property investors, whose interests in value and returns are often at odds with the interests of inner-city residents (Ibid, 2002). CIDs offer a form of institutionalised cooperation between different public and private actors and sectors (Benit-Gbaffou, et al. 2012) and embrace new forms of governance and partnerships in urban management so as to facilitate more efficient urban development, service provision and decision-making processes (Houghton, 2011: 77). Despite this, concerns have emerged around how democratic and accountable CID formations actually are, and the extent to which they solidify the creation of wealth-based inequalities, spillover effects and privatised and regulated public space. Within the context of South Africa, some of these

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[1] Can also be known as BIDs (Business Improvement Districts), RIDs (Retail Improvement Districts), NIDs (Neighbourhood Improvement Districts).

concerns have been highlighted (Murray, 2011; Peyroux, 2006), in particular regarding how CIDs might create exclusive fiscal and service enclaves that reinforce spatial inequality; how the privatization and sanitization of public areas may displace street traders and homeless people; and how CIDs might cause splintering management (Graham, 2001 in Peyroux, 2008), resulting in unequal infrastructural development.

Given the high number of people inhabiting urban spaces and the concomitant social and environmental stresses, ongoing management of urban spaces is vitally important. Shifts in forms of governance have opened up new potentials for collaborative city building, maintenance and place-making. Unfortunately, to date, civil society has not sufficiently been drawn into this collaborative process, and perhaps a more participatory approach to managing urban spaces would engender a better understanding of how current urban spaces are needed and used and how best that can be maintained by the range of users. Daily in Johannesburg, informal recyclers are seen pushing their trolleys through the streets of the city, going through waste bins and helping to recycle much of the city's waste whilst also generating a livelihood. These informal recyclers are in fact managing urban spaces, doing so in very coordinated and organised processes. Yet these types of 'informal' daily practices that support the more 'formalised' practices are often over-looked if not sometimes denigrated, yet these are important opportunities for civic empowerment and recognition that get lost in the modernist ideals that dictate policy and practice.

In the process of trying to address the (so-called) 'urban problem,' particularly in cities of the Global South which rely solely on government entities or private bodies, a whole host of potentially new problems emerge and get embedded. These problems are interconnected and relate simultaneously to the discursive, practical and philosophical ways that contemporary urban life, particularly contemporary African urban life, is perceived and responded to. In carrying out their services and responsibilities, CIDs employ strict management and control measures to facilitate the 'cleaning up' of the city (CoJ, 2007). Given that cities in the Global South are characterised by high degrees of informality, fluidity, and hybridity, urban spaces are often interpreted as 'untamed,' 'dangerous' or 'threatening,' where residents and urban living are perceived as 'obstacles' to the public good. As such, the 'cleaning up' of the city means replacing 'decline,' 'disorder' and 'irregularity' with normative and seemingly more civil notions of 'order,' 'regulation' and 'growth.' Entrepreneurial approaches to urban management give little consideration to the 'messy vitality' that makes life in contemporary cities so dynamic and multi-dimensional. Bremner (2010: 4) advocates that this 'messy vitality' should not be viewed 'as a pathology, but as making possible a new basis for experience and action.'

Inner-city neighbourhoods are not stagnant, closed entities, but sites of constant and rapid change with unique fluctuations and rhythms (Abu-Lughod, 1994). What characterises contemporary cities across South Africa are the multitude of different and competing processes at work in how cities are constructed, lived and governed (Watson, 2003), which often do not comply with normative and often narrow visions of the city. Informality has already been referred to earlier in this paper but needs reiteration in this section, as it is now a dominant mode of behaviour. Street trading and the re-territorialisation of spaces for economic activities need to be accepted as part of everyday survivalism for many lower-income people across urban centres. These activities have and will persist, and understanding how they manifest, how they are carried out and what their outcomes are, needs to be brought into broader discourses and frameworks around acceptability and legitimacy so as to broaden the boundaries of inclusion. In terms of urban management, municipalities need to find creative ways to embrace these multiple rationalities and practices that make urban centres so unpredictable, but at the same time so dynamic and interesting.

#### ***On-the-Ground Perspective: Feedback from Developer Interview***

*'everything we do, everything we develop, which I think is a huge value adder, is, put in post sale management systems, which has a management system. Every development you see here, and it includes Bridgcity, has a management system... it's a huge value adder, that's what keeps it clean, it's got its own security system, all those things that people actually want.'*

#### ***On-the-Ground Perspective: Feedback from Developer Interview***

*'don't forget, the only reasons these management systems have to work, and are put in place, is because government can't do them, or should be doing them... they chose not to do it, or cannot afford to do it, that is why these other structures exist, so I have no problem with local government, or provincial government or whatever looking after those outlying areas, to the extent that they should, I think it's a difficult situation they got themselves into, because they are huge those areas, and it's going to be a bit difficult to manage all that.'*

## Financing Considerations for Inclusive Development

When building an inclusive city or inclusive development, the financing of such an endeavour is perhaps the most vital element of the undertaking. As we have already outlined, the key actors in inclusive development are the government (often the municipality), private developers and community stakeholders such as anchor institutions, community groups, residents, etc. These key actors are the ones who typically need to not only source the funding for such developments, but also create a strategy to generate funding, or for the recuperation of expenses (usually private developers) or municipal rates (municipalities).

From our workshops, the financing of more inclusive approaches was one of the key considerations brought up by developers and city officials. Many expressed that finding funding for such efforts is a challenge in South African cities. As such, this section attempts to respond to these concerns by highlighting potential financing approaches together with basic definitions and considerations of each for the South African context. Some of these financing approaches already exist and are used widely throughout South African cities, others are international concepts that could be adapted locally, and others are community-based options that a community could initiate itself.

### Government-led Financing Approaches

*Responsible Banking Ordinances* leverage city deposits to encourage responsible banking in low-income and underserved communities. A city encourages banks to increase their lending and other services to the city's underserved residents in order to be considered for a city contract. In Pittsburg, when the city implemented such ordinances, one of the biggest challenges in crafting the law was to convince banks to give up some data that could be considered a trade secret. Policy makers had the ultimate goal to work with banks to create low-cost financial products for residents who currently don't use banks, and to ensure that those products would be tailored to people with low levels of financial literacy (Holeywell, 2012). These sorts of municipal ordinances may be able to push the big banks in South Africa to offer better products and access to cities' low-income communities.

*Direct City Lending* is an approach in which a city offers loans to projects that meet particular goals of the city's agenda. Whilst this form of financing is perhaps a challenge in cash-strapped South African cities, if loans are repaid with interest, this could be a source of city revenue. This can also ensure that the funding is available for the inclusive development goals of the city.

*A Community Investment Programme* is an alternative economic model created by Dr Norman Reynolds in the early 2000s. According to this model, organised communities would have direct access to state funds, and would then decide how they should best be spent within policy frameworks. This model is being experimented with in KwaZulu-Natal's south coast: the Siyavuna Development Centre is helping rural villages build sustainable communities and a local economy. In an urban South African setting, this could help create more effective participation and engagement, and also promote a greater sense of ownership amongst city dwellers.

*Supplemental Grants* are made by various government entities to support a city or country's development goals. Supplemental grants that could be used to support inclusive development models that are available in South Africa include The Neighbourhood Development Partnership Grant, The Integrated Cities Development Grant, The Urban Settlements Development Grant and the Human Settlement Development Grant.

## Private Sector-led Financing Approaches

*Community development financing institutions (CDFIs)* provide financial services to those underserved by mainstream banks. The modern CDFI movement started in the US in the 1970s with federal government and impact investor support. Since then, assets in CDFIs in the US have more than tripled, proving that CDFIs have great potential for impact and growth (Kelly and McKinley, 2008). CDFIs can also be targeted towards specific uses. For example, Craft3 in Seattle specifically helps residents finance home energy upgrades. It is well-known that many South Africans do not qualify for loans from big banks, and need to rely on family or loan sharks to get out of tight situations, or to invest in improvements, advancements or education. CDFIs could help to curb these risks and create a more enabling environment for people to grow with a development. CDFIs could also help finance the management of an area, and provide access to funding for people in an area to take ownership of a space.

*Credit and Loan Provider Schemes* can vary widely depending on who is offering the product and whom the product is targeted towards. Schemes that specifically aim to address any of the inclusive development approaches presented in this report could go a long way in helping such projects to become reality. An example of this in Johannesburg is The Trust for Urban Housing Finance (TUHF) who provides loans to buy and improve residential property in the inner-city. Credit and loan provider schemes could also be created to specifically address issues around inclusivity other than housing, such as public space or tenant rights (for businesses and residents).

*Cross-subsidisation* is the idea of including higher and lower priced units in a development (housing or commercial), and using the more expensive units to help cover the costs of the lower priced units, as well as the costs of services or management. The higher priced units will also be contributing more towards common spaces or management of the area. This could be initiated by a government or community organisation, but most often is built into a private developer's business model. This approach has been introduced in some housing models in South Africa such as Fleurhof (case study on page 56) and Cosmo City (case study on page 55) with varying results. Such an approach needs to not only be cognisant of the finances involved to make the approach sustainable, but also the potential for divisions or conflict, ensuring that these kinds of mixed developments do not create unintended divisions amongst diverse income levels within one development – as discussed in the Mixed Development section (see page 32).

## Community-led Financing Approaches

*Informal Taxation Schemes* vary significantly from country to country, they are also known as 'gotong royong' in Indonesia, and 'harambee' in Kenya. These schemes relate to contributions that local residents make towards the construction and maintenance of local public goods, such as roads and water systems. The contributions can be in money and/or labour. Any payments fall outside the formal tax system but are coordinated by public officials. For this approach to work in South African cities, public officials would need to be trusted by the community, and also held accountable for development outcomes.

*Pooled Financing Schemes* are savings collectives that are established to build a local resource base and generate valuable social capital. The solidarity and trust that is built through these schemes could then be used to generate further funds for project upgrades projects credit advances, bank loans or pooling resources with a local municipalities. An example of this type of scheme is the Alternative Saving Scheme initiated by CORC - SDI South African Alliance.

