Minding the Gap: An Analysis of the Supply of and Demand for Low-Income Rental Accommodation in Inner City Johannesburg
ACKNOWLEDGMENTS

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ABBREVIATIONS AND ACRONYMS .................................................2
LIST OF TABLES ........................................................................................3
GLOSSARY OF TERMS ...........................................................................4
1. Introduction ......................................................................................10
2. National Framework for Rental Housing in South Africa ..................16
   2.1. Legal and Regulatory Framework ...........................................17
   2.2. Programmes and Subsidies ....................................................19
3. Urban Regeneration and Low-Income Housing in Inner City Johannesburg .................................................................30
   3.1. Policies, Plans, Strategies and Programmes ..........................31
4. Supply of and Demand for Low-Income Rental Housing in Inner City Johannesburg .........................................................48
   4.1. Demand for Low-Income Rental Accommodation ...............49
   4.2. Supply of Rental Accommodation ........................................55
5. Conclusion ........................................................................................68
6. Bibliography ....................................................................................73
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFHCO</td>
<td>Affordable Housing Company</td>
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<td>BEE</td>
<td>Black Economic Empowerment</td>
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<td>BBP</td>
<td>Bad / Better Buildings Programme</td>
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<td>BNG</td>
<td>Breaking New Ground</td>
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<td>CASE</td>
<td>Community Agency for Social Enquiry</td>
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<td>CJP</td>
<td>Central Johannesburg Partnership</td>
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<td>COHRE</td>
<td>Centre on Housing Rights and Evictions</td>
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<td>CRU</td>
<td>Community Residential Unit</td>
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<td>DBS</td>
<td>Discount Benefit Scheme</td>
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<td>DHS</td>
<td>Department of Human Settlements</td>
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<td>GDS</td>
<td>Growth and Development Strategy</td>
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<td>ICHUT</td>
<td>Inner City Housing Upgrading Trust</td>
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<td>ICO</td>
<td>Inner City Office</td>
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<td>ICPS</td>
<td>Inner City Property Scheme</td>
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<td>Inner City Shelter Forum</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>ISHP</td>
<td>Interim Social Housing Programme</td>
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<td>JDA</td>
<td>Johannesburg Development Agency</td>
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<td>JHC</td>
<td>Johannesburg Housing Company</td>
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<td>JOSCHO</td>
<td>Johannesburg Social Housing Company</td>
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<td>JPC</td>
<td>Johannesburg Property Company</td>
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<td>JMPD</td>
<td>Johannesburg Metropolitan Police Department</td>
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<td>JTMC</td>
<td>Johannesburg Transitional Metropolitan Council</td>
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<td>MES</td>
<td>Metropolitan Evangelical Services</td>
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<td>MFMA</td>
<td>Municipal Finance Management Act 56 of 2003</td>
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<td>MHDP</td>
<td>Municipal Housing Development Plan</td>
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<td>MOE</td>
<td>Municipal-Owned Entity</td>
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<td>NHFC</td>
<td>National Housing Finance Corporation</td>
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<td>PFMA</td>
<td>Public Finance Management Act 1 of 1999</td>
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<td>POMA</td>
<td>Property Owners and Management Association</td>
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<td>RDP</td>
<td>Reconstruction and Development Programme</td>
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<td>SHF</td>
<td>Social Housing Foundation</td>
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<td>SHI</td>
<td>Social Housing Institution</td>
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<td>SHIP</td>
<td>Social Housing Investment Programme</td>
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<td>SHRA</td>
<td>Social Housing Regulatory Authority</td>
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<td>SHSUP</td>
<td>Sustainable Human Settlements Urbanisation Plan</td>
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<td>SPRE</td>
<td>Special Process for the Relocation of Evictees</td>
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<td>THIT</td>
<td>Transitional Housing Implementation Team</td>
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<td>THT</td>
<td>Transitional Housing Trust</td>
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<td>TUHF</td>
<td>Trust for Urban Housing Finance</td>
</tr>
<tr>
<td>UDZ</td>
<td>Urban Development Zone</td>
</tr>
</tbody>
</table>
LIST OF TABLES

**Table 1:**
Summary of National Rental Housing Subsidies and Programmes

**Table 2:**
Types of Subsidised Rental Housing

**Table 3:**
Number of Households Renting in South Africa by Monthly Income Band

**Table 4:**
Monthly Household Income and Rental Affordability in Inner City Johannesburg

**Table 5:**
Private Sector Rental Housing Providers in Inner City Johannesburg

**Table 6:**
Social Housing Institutions (SHIs) in Inner City Johannesburg
Glossary of terms
Bad Buildings

‘Bad’ buildings are buildings which were once sound in physical structure, management, use and occupancy, but have become dysfunctional in one or more ways. ‘Bad’ buildings are often abandoned by owners and have developed compromised ownership and management arrangements over the years. They are very often in a poor physical condition; do not comply with municipal by-laws; and have inadequate or dysfunctional access to basic services like water, sanitation, electricity and refuse removal. ‘Bad’ buildings also typically have outstanding municipal arrears and services payments. While criminal activity does occur in some ‘bad’ buildings, this is not a defining feature of these buildings. These buildings provide accommodation for poor people who would otherwise not be able to afford to live in the inner city.¹

Bad / Better Buildings Programme (BBP)

The Bad/Better Buildings Programme (BBP) was initiated in 1999 by the Inner City Office (ICO) with the aim to acquire ‘bad’ buildings in the inner city to sell to private developers, in order to recover debt owed to the council as well as to refurbish buildings for residential use. The BBP never got off the ground and was eventually replaced by the Inner City Property Scheme (ICPS). See section 3.1.3.

Breaking New Ground (BNG)

Breaking New Ground (BNG) refers to the national housing plan introduced in 2004, which contains a section on inner city regeneration and affordable rental housing. The term “BNG” is sometimes used to refer to state-subsidised houses built after 2004. See section 2.2.

Communal Housing

Communal housing is similar to transitional housing but provides longer-term tenure. It generally consists of individual rooms with shared communal facilities managed by a housing institution. See sections 3.1.1 and 4.2.2.

Community Residential Units (CRU) Programme

The CRU Programme provides a capital subsidy to develop public housing stock, which is owned by municipalities or provincial government. The target group is low-income households earning between R800 and R3 500 per month, and the focus is on public hostel re-development into so-called “family units”. See section 2.2.3.

Inner City Property Scheme (ICPS)

The Inner City Property Scheme (ICPS) replaced the BBP in 2007 and was officially launched in 2011. The ICPS was initially located within the Johannesburg Property Company (JPC) and then moved to the City’s Department of Economic Development (DED). In terms of the ICPS, the municipality retains ownership of identified properties, entering into a development lease with BEE investment consortia to develop the

properties, after which time they are sold to the developers. One of the conditions of the ICPS is that 30% of housing developed must be social housing. See section 3.1.9.

**Inner City Regeneration Strategy (ICRS)**

The Inner City Regeneration Strategy (ICRS) was launched in 2003, emanating from the Joburg 2030 Master Plan. The ICRS sets out a number of targets to be achieved to ‘rejuvenate’ the inner city and halt its social and economic decline. The explicit aim is to entice businesses and middle- and upper-class residents back into the inner city. One of the five pillars of the ICRS is the combating of “sinkholes”, which are defined as areas of accelerated or chronic urban decay, poor infrastructure, ‘bad’ buildings and high crime. See section 3.1.6.

**Institutional Subsidy Programme**

The Institutional Subsidy Programme applies to institutions catering for households earning an income of less than R3 500 per month, who qualify for a state housing subsidy. The subsidy is a fixed amount per household, allocated to private or public housing institutions to develop housing stock with tenure arrangements alternative to immediate ownership e.g. rental, instalment sale, share block or co-operative tenure. Rental units may not be transferred to the beneficiary within the first four years of occupation. See section 2.2.1.

**Inner City Office (ICO)**

The Inner City Office (ICO) was established in 1998 by the Central Johannesburg Partnership (CJP) in order to administer inner city development. In 2001 much of the preliminary work of the ICO was institutionalised in the newly established Johannesburg Development Agency (JDA), the City’s development agency tasked with managing and facilitating developments in the city. See section 3.1.3.