For those seeking more background on the subject of finances within a South African municipality, the following policies can help to better understand the South African financing context:

- The Municipal Finance Management Act, 2003
- The Municipal Systems Act, 2000
- The Municipal Fiscal Powers and Functions Act, 2007
- The Municipal Property Rates Act, 2004

## Urban Land Considerations

Access to land is at the centre of the spatial transformation agenda and inclusive development in South Africa. As such, the transformation agenda cannot be achieved without addressing the land ownership and land management problems inherent in the country. Land ownership still continues to be skewed towards a minority, with the majority of the population not having ownership and in most cases being pushed to live on the urban peripheries. Access to land, particularly well-located and adequately serviced with supporting infrastructure is critical in addressing inequality and creating opportunities for people, especially the dispossessed. Currently, the majority of urban inhabitants are unable to access land in well-located areas that are supported by adequate infrastructure and services (Joseph, 2015). A first step towards the spatial transformation of the urban land use system has been through Spatial Planning and Land Use Management Act (SPLUMA No. 16 of 2013), even though the outcomes of its implementation have not yet been extensively evident.

The South African government seeks to address the legacy of apartheid, which has resulted in uneven ownership and access to land by devising regulations which focus on land redistribution, restitution and reform. These efforts have mainly been focused on rural areas where land is relatively more available and cheaper as opposed to urban areas where land is a scarce resource and expensive. Beyers (2013, cited in Mkhize, 2015: 2) argues that '...in policy discourses 'land reform' refers to the state's restitution and redistributive policies aimed at transforming agriculture and developing rural areas.' Land restitution in the urban context has largely focused on providing government subsidised housing or in some rare cases, compensation in monetary terms. This has rendered these policies at the national level unresponsive to realities on the ground, particularly in urban contexts, resulting in no clear practices of how to address the issues around 'urban land' transformation. This phenomenon is noted by Mkhize (2015: 6) who argues that: 'the state emerges as having no cohesive strategy for the country as a whole, and local government finds itself as the primary terrain upon which these varied scenarios unfold.'

In light of scarcity and high value of well-located land, government has resorted to acquiring land at the periphery of the city away from socio-economic opportunities. This is due to the economic function prevailing over the social value of land; this is to say the exchange value is rendered more important as opposed to the use value. Joseph (2015) argues that in order to use land as an instrument to achieve spatial transformation, there is a need to shift perceptions about land value. Land justice is not just about economic value, which rests on ownership, but is also about the social value, which largely addresses the use value of space. This shift in mindset is critical in South Africa because of its urbanisation rate, where over 60% of the country's population reside in urban areas (Ibid.). As such what is critical is a move towards conception of land as having use value in order to achieve inclusive cities and spatial transformation, a sentiment shared with the Right to the City advocates.

Together with the change in mindset about land value, there is also a need to transform and reform land use systems. Currently, land is not being efficiently utilized, mostly because emphasis is placed on mono-functional land uses, where regulatory frameworks such as zoning ordinances advocate for low density developments. Funding is also a factor that perpetuates the current urban form, which rests on exclusionary patterns of development. This is because available funding, whether from the private or public sector, does not advocate for infill of already existing areas, but rather focuses on the provision of housing in peripheral locations as the land there is cheaper to acquire.

### ***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'If you look at the current projects that we do, for instance Turffontein, you have your one bedroom and two bedrooms that cater for the upmarket and these are the guys that will not necessarily be subsidised. Physically on the ground it also imposes challenges because their rentals are not subsidised, they are paying more, so how do you make the unit [social rental] justified to be at that site? Fighting for a space within the city is a challenge as well, we get buildings and if they are occupied, to get people out of those buildings is a challenge. We are trying to get away from that and get vacant ones from*

*private sector and the prices just shoot up. The vacant buildings you find within an urban environment closer to public transport, you get objections from the neighbouring communities. So it is not only financial challenges that you have to work with but also perceptions from surrounding communities because people think that you're just bringing in RDPs in their spectrum. We had formal objections from two of our projects and they were stalled for a while. The grounds were that you're bringing too many people into the space, the typical not in my backyard objections.'*

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## **Framing an Agenda for Future Research**

### **1) Achieving an ‘inclusivity balance’ and making trade-offs with consideration to each City’s local dynamics**

In undertaking the development of cities, each actor and stakeholder has different priorities and considerations. Whilst not all actors or entities can be fully satisfied by every project, a deeper analysis of how to achieve a balance on a city-by-city and project-by-project basis is instrumental in moving forward with inclusive development.

Whilst this report has focused primarily on Johannesburg and Gauteng and secondarily to Durban and Cape Town, this was done so that there could be illustrative examples and strategic frameworks that reflect the dominant trends throughout the country. When further analysing specific localities, the relevant trade-offs and balances will become more apparent and will need to be considered so that local authorities can make context-specific, informed decisions.

This report identifies inclusivity as affordability, accessibility and diversity. It is clear that each mechanism or approach might be strong in one category but not in another. These strengths and weaknesses will vary based on project, approach or location.

Within these trade-offs, municipal financing is a key consideration that will need to be balanced for more inclusivity. It is clear that municipalities rely heavily on property taxes and rates for the majority of their revenue. What are less clear are the strategies that municipalities are implementing to create long-term effects on increasing and stabilising these revenues. Focusing instead on the more immediate returns on property rates and taxes further increases inequality in a city, moving towards more exclusion rather than inclusion. Rather than aiming to attract higher-income people into core urban spaces so as to increase municipal revenues, municipalities would benefit from focusing on how to help lower-income populations increase their earnings. A better understanding of long-term vs. short-term municipal revenue generation from rates and taxes can help balance diverse city goals and imperatives.

### **2) Exploring alternative urban management mechanisms**

Another key point that emerged from the workshops held around ‘Beyond Gentrification’ is the need for the ongoing management and upkeep of development sites. Too great an emphasis is put on infrastructural and physical interventions, without planning for the maintenance and management of a development beyond the construction phase. In addition, relying only on private management systems generally increases the costs related to the development, excluding lower-income populations from being able to participate.

New approaches that give consideration to more inclusive and ongoing management in their planning and budgeting stages are vital to creating effective transformation. Further research into effective ways for cities and developers to do this will be helpful for urban practitioners and urban dwellers. Community engagement and participation are instrumental to making inclusive urban management successful.

### **3) Investigating additional approaches to land-use: land value capture, urban land markets and public private partnerships**

An understanding of land consideration is necessary in driving spatial transformation in ways that promote inclusivity. Issues around land ownership and access in the South African cities were explored in this report as a springboard from which to better understand how to initiate a change in the current land use system. In addition to what has been explored in this paper, an extensive understanding of land value capture and urban land markets - as they relate to inclusive development - could be further analysed.

Land challenges could also be unlocked through public private partnerships (PPPs). PPPs could be leveraged to develop more valuable land in order to spatially and socially transform cities. There is broad scope to venture into this terrain, particularly because the development of valuable land is at the core of government’s

agenda to change the current urban form. A further investigation of how public private partnerships can be activated in regards to land use would contribute to advancing the spatial transformation agenda.

#### **4) Creating policies, legislation and funding models that encourage investment as well as inclusivity**

Throughout the production of this report, private developers in workshops and interviews expressed great concerns when it came to the idea of further legislation around inclusive development. Many expressed that if legislation around inclusive development practices is too heavy handed, they would move their investments elsewhere. Consistent recommendations from developers included promoting a range of incentives rather than regulations. A national policy that makes regulations consistent throughout the country could curb flight to other cities.

In addition, funding models that encourage inclusive development such as community development financing institutions (CDFIs), cooperative models and cross-subsidisation can contribute to more financing options and inclusive effects. Cross-subsidisation in particular was recommended by many developers and city entities in our workshops as well as in the various case studies. As explained in the finance section, this approach can take various forms, and an analysis of the ways cross-subsidisation could be used to mitigate the costs of gentrification and create more inclusive development in South African cities could make this type of financing option an even more effective tool.

## Conclusion

Whilst inclusivity is key to spatially transforming South Africa's cities, municipalities still face challenges and roadblocks that make it difficult to make these ideals a reality. The theoretical frameworks presented around gentrification, inclusivity and the Right to the City have provided a platform from which to discuss ways to make cities and developments more inclusive so that they may mitigate the negative effects of gentrification. The mechanisms provided in this report are intended to present a series of implementable approaches that can be mixed, matched or used alone in future developments. In addition, these mechanisms and their accompanying case studies help to highlight some of the successes and challenges faced both locally and globally. South African cities and developers can learn valuable lessons from these examples as they move forward with these or similar development approaches.

In addition to the recommendations made in the previous section, there is a range of other considerations that municipalities would benefit from exploring. Some of these have been highlighted directly in this paper whilst others have been indirectly alluded to. These include considerations around more types of transitional housing, improved public participation, more nuanced spatial targeting and a better understanding of when displacement is occurring. A deeper exploration of these processes can ensure that this approach towards inclusive development is more holistic and based on a very real understanding of inhabitants' lifestyles, movements and aspirations. The current major challenges and focuses in South African cities include urban management, financing and land use. Taking steps towards addressing these and employing the mechanisms outlined in this paper will help municipalities to shape and implement more inclusive and transformative projects and policies that will ultimately benefit a wider range of South Africans in the future.

## Annex 1: Case Studies

### Cosmo City Case Study

#### Description

Cosmo City is located North-west of Johannesburg's central business district (CBD) between Sandburg and Lanseria airport (Urban LandMark, 2011). During 2004, the City of Johannesburg embarked on the greenfield development of settlement as a mixed-income, mixed-use suburb. The project was motivated by the need to relocate informal settlement dwellers of Zevenfontein and River Bend.

In its quest to be an inclusive development project catering for mixed-incomes, the neighbourhood provided different types of housing options to respond to the financial differences of the target groups (Urban LandMark, 2011). The development provided the following residential mix:

- 5 000 fully subsidised houses, linked to the Breaking New Ground (BNG) initiative and would accommodate households earning between R0-3,500 per month;
- 3 000 credit linked houses, linked to the Finance Linked Individual Subsidy Programme (FLISP) criteria and would accommodate households with a monthly income of between R3,500 and R16,000;
- 1 000 social rental units to be rented out for amounts between R1,500 and R3,300 per month depending on the number of bedrooms; and
- 3 300 fully bonded houses, which were sold to an open market.

#### Successes

- The project has been applauded for embarking on integrated urban development that is inclusionary across income brackets.
- Bringing a diverse range of income brackets in close proximity to one another.
- Inclusion of institutional and social amenities in the settlement planning.