**Integrated Development Plan (IDP)**

An Integrated Development Plan (IDP) is a single inclusive strategic plan for the development of a municipality. In terms of the Municipal Systems Act 32 of 2000 every municipality must prepare a 5-year IDP mapping out its medium-term development plans and priorities. An IDP must contain a housing chapter/housing sector plan. See, for example, City of Johannesburg “2012/16 Integrated Development Plan: 2013/14 Review” (2013).

**Johannesburg Property Company (JPC)**

The Johannesburg Property Company (JPC) is a municipal-owned entity (MOE) that manages and develops the City of Johannesburg’s council-owned property portfolio. In 2003 the BBP was moved to the JPC.

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Johannesburg Housing Company (JHC)

The Johannesburg Housing Company (JHC) was established in 1995 and is a private sector, not-for-profit social housing institution (SHI) managing 29 buildings consisting of 3,462 social housing units in inner city Johannesburg. See section 4.2.2.

Johannesburg Social Housing Company (JOSCHO)

JOSCHO is an MOE set up by the City of Johannesburg as its implementing agent for social and institutional housing developments in the city. It acts as both a property developer and as a property manager, and caters predominantly for household incomes of between R1,500 and R7,500 per month. In the inner city JOSCHO manages nine buildings, which include 868 communal rooms and a number of emergency beds. It is an accredited SHI in terms of the Social Housing Act. See section 4.2.2.

Madulammoho Housing Association (Madulammoho)

Madulammoho was established in 2004 as the sister organisation to Metropolitan Evangelical Services (MES), a faith-based organisation assisting homeless and low-income people in Hillbrow. Madulammoho operates in terms of a “housing ladder approach” which involves the following: shelter (daily or irregular income) at the bottom, then transitional housing (monthly income R500 to R1,200), then communal housing (monthly income R1,200 to R2,500), then social housing (monthly income R2,500 to R7,500) and, finally, market rentals (monthly income above R7,500). Madulammoho manages 822 communal units and about 308 transitional units/beds in inner city Johannesburg. See section 4.2.2.

National Housing Finance Corporation (NHFC)

The National Housing Finance Corporation (NHFC) is a public company, wholly owned by government, set up as a development finance institution in 1996. The NHFC’s main role is to pilot and explore ways of sustainably providing housing credit to low income earners. In respect of social housing the NHFC must provide access to loan funding and assist the Social Housing Regulatory Authority (SHRA) with any financial information to enable it to assess the institutional health and financial sustainability of SHIs.

National Housing Subsidy Scheme (NHSS)

The National Housing Subsidy Scheme (NHSS) was introduced in 1995 and provides once-off capital subsidy housing assistance to low-income households earning below R3,500 per month. This occurs through a variety of subsidy and programmatic instruments, but predominantly through the project-linked subsidy programme. The NHSS contains a set of generic qualifying criteria that must be fulfilled by those applying for housing subsidies. See section 2.2.

Public Housing

Public housing in South Africa generally refers to municipal- or provincial-owned housing stock. Most public housing was inherited by municipalities after 1994, along with a number

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4 Madulammoho “Madulammoho Story: Housing as Part of a Social Development Package for the Inner City Poor” (2010) p. 5.
of problems including non-payment of (very low) rentals and a lack of management and maintenance. Municipal councils and provinces were mandated to transfer public housing stock to residents through the Discount Benefit Scheme (DBS) put in place in 1997. By 2005 over 400 000 public housing units had been transferred to residents. See section 2.2.3.

**Restructuring Capital Grant (RCG)**

The social housing Restructuring Capital Grant (RCG) is administered by the SHRA and is aimed at contributing to the spatial, social and economic restructuring of South African cities. It provides a capital subsidy to SHIs developing social housing projects in designated restructuring zones. The allocation of institutional subsidies to a social housing project is a precondition to the submission of an RCG application. The total capital grant amount is determined on a project-by-project basis and depends on the affordability mix of the units to be provided in a project. See section 2.2.2.

**Shelters**

Shelters provide an overnight stay for destitute and homeless people. They are not considered as a housing intervention, rather forming part of social welfare services. Shelter accommodation is usually provided by welfare or faith-based organisations. See section 3.1.1.

**Social Housing**

Social housing is defined in the Social Housing Programme as “a rental or co-operative housing option for low- to medium-income households at a level of scale and built form which requires institutionalised management and which is provided by SHIs or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding as contemplated in the Social Housing Act”. Social housing has the primary objective of urban restructuring and increasing the social and economic integration of a designated area. Social housing projects generally cater for households earning R1 500 to R7 500 per month. In terms of the broad definition of social housing, as described in the BNG plan, “social housing” includes the following: higher income flats, cooperative housing, transitional and communal housing, and hostels. See sections 2.1 and 2.2.2.

**Social Housing Regulatory Authority (SHRA)**

The Social Housing Regulatory Authority (SHRA) was established by the Minister of Human Settlements in 2010 in terms of the Social Housing Act. The SHRA is a public entity with the mission to regulate the social housing sector in South Africa, including the accreditation and monitoring of SHIs. See section 2.1.

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Social Housing Programme

The Social Housing Programme is contained in the 2009 National Housing Code and incorporates the 2005 Social Housing Policy. The programme aims to provide social housing - subsidised rental accommodation targeted at the upper end of the low-income and middle-income market. Institutions are given a capital subsidy grant by government per unit developed, and at least 30% of units in a project must be allocated to people earning between R1 500 and R3 500 per month. See section 2.2.2.

Social Housing Institution (SHI)

A social housing institution (SHI) is an institution accredited or provisionally accredited under the Social Housing Act which provides rental or co-operative housing options for low- to medium-income households. See section 2.1 and section 2.2.2.

Transitional Housing

Transitional housing is temporary accommodation for those who are in transition between homelessness and permanent accommodation. It is short-term and often consists of shared rooms or dormitory-style arrangements with communal facilities. Transitional housing is managed by housing institutions and is generally subsidised through the institutional subsidy. See sections 2.2.1 and 3.1.1.

Transitional Housing Programme

The Transitional Housing Programme was piloted in inner city Johannesburg in the late 1990s with funding from the Gauteng provincial department. See section 3.1.1.

Transitional Housing Trust (THT)

In the early days of the ICPS it was envisaged that a Transitional Housing Trust (THT) would be created which would provide transitional housing beds to the ICPS developers, who would in return contribute technical expertise in the refurbishment and management of transitional housing stock. However the THT was never established. See section 3.1.9.

Urban Development Zone (UDZ)

The Urban Development Zone (UDZ) tax incentive scheme was established in 2004 by National Treasury with the aim to address urban decay in South Africa’s inner cities by promoting private sector-led investment in commercial and residential developments. The UDZ tax incentive covers an accelerated depreciation of investment made in the refurbishment of existing properties, or the creation of new developments, in demarcated areas over a period of time. The City of Johannesburg has designated an UDZ of about 18 km², which includes the inner city. See section 3.1.7.

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Introduction
Rental is an important form of tenure for those who cannot afford to buy a house or who have other reasons to choose to rent. In South Africa about 25% of households rent their accommodation, and this has steadily increased over the years. Gauteng province has the highest percentage of renters in the country, with over 37% of the total number of renters in the country renting in the province. It is estimated that over 40% of households that rent live in what could be characterised as slum conditions, pointing to a significant need for affordable, better quality accommodation.

In the first decade following 1994, the provision of low-income rental housing in the country took a back-seat to the roll-out of freehold title RDP housing developments located on the periphery of towns and cities. To some extent, in recent years there has been a shift in national policy to acknowledge a need to advance access to rental housing. Thus, the 2004 Breaking New Ground (BNG) housing plan included the provision of affordable rental housing as a priority of national housing policy, and a number of programmes and capital subsidies have been developed to facilitate rental housing: the Institutional Subsidy Programme, Social Housing Programme and Community Residential Unit (CRU) Programme. However, these programmes have either targeted middle-income earners, or have not been implemented at scale.