#### Challenges

- Strict zoning restrictions which did not plan for informal livelihood activities; this resulted in those residing in low-income houses operating informal businesses and constructing backyard rooms (Myambo, 2014).
- Limited understanding of low-income people's livelihood strategies.
- Settlement planning resulted in the creation of fortified enclaves around each income group. The different income groups are separated by fencing perpetuating exclusivity and inequality.
- Different standards and quality of the different income groups housing units. It is quite obvious which houses are bonded and which ones are for low-income households.

#### Lessons Learnt

- Spatial transformation of cities needs to take into account the unique spatial characteristics of the country in order to ensure that various needs are accommodated and that interventions respond to what is happening in reality.
- There is a need to think more creatively about how to plan provide affordable housing units for low-income households in close proximity to other income groups.

## Case Study: Affordable Housing in Fleurhof, Johannesburg

### Description

Fleurhof is located on an old buffer strip between Soweto and Florida in the south western part of Johannesburg within what has been termed Johannesburg's 'mining belt,' a section of land that has largely been sterilised and seen little to no development for the past century. The area has been targeted by the City of Johannesburg as a key site for development with the project responding to a national call for more inclusive housing and for infill projects that literally fill in the spaces that have been left over by the apartheid spatial legacies of division and exclusion. The Fleurhof project is also part of a new generation of mixed development, where mixed housing and mixed land uses are being considered as having the most potential to meet the huge housing backlog that the country faces.

Figure 3



Situation of Fleurhof (Calgro, 2013).

Fleurhof is going to be the largest integrated housing development in Gauteng when all the phases have been complete. The development covers an area of 291 hectares and comprises different housing typologies and tenure forms targeted at specific economic markets. These housing types include: fully subsidised RDP/BNG housing units, FLISP, social rental and affordable housing. Once all the phases are complete, there will be a total of 9 600 units built in this phase (Calgro M3, 2011). The first phase includes 9 000 housing opportunities made up of approximately 3 000 fully subsidised units costing R68,000 per unit; 3 000 'gap market' rent to purchase/social housing units priced at R260–280,000 per unit; and 3 000 free market affordable housing units ranging in price from R261,000 to R480,000 per unit. In addition, there has been much focus on infrastructural development such as roads, water, sewer, reticulation and stormwater facilities. The project also includes a range of facilities such as four business centres (mixed use), five religious sites, one community centre, seven crèches, three schools and 20-30 parks.

The development of Fleurhof took place through a private-public partnership (PPP) that involved a large number of key private and public actors who entered the land assembly process in different configurations at

different points. The range of actors included private developers, the City of Johannesburg, a number of financial and banking institutions as well as social housing institutions. These types of private-public partnerships are becoming a more common way to do development where mutually beneficial relationships can be developed through the joint efforts of the public and private sector.

### Successes

- The municipality found a successful way of pulling the private sector into the project and ensuring that both parties benefit from the partnerships.
- A range of housing units, including affordable housing, were built to accommodate a range of income populations.
- Households now reside in healthy environments where they have proper access to basic infrastructure which includes running water, electricity and sanitation, as well as educational, recreational and security services, going a long way towards improving the health of residents.
- Incentives were granted to the developers for the provision of infrastructure through the Municipal Infrastructure Grants. These incentives were built into the contract and agreement as well as design and specification requirements for the housing and needed to comply with government specifications.
- A range of different partnerships was used in the development of this housing project: a mixture of Build Operate Transfer (BOT), Joint Ventures and Cooperative arrangements. The partnerships were involved in developing the projects and having control and responsibility to source funding, developing designs as well as operating BOT projects. Once the projects are done, control and ownership is passed to the public sector.
- Two social housing companies were brought into the partnership who negotiated a similar framework for the rental market and worked collaboratively.

### Challenges

- The public sector is faced with serious capacity problems, which make it difficult for the private sector to work with them.
- The process of approvals by the public sector is very slow, making it cumbersome and expensive for the private sector.
- Different municipal departments were working in isolation, making communication and progress slow.

### Lessons for South Africa

- Public-private partnerships are a good way of ensuring that both the social responsibility aspect and the profit aspect of development are accounted for.
- More affordable and inclusive housing development projects are being undertaken through these types of partnerships, ensuring all income groups benefit. Different stakeholders involved in the project ensure that the developers adhere to pricing and design specifications in the development.
- There needs to be better integration and communication between different government departments, which would also help to speed approvals.
- Municipalities should have specialised unit to deal with PPPs to make the process more efficient and effective.
- Passing a project over to the public sector once development is complete is a good way of ensuring that housing reaches the intended beneficiaries.

## Case Study: Mixed Income/Use Development in Chicago, Illinois

### Description

From the beginning of the 1990s, Chicago began tearing down its most troubled public housing projects, which were amongst the most notorious in the world for their concentrated poverty, bleak designs and extremely difficult living conditions. Dubbed the 'Plan for Transformation' (PFT) the massive housing

regeneration scheme has been seen as a bold re-thinking and re-invention of social housing. PfT is planned for well over 25 000 units for low-income families in 10 major developments around the city.

Instead of merely developing low-income housing, the Chicago Housing Association (CHA) broadened the development mandate to include:

- providing quality-housing opportunities to low-income households in mixed-income settings;
- contributing to improvement of communities where public housing is located;
- providing greater housing choices; and
- encouraging business opportunities for the public housing residents within their communities.

Largely financed through Washington's Department of Housing and Urban Development who promised \$1.5 billion over 10 years to tear down high-rise buildings deemed unsalvageable and in their place build vernacular low-rise mixed-use and mixed-income buildings following the design tenants of the 'New Urbanist' school. The appeal of New Urbanism, with its careful delineation of public and private space, is that it intends to encourage communal interactions amongst neighbours. Mixed use aims to combine residential and commercial space, hoping to reinvent the walking city of the past.

The PfT project is taking place in three phases:

The first phase involved pulling down most of Chicago's infamous high-rise towers. The first few years were dedicated to relocating residents, demolishing existing buildings, closing the development deals, constructing the first phases of the development sites and marketing the units to future residents, which included conducting outreach and social services to public housing residents who had expressed interest in moving to each site.

The second phase involves the construction process, making the buildings return ready for former tenants and marketing the vacant units. All 10 major new mixed-income developments are being constructed and managed by private developers who are not only managing the brick-and-mortar process (land assembly, financing, construction, marketing and property management), but are also responsible for social service provision.

The third phase aims to focus on building more cohesive community values and structures.

## Successes

- The PfT development is recognised for its innovative physical design strategies:
  - The 10 development teams took very similar approaches and adhered to a common set of principles: high-quality design and extra investment in materials;
  - from the exterior, the units are designed to be indistinguishable from each other, blending the development into the broader neighbourhood;
  - public housing and subsidised units are not clustered in particular areas but are integrated throughout the development;
  - the creation of public spaces to facilitate social interaction and planning for amenities beyond housing and open space, such as local elementary schools, retail and transit spaces.
- Each of the developers is working with a different social service provision team to provide outreach, case management, and referral services with different approaches.
- Support services are being made available to help prepare former public housing residents for a possible return and will also be funded by CHA for a year after families move back to the development.
- The co-ordination of a large-scale housing transformation required a lot of time, collaboration and institutional coordination at several levels and scales.
- Within the public sector, co-operation is required at all scales of government and across a variety of departments including housing, buildings, streets, infrastructure, human services and schools.

## Challenges

- The relocation of residents to different neighbourhoods: the first development phase often caused disruptions — many former residents ended up in segregated, high-poverty neighbourhoods and others lost the sense of community that had previously existed.
- The number of publicly-subsidised housing units for very low-income families dropped by roughly half.
- Former residents, returning to new 'mixed-income communities' had to adhere to a new set of rules many see as demeaning and unfair. Rules ranging from occupancy to noise are intended to impose middle-class norms on former residents, which many see as class discrimination (Hunt and Lau, 2008).

## Lessons for South Africa

- Build replacement units first and then relocate residents directly from old buildings to new ones.
- Project proved to be extremely risky, costly and complicated and requires considerable capacity and persistence on the part of the developer.
- Process is occurring during a time of diminished government funding for public housing.
- Combining public housing and market-rate for sale units within the same buildings adds to the complexity of financing.
- In order to successfully generate a mixed-income, mixed-tenure development, the developers have aimed to build both the rental and for-sale components concurrently.
- The Chicago experience has shown that continued private investment is essential particularly within the context of decreased government funding.
- The mixed-income developments being built in Chicago are applying many lessons in terms of the architectural design and the investment in social service provision and community building.
- The complexity and costs of the mixed-income development processes have been experienced in Chicago and have been increased by the scale of the effort.
- Critical to each project is an effective PPP between the city agencies, the housing authority and the private developer.
- The developer and city must build strong working relationships with local resident representatives as well as meaningful and broad resident engagement.

## Case Study: City of Napa's Inclusionary Zoning Program

### Description

The City of Napa, which is located within the State of California, adopted a progressive inclusionary zoning ordinance in 1999 that requires affordable units to be included in residential as well as commercial developments. The ordinance '...combine[s] a housing trust fund, a housing impact fee on non-residential development and an inclusionary zoning/in-lieu requirement for residential development' (California Affordable Housing Law Project, 2002: 8).

The inclusionary element of the City's ordinance requires that 10% of all residential units developed should be affordable for low-income households. The ordinance also states that the percentage for which these affordable units should be reserved should be for rental as well as for ownership. It states that:

'For rental developments, one half of the affordable units must be affordable to very low-income households, and one half affordable to low-income households. For ownership developments, one half of the affordable units must be affordable to households with incomes not exceeding 100% of median and one half affordable to households of moderate income' (California Affordable Housing Law Project, 2002: 8).

According to the ordinance, affordable rental units should remain affordable to low and moderate-income households while units for ownership should remain affordable for at least 30 years. It also states that the

affordable housing units should be of the same standard and quality as the market related units within the same development. This is to ensure that there is no segregation based on class and income levels and to promote inclusivity.

Figure 4



Example of low-income housing in City of Napa (Housing Authority of the City of Napa, n.d.)