Across the country, affordable low-income housing remains a neglected component of the urban regeneration of South African inner cities. In the absence of a national policy framework, urban regeneration has been driven by metropolitan municipalities mainly focused on reversing urban decay and supporting their own fiscal objectives through promoting economic growth by enticing property investors back to the inner city and promising that the benefits will ‘trickle down’ to poor people. As such, municipalities most often act as facilitators to business and property owning interests, who initiate development processes. The City of Johannesburg is no exception when it comes to this model of regeneration, although it has been praised for developing a number of programmes and institutions to facilitate low-income housing – most notably the Johannesburg Social Housing Company (JOSHCO).

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9 These reasons could include: mobility to move to where there is work; flexibility in managing household budgets, especially when financial situations change; freeing up income to be spent on education, medical care or emergencies; convenience for households who may not want to make the long-term financial commitment of buying a house; and/or allowing for more money to be remitted to relatives or invested in buying land or building a house elsewhere. UN-HABITAT and Cities Alliance “Rental Housing: A Much Neglected Housing Option for the Poor” Housing the Poor in African Cities 7, p. 5.


11 Ibid. p. 58.


13 An RDP house is the name given to houses provided by the government – named after the African National Congress’s first macro-economic policy, the Reconstruction and Development Programme, which promised houses for all.


15 Ibid. p. 15.

16 JOSCHO is a municipal-owned entity set up by the City of Johannesburg to deliver rental housing units. South African Local Government Association (SALGA) “Good Practices in Rental Housing: How to Make Rental Housing Work in Your Municipality” (September 2009) p. 18.
In the early 2000s, in a bid to entice property investors back to the inner city and to develop middle- to upper-income residential accommodation, the City began promoting inner city regeneration. Since then, thousands of people have been forcibly evicted from so-called ‘bad’ buildings in the inner city. These evictions have, unsurprisingly, often been met with resistance from the occupiers of the buildings who have challenged the evictions in court, giving rise to a number of high profile eviction judgments from the courts, most notably the Olivia Road\textsuperscript{17} and Blue Moonlight\textsuperscript{18} cases in the Constitutional Court. These two cases deal with the obligation on the City to provide temporary accommodation for those who are left homeless by state- and private-led evictions respectively. A clear issue emerging from these, along with other cases, is the high demand for low-income rental accommodation in the inner city (and elsewhere in the city), as well as the wholly inadequate supply by the market or the state for poor and low-income residents. The City sees the private sector facilitating low-income and affordable rental housing that might ‘mop up’ the demand created by migration and evictions. However, private sector rentals are too expensive for many poor households seeking accommodation in inner city areas. The gap in supply and demand of low-income rental accommodation remains a crisis.

As a result of years of litigation successfully challenging evictions, increasing migration of people to Johannesburg looking for work, and very little proactive action to remedy the underlying unmet demand for low-income housing, the City is currently faced with a number of cases where it must provide temporary accommodation to poor residents of buildings. However, it has been slow to formulate a coherent, programmatic response to its obligations including, as established in Grootboom,\textsuperscript{19} to provide emergency housing to those facing eviction. Its responses to the provision of temporary accommodation are ad hoc, based on an idea that people will rotate through the few homeless shelters it is making available. However, this is unrealistic given the absence of long-term secure affordable housing, which is exacerbated by the City’s reluctance to support people ‘jumping the housing queue’ - which the Socio-Economic Rights Institute of South Africa (SERI) has argued elsewhere does not exist in the first place\textsuperscript{20} - or to provide decent living conditions, which it argues encourages rapid urbanisation and discourages people from ‘moving up the property ladder’.

Thus, the grim reality is that temporary stays in alternative accommodation and shelters become longer because, ultimately, there is nowhere else for people to go on a permanent basis. Moreover, to the extent that the City provides temporary shelter, these shelters are problematic, with authoritarian rules including, for example, day time lock-out, gender differentiation and lack of security of tenure. These conditions have led to new rounds

\textsuperscript{17} Occupiers of 51 Olivia Road, Berea Township and 197 Main Street, Johannesburg v City of Johannesburg and Others 2008 (3) SA 208 (CC) (Olivia Road)

\textsuperscript{18} City of Johannesburg Metropolitan Municipality v Blue Moonlight Properties 39 (Pty) Ltd and Another 2012 (2) SA 104 (CC) (Blue Moonlight)