## Successes

- The government has been able to make land available for the development of low to moderate-income housing units in close proximity to socio-economic opportunities as opposed to the urban peripheries.
- The City of Napa amended its housing element, which commits the City to establish an inclusionary housing program for low-income residents when it adopted the ordinance to avoid contradictions in legislation.
- The ordinance provides clear standards by which a developer can request full or partial relief from the inclusionary requirement provided there are valid reasons for this.
- The municipality commissions in-lieu fees in the form of an affordable housing impact fee or an 'equivalent alternative action' when developers do not provide affordable housing.
- In non-residential developments, developers pay an affordable housing 'impact fee' which is then collected into the City of Napa's Affordable Housing Trust Fund to further provide affordable housing, while also leveraging other government funds from the national and state level (City of Napa, n.d.).

## Challenges

- Some developers prefer off-site provision of affordable housing as opposed to on-site.
- In some projects within inclusionary zoning, the standard and quality of the affordable housing units are noticeably inferior to the market-rate units, at times causing tension.

## Lessons for South Africa

- Inclusionary zoning can allow governments to make land available for development of low-income affordable housing units in well-located land.

- Incentivising private developers to provide affordable housing units within their developments can make an impact.
- The activation of PPPs between municipalities and developers can create positive results.
- Inclusionary zoning, if effectively implemented, can be a tool to achieve greater racial and class integration, spatial transformation and justice, as well as a socio-economic balance to ultimately promote inclusivity.
- The municipality needs to initiate consultation with these developers at the early planning stages of the proposed development in order to come up with innovative ideas of providing affordable housing.
- The promotion of a supportive and flexible regulatory environment that promotes development rather than restricts it, through amending legislations that contradict inclusionary zoning, can ensure coordination.

## Case Study: Bristol Community Land Trust

### Description

In the UK, policy focuses on decentralisation under the Decentralisation and Localism Bill, which creates an enabling environment for community asset transfer and empowers communities to access land and build on it. Local governments in England promote social, infrastructural and community enterprises as the vehicle for sustainable development and economic growth. As such, social capital is considered a tool to build empowered communities that are able to withstand gentrification trends in a neighbourhood. The policy environment promotes and supports the establishment of CLTs as tools for security of tenure for residents in neighbourhoods, especially those that are gentrifying.

The Bristol Community Land Trust (BCLT) was established as a strategy for ongoing community regeneration and building of social capital (Social Life, 2011). This CLT has developed affordable housing and community assets in its jurisdiction. BCLT aims to support locally operating CLTs as well as develop environmentally sustainable affordable housing units and community-based amenities. During the year 2012, BCLT developed its first CLT project, namely the 325 Fishponds Road project. The project saw the development of 12 homes, which include seven shared ownership and five affordable rental units. The development also featured a large communal garden developed with input from with residents around the design and management of the space post construction (Bristol Community Land Trust, n.d.). The shared ownership units are below market value. For instance, a one-bedroom studio apartment costing £115,000 on an open market costs £69,617 if bought through the CLT as the value of the land is removed from the cost of the house.

Figure 5



325 Fishpond Road before development (Bristol CLT, n.d.)

Figure 6



325 Fishpond visualisation of space after development (Bristol CLT, n.d.)

### Successes

- The BCLT is used as a vehicle for asset transfer in the Fishponds Road Project.
- The community was able to drive development, which resulted in the community having ownership of the project, as they were involved in the process from start to finish.
- The BCLT relied on finding local solutions for local problems, especially those related to affordable housing and local economic development.
- The communal garden is managed and maintained by community members residing in the CLT area.
- The project was aimed at affordable housing provision with a range of tenure options such as social rental units together with mixed-use facility provision, community empowerment and the promotion of social and community enterprises to ensure that residents can sustain their livelihoods.

### Challenges

- The acquisition of well-located land is a challenge and requires constant donations and grants from private developers and government.
- The most successful CLTs are those operating in peri-urban and rural areas, as land is cheaper to acquire.
- Limited financial support could result in CLTs not having the intended results, as they will be unable to acquire land on which to provide affordable housing.

### Lessons for South Africa

- Planning for affordable housing in well located land and offering different tenure options including rental, rent to buy, ownership and others are important considerations.
- The provision of adequate infrastructure and services is necessary.

- Integrated development that not only focuses on the provision of housing but also looks at promoting housing provision in relation to socio-economic opportunities that support local economic development is key.
- CLTs could contribute to a shift in mindset from promoting exchange value of land to focus instead on use-value, which is imperative to achieve spatial transformation.
- The creation of PPPs is vital in making the model work.
- CLTs could be used in line with current South African land reform policies.
- CLTs are an innovative way of managing and developing urban land effectively to achieve spatial transformation and inclusivity.

## Case Study - Community Wealth Building in Cleveland, Ohio

### Description

Cleveland, Ohio is a city in the US that has faced huge economic, social and environmental challenges in recent decades. A 'majority-minority' city (meaning that the majority of its residents are of colour), Cleveland has an unemployment rate of 18%, more than triple that of the country on average (Kelly and McKinley, 2015). Over the past decade, Cleveland has implemented a wide range of community wealth building policies and approaches to try to tackle the unique challenges it faces. Many of these approaches required collaboration between the public, private and community sectors, a key approach to community wealth building.

The Evergreen Cooperatives is a worker-owned company that aims to draw in people of colour. This initiative was only made possible through the cooperation of the city, private development, and community organisations including the Ohio Employee Ownership Centre. This is one of a full network of worker-owned companies established in the City of Cleveland. The benefit of these is that workers not only gain an income, they also build assets as part-owners of the company. The City was able to find ways to fund these cooperatives through Improvement Zones, City funds, and City loans.

### Successes

- Cleveland has been able to leverage its anchor institutions (hospitals, universities, government entities) to benefit the broader city.
- University Hospitals (UH) developed a programme called Step Up to UH, creating a pipeline for hiring from neighbouring low-income African-American communities. This included training and wrap-around support services which help to ensure that the programme assists the residents and community in the long-run (Towards Employment, 2009 in Kelly and McKinley, 2015). This is a prime example of intentional inclusivity, where specifically excluded communities are targeted to be included in future growth.
- Effective partnerships propelled these initiatives ahead, such as UH working closely with the City of Cleveland when planning to expand its medical facilities, and The University Circle district being developed by the Cleveland Foundation, the City of Cleveland and various anchor institutions including Universities.
- UH's Vision 2010 programme ended up achieving 92% regional deployment, creating more than 5 000 local jobs in five years (Serang et al., 2013). Cleveland State University is also looking into such approaches as it expands.

### Challenges

- Community wealth building is driven by proactive mayors, and this is certainly the case in Cleveland. Mayor Frank Jackson has been pivotal in supporting these endeavours since he took office in 2006. One risk that could pose a great challenge in this focus on the mayor is that should the mayor leave, the projects may not have as great of support later on in key parts of their growth.

- Big businesses can be opposed to initiatives that aim to share more wealth and ownership with workers.
- The partnerships highlighted as successes were not always easily achieved, and often securing these partnerships are the greatest challenge in a project.

### Lessons for South Africa

- The importance of champions in positions of government and at institutions.
- The need to assemble multiple kinds of funding - philanthropic, government, private investment - to capitalise enterprise.
- The need for continual employee-owner training, along with wrap-around services for the disadvantaged.
- The difficulty of weighing the need for experienced management with the desire to develop leadership within disadvantaged populations.
- The push and pull of running a successful business versus advancing the community.

(Kelly and McKinley, 2015: 53)

## Case Study: Rent Regulation in Germany

### Description

In June 2015, Germany instituted one of the most comprehensive rent-control policies, the *mietpreisbremse*, or rental price brake (formally: The Moderation of Rent Increases in Overstretched Housing Markets Act or *Gesetz zur Dämpfung des Mietanstiegs auf angespannten Wohnungsmärkten*). An overseeing body determines a standard price per square meter in each city, and landlords are not allowed to charge more than 10% over that price on new rental contracts (Deschermeier, 2016). In Berlin, this price median is determined for each district in the city.

Figure 7



Graffiti in Germany stating 'Bezahlbare Mieten,' translated to English means 'Affordable Rent.' (N-TV, 2009).

Starting throughout 2015/2016, it is the German Federal Government that regulates the new lettings, however how it is implemented on a citywide basis will vary. All cities will follow the same proposal — that rents must be no higher than 10% above the local reference rent. The national regulation does not apply to new-build homes, but it is unclear whether this is the case in all cities, including Berlin (Deschermeier, 2016).

## Successes

- A month into the policy, Berlin showed a three percentage decrease in average costs of new contracts (O’Sullivan, 2015).
- Germany had a strong rental regulation history, and so German cities already had an environment that fosters fair rental rates and policies, as well as a large impetus for ensuring that renter’s rights are considered. These favourable existing conditions included:
  - Germany as a country has a very high rate of PSRs in comparison to many other European countries (Scanlon and Whitehead, 2011).
  - In Germany, rental housing is not seen as inferior to owner-occupation, and a majority of Germans rent, rather than own. This is partly due to rent regulations around high tenant security and a general societal tradition of renting (Westerheide, 2011).
  - The majority (65%) of the rental-housing sector is owned by individuals and couples (Ibid, 2011).
  - There is very strong regulation against evictions (the landlord may only evict a tenant if they have ‘legitimate interest’ or can clearly prove that they will occupy the property) (Ibid, 2011).
  - There are also timelines on terminating an unlimited lease, and new leases must maintain a rent not exceeding the limit which would be classed as usury (usually 50% above average local rent), and existing leases may not have a rent increase over 20% in three years nor above the average local rent (Ibid, 2011).

## Challenges

- Deschermeier undertook an early analysis at this approach to rent control in ‘*A first analysis of the new German rent regulation*,’ which compares rents that would be affected by the new law in both Cologne and Berlin. One clear factor in the study is the understanding that the effect of the rent regulation is dependent upon the median prices that will be determined for each city or district. If these prices are accurate representations of the market, very few landlords will be affected, whereas if the rates are inaccurate, the rent regulation may behave like a rent freeze (similar to first-generation rent control) and would limit the functioning of the rental market in the long-term (Deschermeier, 2016).
- At the time of this report, and Deschermeier’s study, it is still very early in the implementation of the new rent regulation policy in Germany, and difficult to make any clear conclusions. The range of municipalities that the policy affects also makes it challenging to evaluate the policy as a whole.

## Lessons for South Africa

- Whilst the full effects of Germany’s new rent regulation policy will be more evident in a few years, the general consensus from German renters is that a victory has been won.
- Without a strong rental regulatory background in South Africa, like there is in Germany, it would be difficult to gain widespread support for implementing rental regulations.
- All income levels in Germany rent housing, whereas in South Africa it is generally the lower-income who rent and higher-income who own. This dichotomy might need to be addressed for support of rental regulation to improve.
- The strong rental regulation in Germany has not decreased the demand for housing, nor has it resulted in a lack of profit for developers. This point must be made obvious to the private sector in South Africa.

## Case Study – Beyers Naude Square

### Description

Beyers Naude Square, formerly known as Library Gardens in the Johannesburg CBD is an example of an inclusive public space. The square has great historical significance, originating with the founding of Johannesburg in 1886, at which time it was the 'Market Square,' taking up six blocks from Sauer Street to Rissik Street. Developments throughout the years diminished the space of the square. Since the completion of the Public Library Building in 1935, the square has consisted of two of the original blocks. From 1991 to 1994, many political gatherings were hosted by the square, including addresses by Joe Slovo, Nelson Mandela and the 'Black Sash' (Fourie, 2009: 60).

Presently, Beyers Naude Square is home to many urban dwellers, including people passing through, eating lunch, taking a rest, playing chess, meeting people, skateboarders, people selling wares, library visitors, protestors and more. The latest upgrade of Beyers Naude Square was of the value of R6 million in 2009. The structures, which blocked the views from surrounding buildings over the public space, have been removed and light boxes with artworks depicting Beyers Naude have been added (CoJ, n.d.). Beyers Naude Square is directly accessible by taxis, Metrobus, Putco, the Rea Vaya bus, the Gautrain, Metrorail, pedestrians and private cars.

### Successes

- The square is accessible and accommodating to a wide range of urban inhabitants, inclusive of various culture, income-levels, modes of transport, political views, etc.
- The space is visible throughout, allowing for direct sight-lines and natural landscapes in a dense city area.
- Public performance, expression and protests are usually allowed in the space.
- The square is located in close proximity to other useful entities (library, government offices, transport, schools, etc.)
- The square is at ground level with few steps or slopes, accommodating varying abilities.

### Challenges

- The square is lacking public toilets, resulting in public urination or people not being able to utilise the space as long as they might like to.
- The space is not always well maintained.
- There is a lack of safety in the evenings due to limited lighting (a fault of the power supplier, not the lack of streetlights in the design).

### Lessons for South Africa

- The City of Johannesburg believes that the success of public space upgrades relies on proper urban management, and that capital budgets can create physical interventions, however funds must be available for the ongoing maintenance and management of these investments.
- City Improvement Districts (CIDs) are crucial to urban management.
- Not all projects need to be large-scale area-based investments. Smaller, strategic projects can make a great impact.
- Public art is an effective tool for placemaking and transformation.
- Municipal partnerships with private-sector initiatives have great impact.

(CoJ, n.d.)

## Annex 2: Current Situation in South Africa

### Introduction

Metros across South Africa are being tasked with driving the physical and spatial transformation and development of their cities so as to achieve greater inclusion and integration. All cities across the country, irrespective of their size, face many complex challenges in attempting to address these imperatives. Policies and frameworks to guide urban development permeate the regulatory terrain, simultaneously attempting to speak to broader national imperatives and to respond to specific localities. At the same time municipalities are grappling with how to realise these policies and frameworks for their specific localities, trying to align their unique developmental needs with the maximisation of both economic growth and social justice. This section begins with an overview of regulatory frameworks that are currently guiding spatial and urban development trends across the country, followed by a summary of key development trends and initiatives that are currently occurring. The final section will reflect on some of the key challenges facing municipalities with regards to these current frameworks and practices.

### Overview of spatial and urban development regulatory framework

More compact, integrated, mixed-use and inclusive urban development plans and policies for urban areas across South Africa have been encouraged since the late 1990s through spatial development frameworks and policies for all scales of government. These policies and frameworks have been formulated to better understand and try to ameliorate the socio-spatial and economic inequalities that continue to persist as a consequence of the country's history of racial segregation and exclusion.

At a national level, the National Development Plan (NDP) is an overarching strategic plan for the long-term development goals of the country. The NDP motivates for a spatial vision to inform current and future developmental policies and practices: to help tackle apartheid legacies of spatial divisions and inequalities, inform infrastructure investments and priorities and unlock developmental potential (National Planning Commission, 2011). The NDP proposes the development of a national spatial framework to address spatial disparities and to facilitate co-ordination between government at different levels and with other different agents and interests. In adopting a spatial vision, the NDP proposes the adoption of five normative principles to guide the visioning of urban future throughout the country: spatial justice, spatial sustainability, spatial efficiency, spatial resilience, and spatial quality (National Planning Commission, 2011). At a provincial and municipal level, these guiding principles need to be incorporated into operational principles that provide guidance for local development that simultaneously attempts to respond to unique local realities and meets the broader transformation vision defined by the NDP.

Key concepts from the NDP are being taken forward by the Integrated Urban Development Framework (IUDF), a national framework to guide the 'urban futures' vision for South Africa. The IUDF seeks to foster a shared understanding across government and civil society about how best to manage urbanization and achieve the goals of economic development, job creations and improved living conditions across the country (SACN, 2014a). At the level of the province, Provincial Growth and Development Strategies (PGDS) are in place in each province across the country. In 2005, Gauteng created and adopted its 2040 Growth and Development Strategy (GDS), which focuses on addressing poverty and unemployment and sets out the province's future development path. This strategic document aims at socio-economic transformation through integrated and sustainable development and planning. It provides guidelines for building the province into a 'global city region' that it hopes will be globally recognised and competitive. In the same vein, the Western Cape formulated iKapa Elihlumayo in 2006 and Kwa-Zulu Natal's PGDS was first established in 2011.

In addition, across the country, all municipalities are required, as an element of the statutory Integrated Development Plans (IDPs), to formulate spatial development frameworks so as to provide a structure for development and to guide the work of municipalities with respect to land use decisions (Todes et al., 2010). In terms of municipal planning, stronger spatial guidance is intended to focus on more sustainable and participatory urban development initiatives that better understand the demands of market forces and the

realities of urban inhabitants. The IDPs formulate basic guidelines for broader developmental imperatives so as to initiate more inclusive, affordable, appropriate, diverse and effective land use and management mechanisms and regulations to better manage urban growth and urban change.

Municipalities have used these strategic documents to guide the implementation of projects and development initiatives with the intention to grow the city and to help make more inclusive and equitable spaces. The Corridors of Freedom programme in the City of Johannesburg, the Spatial Transformation Framework in eThekweni and Cape Town's Municipal Spatial Development Framework are all examples of spatial transformation initiatives. Strongly linked to these IDPs are strategies for local economic development with a strong focus on local level development through strategic partnerships with the private sectors to grow local economic development and job creation.

The Spatial Planning and Land Use Management Act (SPLUMA No. 16 of 2013) was also initiated as an integrated planning system for the entire country with the aim of promoting spatial transformation. This emanated from the NDP, which advocates for spatial transformation as a tool to achieve inclusivity, efficiency and economic development (SACN, 2015b; Joseph, 2015). This strategic tool is being used to address apartheid spatial patterns and to achieve spatial justice by developing previously excluded areas and improving access to land. SPLUMA is an important piece of legislation as it gives power to local governments to make planning decisions that focus on the spatial transformation agenda. The legislation 'places the authority for municipal planning squarely in the hands of local government' which 'allows cities to design context-specific instruments to manage land use and development, creating the opportunity for strengthening their development visions' (Joseph, 2015: 5). Devolution of powers to the local level is based on the belief that local government is closer to the people and will as such devise its spatial transformation agenda based on what is happening within their the local realities.

The challenge for municipalities is to ensure that the local spatial transformation agenda is in line with and responds to the broader spatial transformation vision articulated at both the provincial and national levels of government (Joseph, 2015). Since SPLUMA's enactment as a spatial transformation tool and a guiding legislation for local government, there has been some, albeit slow, transformation of spatial patterns in many cities across South Africa. This is attributed to a number of factors including the limited capacity of municipalities. The challenge remains how to actualise SPLUMA in order to achieve spatial transformation in cities across the country.

#### ***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'Also with the implementation of the SPLUMA, that becomes a problem because the intention of SPLUMA is to try and fast track applications, to try and work together with the different stakeholders whether it be national, local and provincial government, but we're finding that in municipalities that have implemented that, for example Mpumalanga and Nelson Mandela Bay, they are grappling in terms of what it is that you are trying to put on the table. Building plans are not approved as fast as they used to be in Mpumalanga with the implementation of the SPLUMA, so that holds up development.'*

#### ***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'Even if you look at SPLUMA which says we are giving municipalities the authority to make decisions on their land use, the catch to it is you as a developer or the applicant, because there is no specific targets on areas that you see as priority areas of developments, you still have to walk your application through various authorities to give their approval before you actually submit your application to the municipality. Some of the departments will say there is no way we can consider your application if you haven't submitted it elsewhere because it needs to go through the system.'*

Even with the challenges noted above regarding the actualisation of SPLUMA, Joseph (2015: 5) argues that '...this Act has the potential to be a decisive tool for restructuring space,' having the potential to appropriately guide municipalities to implement interventions that can achieve spatial transformation.

The Corridors of Freedom programme in the City of Johannesburg rests on the principles of SPLUMA and the NDP. It is based on achieving improved public transport through transit oriented development initiatives. A number of projects that are based on the Corridors of Freedom programme are being implemented in the City of Johannesburg, illustrating the City's commitment to working towards more inclusive spatial transformation and integrated development.

Despite a more inclusive and transformative regulatory environment to guide all tiers of government, the physical realization of more integrated, inclusive and compact development remains a challenge, particularly at the level of the municipalities. The implementation of these spatial plans, particularly at the level of province and the municipalities, has come under much criticism. Some scholars have argued that the plans do not sufficiently understand and engage with the specificities of local urban spatial dynamics (Harrison et al., 2008; Todes, 2008; Turok, 2000; Watson, 2002); are poorly linked to infrastructure development initiatives and the projects of different departments (Todes, 2008; Watson, 2003); and are at odds with both public and private sector developments more generally (Todes et al., 2003; Watson, 2002, 2003). Further, Turok (2000) argues that the plans have been too loose and vague, and as a result, have been interpreted in many different ways in terms of land use decisions.

As such, to date, development initiatives have not yet impacted significantly on spatial patterns across the country. In fact Todes (2006) highlights how in many provinces, land use management continues to be governed by provincial ordinances established during the apartheid period, and decisions around land uses and changes are still made in terms of the older discourse and logic of these ordinances. As a result, many urban development patterns and projects continue to reflect the fragmentation and inequalities found during the apartheid years. Rather than cities aiming for more compact and inclusive development, what is transpiring is more dispersed, decentralised and uneven forms of development that fail to build a more comprehensive and cohesive city imaginary and fail to attend to the needs of the many people living in informal settlements and lower-income areas (Ibid, 2006).

Particularly at the level of municipalities, and despite a range of supporting regulatory policies and plans, ways to achieve better integration and inclusivity remain a challenge. Municipalities are now mandated with more developmental roles and responsibilities in terms of realising economic growth and social development, with respect to poverty alleviation, growing the local tax base, ensuring effective service delivery and facilitating better community participation. In addition to these obligations, municipalities are still grappling with how best to interpret the spatial vision in practical terms for their own particular locality. Across municipalities, the urgency for better spatial transformation and development is having to be conceptualised and addressed at multiple levels and locations; balancing short, medium and long-term demands in accordance with a whole host of socio-economic and environmental concerns. At the same time municipalities remain plagued by internal organisational, capacity and financial constraints that hinder the realisation of these objectives. These constraints and the ways they are impacting on development processes were raised repeatedly in workshops. Some advocated the willingness and commitment from the private sector to implement inclusive development, but expressed frustration that efforts are crippled by slow responsiveness and accountability on the government side.

#### ***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'If go back to policy frameworks in South Africa, we have very strong conceptual idea of what we want to do – densification, integration, inclusivity and everything else, but then we fail to create the proper mechanisms which are going to allow that to happen. The mechanisms are the institutions, the financial arrangements, etc.'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'If we look across a lot of work that has been done in the field of legislation and policy, we produce the most amazing policies but we don't have the same skill in how to create the conditions, I call it the institutional preparation of the mechanisms and the institutional frameworks through to do real delivery. Work done by the DPME [Department of Planning, Monitoring and Evaluation] show that there has been very little clear statement of what primary objectives, outputs and impacts would be at the point of policy and legislation. So South Africa has not had the frame within which can actually start measuring nor the frame with which can assess whether we are ready to implement those policies or whether there are the finances that are required.'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'Even though the commercial and industrial developers do intend to make a change to get involved, there is disconnectivity between the municipalities and the province and the decision making processes makes it difficult. There is a disconnect between the different scales of government'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'I think even though the commercial and industrial developers do intend to make a change or to get involved, the disconnectivity between the municipalities or province and the decision making processes make it difficult. So when you're putting down your plans or development, or proposing land parcels that you would purchase in the Corridors of Freedom for example, the City says we've put in infrastructure but the private developers are not responding. The response from the private developers is that decisions take too long to be made and when we put money in we are looking for a return and the return is not translating into the period in which we have invested the money for or the time we have budgeted for. So it actually ends up with them [developers] going somewhere else and the fact that the government isn't able to communicate the issues makes it difficult for the private developers to put their money into developments that are being promoted.'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'There is lack of credibility from government's perspective, they can't pay on time, they pay inaccurately. Look at NSFAS [National Student Financial Aid Scheme] at the moment. You go and buy a building and you bond with this thing and 40% of operating costs are paid to the City council and that's a problem. There are a couple of guys who are going bankrupt because they have a contract with NSFAS for student accommodation and they are saying sorry we will pay you in six weeks time.'*

**On-the Ground Perspective: Feedback from Johannesburg Workshop**

*'Decisions take too long to be made and when we put money in we are looking for a return and the return is not translating into the period in which we have invested for.'*

**On-the Ground Perspective: Feedback from Johannesburg Workshop**

*'The South African government doesn't pay service providers on time and there is a lack of institutional capacity. Accountability is a problem and the right to information should be part of the solution.'*

## Current development practices

Throughout South Africa, the vast majority of private sector investments, urban development initiatives and job creation programmes continue to remain in or close to the more prosperous areas (Turok and Watson, 2001). In these more affluent areas, forms of urban development manifest themselves in outward signs of productivity and prosperity: economic development zones, office towers, rapid transport corridors, transport terminals and shopping malls. In terms of housing, this has resulted in the proliferation of luxury housing, villas and gated communities clustered around multi-purpose complexes (Beavon, 2004; Landman, 2010; Murray, 2004). Despite the adoption of policies towards more spatial inclusion and transformation, it is clear that patterns of prosperity continue to be unevenly distributed with many lower-income people and areas remaining marginalised. Evidence indicates that the wealth production of cities has not necessarily contributed to improved living conditions for the vast majority of the country's urban population, despite the emergence of a larger middle class as well as a fall in incidences of income poverty (Statistics South Africa, 2014). In fact, this evidence suggests that living and working conditions have actually deteriorated for a large number of urban dwellers in many urban areas in the country.

For lower-income people, urban development has taken place predominantly on the urban peripheries, far away from employment centres and poorly served by rail and bus networks, necessitating costly and time-consuming transport reliance. The development of large-scale housing settlements on the urban periphery has been one attempt to address the ongoing housing crisis. Despite these efforts, criticisms remain regarding the imperatives, scale and sustainability of these projects (Goebel, 2007). Firstly, the 'ghettoization' of poor and low-income groups on the urban periphery does little to promote inclusive and socially cohesive city building. Secondly, often these new housing settlements and infrastructure projects are of poor quality or are rapidly deteriorating and require maintenance (Huchzermeyer, 2001). In addition, the dominant model of freehold tenure inadequately deals with the dynamics of poverty, with many poor and lower-income groups preferring to rent rather than having to buy (Seekings, 2000). Given the scale of many of these developments and the limited nature of the initial investment, providing and maintaining services add financial and capacity burdens to already stretched municipalities (Charlton, 2009). Finally, there are considerable environmental concerns related to urban sprawl development, particularly with respect to vehicular traffic and bulk services provision. Particularly with respect to financial stresses, people who have received housing as part of a subsidy scheme are often selling or renting out their houses and moving back to informal settlements, which are often closer to economic opportunities (Bauman et al., 2004; Huchzermeyer, 2001).

Inner-city spaces remain strategic and valuable sites due to being centrally-located and well-resourced. Despite the advantageous position of these spaces, the decay and abandonment of inner-city properties has resulted in poorly maintained and undervalued land and built form. Particularly in the bigger cities, many of these buildings are being bought and refurbished by housing companies at lower rates to provide low-cost rental accommodation. This growth in social housing is taking place in cities across the country and is discussed further in the housing section (see page 30). Whilst social housing is certainly filling a gap in the rental market, particularly for the less affluent population, this can often still be outside the price range for the low-income populations that reside in the area, as also discussed below.

In the bigger cities across South Africa, the emergence of a larger middle class has brought new lifestyle choices and consumer patterns for aspirational residents keen to appropriate more globalised and cosmopolitan urban ways of life. Taking advantage of low property rates and taxes, particularly in the big cities such as Johannesburg, Cape Town and Durban, private sector developers have been buying up buildings within inner-city areas, renovating them and demarcating more exclusive precincts as part of urban regeneration schemes within the central business district (CBD). Examples of these types of precincts include Braamfontein and Maboneng in Johannesburg, Woodstock and Bo Kaap in Cape Town, or Rivertown in Durban. Fuelled by private capital, many developers have embarked on these precinct developments to attract tourism and entertainment and a more affluent way of life. Within these cities, the social engineering and the revitalisation of formerly neglected spaces has fallen much into the hands of the private sector who have looked internationally for inspiration in contemporary city branding and building. The creation of precincts, which offer up alternative urban imaginaries with more trendy and exclusive consumer and recreational experiences, have been welcomed by municipalities and developers alike as they bring in increased investment interest and potential and are able to satisfy the needs and wants of the more affluent

classes. In the face of these increasing developments, the impetus is on municipalities to ensure that there remains a commitment to the developmental needs inherent to their cities whereby those who cannot afford to partake in these new lifestyle spaces and choices are not intentionally excluded or in fact pushed out further from participating.

In addition to inner-city revitalisation and the development of large-scale housing settlements on the urban periphery, there has also been higher-end development taking place beyond and away from the CBD, where the building of multi-purpose projects (office, retail, residential and leisure spaces) has contributed to urban sprawl and unequal development patterns. These projects are often built along vehicular arterial routes and remain unconnected to public transport links; as such they fail to address the imperatives for inclusivity, integration and compactness. Within the large cities, more particularly Johannesburg and Cape Town, the initiating of City Improvement Districts (CIDs) has led to the development of new forms of urban governance and land management mechanisms through private-public partnerships that aim to make areas 'cleaner, safer and more attractive to live, work and play in' (Hoyt, 2004; Wards, 2006). CIDs are mandated to ensure effective by-law enforcement, manage informal trading, improve the delivery of services and utilities and maintain the public realm. The overarching goal of the strategy is to 'raise and sustain private investment leading to a steady rise in property values' (CoJ, 2005: 11) and for this to happen the environment must be 'competitive,' 'understandable' and 'predictable' (CoJ, 2005: 8). Whilst the establishment of CIDs in residential and retail spaces is seen as necessary in addressing the 'urban problem' – most particularly the blight and deterioration of the inner-city, their large-scale insertion into and across the urban landscape also highlights contradictions vis-à-vis inclusivity and the privatisation, regulation and sanitization of public space.

***On-the-Ground Perspective: Feedback from Durban Workshop***

*'City building should be about experimentation. Post-apartheid experiments have lacked ambition and experimentation – apart from scale. Lack of insight into what needs to be done on a human scale – all post-apartheid projects have been exceptional on a large scale – which have allowed developers to remove themselves from the complexity of people's emotions in terms of their needs and wants. eg. big townships being built on urban peripheries. There is very slow progress towards conceiving what a post-apartheid residential suburb might look like that is not just about a big road, a mall and a few Lego bits that get assembled.'*

***On-the-Ground Perspective: Feedback from Durban Workshop***

*'The state tends to ration development across the city using its own kind of logic – thinking what the people might think and they miss incredible opportunities for understanding how people use the city, work with the city and live the city that they experience. If the state wants to hold onto rational development and focus on ward based development and spending, they are not letting many flowers blossom. The state can partner with people even if not spending money, they can bring capacity or advice, they can bring something else to table – that is more inclusive. Those that manage to be more successful in space of inclusivity tend to try and move away from single mode of operation.'*

In light of the above spatial and socio-economic patterns characterising cities across the country, informality — in terms of forms of income generation, settlement and housing as well as negotiating life in the city — has now become the norm and is no longer the exception (Al-Sayyad and Roy, 2003; Roy, 2005). In this report, there is no distinction between formality and informality, as these are seen as integrated and reinforcing one another. Both formal and informal activities are key to the economy and people's livelihoods and orchestrate inclusivity from below. The inclusivity lens can assist in acknowledging and accommodating informality in cities as opposed to excluding these initiatives.

The growth and persistence of informality has been due to high urbanisation rates occurring within a globalised economy, which is resulting in formal labour employment insecurity, deindustrialisation and an

increase in the financial and service sector. This has resulted in urban land planning largely failing to respond to and accommodate the rapidly growing populations who rely on the informal economy to sustain their livelihoods (Mkhize, 2015). Often it is the municipal zoning of an area that forces businesses to become informal. Many settlements and townships are still zoned as agricultural or residential, not allowing for small businesses in food, services, liquor and more - leaving the informal economy to fill the gaps, and to also be burdened by the risk.

Informal trading and informal housing in the form of informal settlements are characteristic of many African cities, and South Africa is no exception. As such, some local governments are contesting and repressing these informal aspects of the city through regulations and practices. A general approach of government towards this trend, especially during urban regeneration initiatives, is to eradicate or formalise rather than include them (Matjomane, 2013).

Informal trading has been on the rise in South Africa, especially in cities as a way for people to sustain their livelihoods and to accommodate those who are not able to enter or even remain in the formal job sector (Bromley, 2000). The South African Cities Network (SACN) (2012) states that '[c]ities like Johannesburg remain a magnet for migrants from inside and outside the country (and) the city is growing at an estimated 1.9 percent per annum, twice the national rate.'

The regulation of informal trading in Johannesburg is generally restrictive and is largely influenced by competing city rationalities — the promotion of informal trading as a poverty alleviation strategy whilst at the same time promoting a city image which is in line with 'world class city' standards, an agenda which is unsympathetic to informal trading (Pezzano, 2011). The restrictive regulatory framework on informal trading manifested in 'Operation Clean Sweep' in 2013, a mayoral initiative to rid the city of crime and grime that resulted in the removal of thousands of traders in the inner-city. Operation Clean Sweep illustrated that even though there are policies supporting inclusive development that take informality into account, in practice there seem to be many contradictions. This is partly due to the fragmentation of urban governance where there exists a variety of contradictory legislations in place that do not coordinate or rest on the same vision and direction (Matjomane, 2013). In Johannesburg for instance, the Joburg 2030 emphasises economic development and the attraction of private investment and the Joburg 2040 GDS emphasises an inclusive economy that takes informal trading into account (Ibid, 2013).

Informal settlements are also an undeniable characteristic of South African cities that local municipalities are grappling with. These settlements are a response from people who have been excluded from the formal housing market to provide shelter for themselves. In most cases, these settlements are located close to affluent areas with inhabitants providing a labour pool to nearby industrial, commercial and residential centres. These settlements provide people with better access to socio-economic opportunities even though they lack decent infrastructure and services. According to Murray (2014) '[a]n estimated 1.6-million households live in informal settlements in South Africa' and it is imperative for government to devise appropriate means to address this, as opposed to simply eradicating or in some cases 'formalising' them.

There have been a number of initiatives from government to address the perceived problems that informal settlements present, but the results have had unintended outcomes. For informal settlements that are deemed to be located on land that is not suitable for human habitation for various reasons, government has resorted to moving the people to 'suitable areas.' This has happened in the case of Zevenfontein and River Bend, informal settlements within the City of Johannesburg, where inhabitants were moved to a greenfield development in Cosmo City (CoJ, n.d.). People were provided with formal housing, but there were a number of unintended results due to the fact that the city did not fully understand the livelihood patterns and strategies of the people.

## **Inclusionary Housing Policies**

Whilst the focus of this report is on urban development, itself a broad concept, but one that speaks across the entirety of the build environment, South Africa's current housing situation remains a core part of inclusionary development and warrants attention. Access to housing, particularly affordable housing, continues to be a

major challenge across cities. Despite a strong government drive towards providing low-cost and subsidised housing, government intentions (policies and practices) around housing provision have focused primarily on the delivery of ownership homes as a means to foster urban inclusion and movement out of poverty (Charlton, 2010). Whilst attempts have been made to formulate an inclusionary housing policy for the country, the process has been fraught and to date has not been adopted national level (Klug et al., 2013).

The focus of a national inclusionary housing policy, which was drafted in 2007, was to provide affordable housing within private property developments. In the draft policy, developers were to provide 10% to 30% of affordable housing units in their developments with provision for off-site housing provision or payment of in lieu of fees in cases where it was not possible to accommodate affordable housing within the development. The policy was resisted by property developers on a number of grounds, primarily with respect to unclear definitions and a lack of clarity regarding the mechanisms to be used to carry out and manage this system. In light of national government not adopting a national legislation on inclusionary housing, some municipalities such as City of Johannesburg and eThekweni have formulated their own inclusionary housing policies. These policies are context specific and guide the provision of affordable housing within their jurisdictions (Abahlali, 2007; Klug et al., 2013). The inclusionary housing policy developed by the City of Johannesburg has hardly been implemented. A number of initiatives have been implemented that do not necessarily follow the housing policy but illustrate some of the principles of inclusionary housing.

It is clear that there remain many challenges to implementing inclusionary housing in cities in the Global South. The reasons for this are many but key reasons that have been identified include the ratio of people needing affordable housing compared to the development costs and profit imperatives of developers as well as the limited control that private developers have in the process. In addition, a more rigorous and accountable legislative and regulatory environment could support this intention (Klug et al., 2013).

***On-the-Ground Perspective: Feedback from Durban Workshop***

*'The housing problem is due to a number of factors — market failure is one cause, over-regulation, over-control by the state. Too much feeding into investor interests. Not enough risk for different groupings.'*

***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'Social housing institutions are following very simplified models with municipality. If you look at what is happening around urban regeneration, which is a critical component of this integration, if you take an area you want to upgrade, identify sites owned by municipality, look at ways of transferring sites into government assisted rental housing, what you are doing is stabilise the area and increase value in the area and the surrounding area. So you secure that land, you secure it for social housing, need to legislate it to protect the units for at least their life time of roughly 30 years as housing opportunities for low and medium income households – but also introduce reasonably good quality housing and management agency – all good social housing institutions not only manage the product and tenants well but also develop neighbourhoods and other programmes.'*

***On-the-Ground Perspective: Feedback from Johannesburg Workshop***

*'Social housing can be a practical development instrument, which is created and financed by government and can be used to kick start urban regeneration and in doing so curtails gentrification cause you have secured the site for lower and moderate income groups.'*

***On-the- Ground Perspective: Feedback from Johannesburg Workshop***

*'At the moment it is only government entities that target the low-income housing market. Currently the rental housing legislation makes it difficult to accommodate certain people, especially low-income*

*earners as certain documents are required during the application process. These documents include three months bank statement and some people do not have these documents and are then excluded from the market.'*

There has recently been an increased interest in growing the rental market across South Africa, an area previously overlooked due to an interest in home-ownership. Across the country, social housing organisations have stepped forward as a way to close the gap between those able to access housing, either through the Reconstruction and Development Programme (RDP) or through market ownership or rental and those that cannot for reasons mostly related to low-income. These social housing institutions are currently providing accommodation of various sizes for key workers in the city: security guards, nurses, shop owners, etc. People whose earnings are higher than those that qualify for RDP housing, i.e. those earning between R3,500 and R14,000 per month, who have minimal options and minimal support. This segment of the market, made up of 20% of South Africa's population, have come to be termed the 'gap-market' as they are not serviced by either the government or commercial banks. The support for this income group comes in the form of a government social housing subsidy provided on a sliding scale depending on earnings.

One developer in the Johannesburg workshop also noted that homeowners are informally filling the rental housing market gap through the provision of backyard dwellings.

#### ***On-the Ground Perspective: Feedback from Johannesburg Workshop***

*'What I would look at is the informal rental housing, backyard dwellings. When you own a house you built rooms at the back and if that is managed properly is a force of millions. A lot of people are renting backyard rooms. Rental entities have to think creatively about the rental market and building a community among your tenants.'*

Through financial and management support given by bigger finance companies such as The Trust for Urban Housing Finance (TUHF) and the Gauteng Partnership Fund (GPF), in Johannesburg, for example, social housing institutions are actively working towards bridging the housing rental gap by providing transitional and communal housing in the inner-city. In order to grow the availability of social housing and the social rental market in general, national government provides subsidies for social housing institutions in the form of the Capital Restructuring Grant, used to cover the initial costs of social housing projects, particularly the purchase of land or property in strategic areas (Tissington, 2011) and the Institutional Subsidy Programme (Ibid) which is a once-off subsidy grant for individual projects which are aimed at households that fall within the income bracket supported by social housing (Mosselson, 2015). After these grants have been exhausted, social housing institutions are expected to acquire additional funding from agencies such as the TUHF and GPF to eventually become self-sustaining through viable commercial practices (Ibid, 2015). Thus, whilst there is a strong element of state support assisting the social housing sector, ultimately helping lower-income households find suitable accommodation, there is also a significant emphasis placed on commercial principles and market-based practices.

Whilst formal home ownership has been foregrounded strongly so as to foster inclusion for marginalised inhabitants and alleviate poverty, formal ownership may be neither desirable nor feasible for many residents. The competing rationalities around home and property ownership is explored by Charlton (2010: 2), who argues that more inclusive opportunities can be found by shifting the focus away from home ownership towards the constituent parts of 'housing.' Rather than focusing so strongly on formal home ownership to promote inclusivity, municipalities need to recognise that many inhabitants have multiple homes that they move through for various economic and social reasons. The provision of different types of cheap rental accommodation provided by both the public and private sectors is one way of addressing housing needs and making better use of scarce land. This approach would also highlight rental as an important income generating and economic opportunity. In addition, Charlton argues that whilst access to services is key to inclusivity, this does not always need to be linked to places of residence but can also be promoted by key public parts of the city such as taxi ranks, health facilities and certain government offices. Services could

include drinking water, washing facilities, toilets and power points. This will allow city users access to basic services as well as widening points of intersection across urban spaces and activities.

## Annex 3: Additional On-the-Ground Perspectives

To ensure that the research undertaken in this report was relevant and linked to experiences on-the-ground, three workshops were held: one with residents in Jeppestown, one with developers and social housing institutions in the City of Johannesburg, and a third with academics, planners and developers in eThekweni Municipality. The workshop with Jeppestown residents was held on 13 February 2016 in order to obtain a better understanding of what inclusivity means to residents; whether Jeppestown is seen as an inclusive space; the existing development approaches that are currently taking place in the area; as well as how development in the area, and in other areas, can be more inclusive.

Two workshops were convened in Johannesburg and eThekweni on separate days; the workshop in Johannesburg was held on 16 February 2016 and the one in eThekweni was convened on 23 February 2016. The purpose of the workshops was to understand what inclusive development means to developers, social housing institutions, planners and academics and to unpack and discuss the identified alternative development approaches (affordable housing, mixed income and mixed use development, inclusionary housing, community land trusts, community wealth building and rent regulation) and their relevance to the South African context. The workshops also gave participants the opportunity to identify some alternative practices that they think are inclusionary and can be applicable to the South African context.

Excerpts from these workshops have been included throughout the report as 'On-the-ground Perspectives,' and additional relevant and poignant quotes have been included here, and organised based on topic.

### Gentrification

#### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'I was running a workshop in a predominantly old township environment - if I had to describe gentrification to that community there would be a great desire for some notion of gentrification, particularly in the face of complete absence of any intervention to the fabric of those communities, of course people would like to see the assets that they hold important — they want to see safety, all these things we deem to be middle class privileges – which can be exclusive in certain contexts but most people living in Durban live a life which is absent of any of the supposed upsides of gentrification.'*

#### ***On-the-Ground Perspective: Feedback from Social Housing Interview***

*'Social housing can be a practical development instrument, which is created and financed by government and can be used to kick start urban regeneration and in doing so curtails gentrification cause you have secured the site for lower and moderate income groups'*

### Inclusivity

#### ***On-the-Ground Perspective: Feedback from Durban Workshop***

*'South Africans are reluctant to share power, information and knowledge. There is a risk but if you want to experiment and try for inclusivity you have to take risk and be willing to share and give up some of those powers, allow power to shift from one group to another group. When the power is shared, there is a lot more to go around.'*

#### ***On-the-Ground Perspective: From Durban Workshop***

*'Question of scale and how to scale up – associated usually within inclusivity are those projects usually that deal with waste-pickers, slum international community and FEDUP – they usually turn into inclusive projects and issue is how to scale up – but that is also the wrong question cause can't scale up'*

*but how do you think about it in a different way – how do you get from walking to thinking about space and mobility differently to working with transport dept to thinking about design – micro-scale solutions that are wonderful and exceptional and transmute or metamorphisise at a bigger scale. Linear scale up not correct, but somehow need to widen.'*

## Affordability

### **On-the-Ground Perspective: Feedback from Jeppestown Workshop**

*Any developments or services brought into Jeppestown are seen by residents as just for profit for the developers and not for the development of the community. There is a lack of regard for the existing cost of living and concept of 'affordable.' People in Jeppestown also feel stigmatised and therefore treated badly or rudely by newcomers or those with more wealth or power.*

## Incentives

### **On-the Ground Perspective: Feedback from Johannesburg Workshop**

*'Incentives could say if you're a property developer and 40% of your development is on good faith that you're going to cater for a malnourished market for blue collar and you get some sort of kickback.'*

## Public-private Engagement

### **On-the-Ground Perspective: Feedback from Durban Workshop**

*'There is a lack of bravery in how we build our cities. We need to be questioning words like "development" – this is an all encompassing word which cuts across so many different things – private, state, partnership, small, large scale. It can actually become a way not to deliver on what you talking about. Really need to understand what it means and problematise it a little bit. Question to ask about development is what is the desired outcome and to have some transparency around desired outcomes. If it is profit, then say it is profit and if it is something else, then what is that something else that we are trying to do with development.'*

### **On-the-Ground Perspectives: Feedback from Johannesburg Workshop**

*'We've spend countless times in workshops for example on extended social package. You see it every month on your electricity bill from council. We spend three day in workshop and everything we suggested was totally disregarded when the paper came out. We said at the time it's not going to work and we collect money from people every month and we know it's not going to work but this was totally disregarded. We get to a point where we don't wanna get involved because you don't wanna listen.'*

### **On-the-Ground Perspective: Feedback from Developer Interview**

*'But in this kind of area, there are two ways, one is the CID type of process, whereby they virtually retro fitting post development management systems, and whereby you get a certain number of people voting that they happy to contribute, and in effect, local government structures collect the levies, and pay it back to the service providers that will look after it, and look after it that way. We have been in a fortunate position that we say to you people, if you want to buy your developed offices, shops, or houses, you will become a member of a management association. So upfront, they don't have a choice, so if you don't want that, you don't buy it, it's compulsory to be a member, so you will pay a levy from*

*day one to keep the place secure, clean, and landscaped, and looked after. But then when we keep this within management systems, it increases the properties value, and that attracts more rates, now those additional rates, can fund what can go out, so it's in the cities interest that these kind of things happen... so those are probably the two main ways it's done.'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'The CRU [Community Resident Programme] covers 100% of capital development costs. Essentially you could get that money and easily do a social housing standard product. That is not the issue, if I then have to manage that stock... we estimate that to have an efficient and effective management function delivered by a good social housing institution – means have to charge a base of 950 rand per month to cover all those costs... and don't forget every year that increases by at least CPI [consumer price index]... and those are the realities, cannot get below that unless government puts more money in in another form.'*

**On-the Ground Perspective: Feedback from Jeppestown Workshop**

*Jeppestown residents believe that the municipality needs to be actively planning and creating better structures and zoning to enable the city to work for all residents. In addition, development needs to be better tied into municipal zoning and the services approval system (e.g. taverns in residential area). Without such cohesion you create a 'cocktail of mayhem' as described by one resident.*

## Participation

**On-the-Ground Perspective: Feedback from Durban Workshop**

*'It is not development that creates a particular social context and particular spaces – it is people – so it really depends around the people who are situated with.'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'The eThekweni municipality is developing a library and there's a container with information about the library development in the street. People can literally go from work, to shops and taxi rank in the afternoon after work, walk into the container and comment on the development of the library. In this development, participation is key and this is very innovative. Participation should be normal but it is not in municipalities.'*

**On-the-Ground Perspective: Feedback from Jeppestown Workshop**

*The lack of participation and community involvement in development in Jeppestown is explained by residents as one of the main reasons for high crime and robbery rates. Many expressed that if community members were employed by or involved in these developments, that they would be protecting the developments from threats, as they would be their livelihood. Unfortunately, most new developments do not employ local people.*

## Regulation

**On-the-Ground Perspective: Feedback from Durban Workshop**

*'Can create so much more inclusivity just by de-regulating. There are levels of informality throughout the city and so levels of regulation that need rethinking. We have been so indoctrinated through this, we can see it failing but we still stick to it. As soon as we want to deviate from it, it's a problem. But we can do anything about it if it is not working, we would rather turn a blind eye. The most important thing you need is flexibility, which should be more important for public than the private sector.'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'Rent control in New York resulted in major problems in the property values when they tried to implement the legislation. It [rent control legislation] can be a blunt instrument and can have exactly the opposite results from what you are trying to achieve.' It must be kept in mind however, that rent control (first generation) in NYC was phased out, and rent stabilization (second-generation) filled in for it, which is much more widely accepted.*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'Inclusionary Zoning land policy can only work where value of profits from development are so enormous that for a developer to say...Ok I am going to give you 2 000 units in order that I can get my 4 000 units in a way in which I can turn huge profits on that and I have got enough to take out of that profit to pay for this, but I still keep that profit... I am not sure that the profit margins in South Africa within our development model are big enough to achieve those "win-wins."'*

**On-the-Ground Perspective: Feedback from Johannesburg Workshop**

*'We talk a lot about voluntary and compulsory. If we do it on a voluntary basis, people are not going to do it if they cannot still take out their bottom line profit. At same time people won't do it if compulsory because they will walk away from development altogether – the area that might work is linking zoning rights – increase the rights that people have to move to higher densities – so it is not linked to basic price of the land, it is linked to financial returns you can get. The city provides incentives for private developers – has a voluntary element to it and probably will only work in areas with high land values.'*

## Financing

**On-the-Ground Perspective: Feedback from Durban Workshop**

*'We can have policies but they don't necessarily drive change. Urban change generally starts from people wanting to make a profit. The attitude is normally a top down intervention into an area for a purpose that is often external to that area. Goes back to attitudes and ways of doing things - if you start doing development from the point of view of what individuals want to change within that area – who takes that responsibility? It is not going to be the person wanting to make profit, there has be public interest and investment in change. Change needs to be directed in a way that provides opportunity for individuals to exist within a changing environment and for a circulation of investment of some form - whether private or public investment – needs to start bottom upward to be sustainable and be incremental.'*

## Security of Tenure

### ***On-the-Ground Perspective: Feedback from Jeppestown Workshop***

*Access to information was identified by residents in Jeppestown as limited, since there is no municipal building in the area. People do not know about their rights to tenure, or what their rights are in the case of an eviction, causing tension and violence when people's homes are under threat.*

### ***On-the-Ground Perspective: Feedback from Social Housing Interview***

*'Social housing institutions are following very simplified models with municipality. If you look at what is happening around urban regeneration, which is a critical component of this integration, if you take an area you want to upgrade, identify sites owned by municipality, look at ways of transferring sites into government assisted rental housing, what you are doing is stabilise the area and increase value in the area and the surrounding area. These are areas that the private sector might be reluctant to come in or if they do come in, they are going into higher income market brackets. So you secure that land, you secure it for social housing, need to legislate it to protect the units for at least their life time of roughly 30 years as housing opportunities for low and medium income households – but also introduce reasonably good quality housing and management agency – all good social housing institutions not only manage the product and tenants well but also develop neighbourhoods and other programmes. The start getting interest from other investors, often private investors - small and medium type investors – but eventually big investors come in when can see the area is stable enough.'*

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