\textsuperscript{19} Government of the Republic of South Africa and Others v Grootboom and Others 2001 (1) SA 46 CC (Grootboom)

\textsuperscript{20} Socio-Economic Rights Institute of South Africa (SERI) and Community Law Centre (CLC) “Jumping the Queue’, Waiting Lists and other Myths: Perceptions and Practice around Housing Demand and Allocation in South Africa” (2013).
of litigation to challenge unreasonable rules. Regardless of the rules, the notion that people can be ‘transformed’ out of poverty in a few months, and then move on to other accommodation, is flawed.21

The upward mobility analysis implicit in the City’s current approach is based on assumptions about the passivity of poor people - a notion of progression up a normative ideal of a housing or property ladder under-written by an unrealistic and arguably problematic private ownership paradigm. The City acknowledges that the demand for low-income accommodation in the inner city continues to outstrip supply, and that the gap that exists affects poor people in the inner city most acutely.22 In practice, however, the City’s responses do not confront the more structural causes of poverty that are physically manifested in different spaces in the city, perhaps most notably in the inner city. Nor do they confront the demand and supply gap that exists, which is why many people live in ‘bad’ buildings to begin with. According to a 2005 report by the Centre

21 See S Wilson “Curing the Poor: State Housing Policy in Johannesburg after Blue Moonlight” Constitutional Court Review (forthcoming, 2014) and J Dugard “Beyond Blue Moonlight: The Implications of Judicial Avoidance in Relation to the Provision of Alternative Housing” Constitutional Court Review (forthcoming, 2014) as well as Dladla and the Further Residents of Ekhuthuleni Shelter v City of Johannesburg and Another (Dladla) and Hlophe and Others v City of Johannesburg and Others (Hlophe).

on Housing Rights and Evictions (COHRE), inner city slums are dealt with in the urban renewal paradigm, which means the eradication of slums, cleaning up of “sinkholes” and urban management focussed on beautification and attracting private investment. This forms part of the hegemonic “world class African city” discourse that characterises the City's urban regeneration. According to the COHRE report the “acute socio-economic needs of people in occupation of inner city slums are not adequately addressed by this paradigm”.23

The reality is that people live in inner city ‘bad’ buildings, as they do in informal settlements and backyard shacks, because there are no other affordable formal housing options available to them. While a sizeable percentage of households rent in Johannesburg - over 41% - most people cannot afford social housing or housing on the formal rental market.24 According to Census 2011, 51.8% of households in Johannesburg earn less than R3 200 per month. In the inner city 33 861 households - approximately 121 899 people - earn below R3 200 per month. This means that over 49% of households in the inner city earn less than R3 200 per month. According to the Affordable Housing Company (AFHCO),25 accommodation for those earning less than R3 750 per month has not been available and “the only options for such earners remain RDP housing units which are outside the city, shacks in townships and hijacked buildings in the inner city, where they are often exploited by slumlords.”26

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24 IRIN “Slumming it in Jo’burg” (2 June 2011).
25 AFHCO is a large investor, developer and manager of affordable housing in the inner city.
26 Anna Cox “Finally, homes for the poorest of workers” The Star (4 July 2012).
Many of those living in ‘bad’ buildings earn a living in the inner city by working as car guards, domestic workers, cleaners, taxi drivers, informal traders, security guards, painters etc. Minimum wage for domestic workers is R1 746 per month, for taxi drivers it is around R2 400 and for security guards between R2 100 and R3 300 per month. Others choose to live in the inner city as there are opportunities for piecework, and transport costs are kept low. Unfortunately, the City’s regeneration strategy and subsequent policies have been concerned with buildings, rather than the people living in them. The City’s approach to urban management tends towards criminalising the poor, as witnessed through its approach to evictions from ‘bad’ buildings, the Mayoral ‘Operation Clean Sweep’ and the recent draft by-law on problem properties. The approach by the City has been dominated by an uneasy mix of law-enforcement, property management and social development interventions. There has, though, been no programmatic attempt to meet the housing demand that ‘bad’ buildings embody.

Section 2 of the report examines the national framework for rental housing in South Africa, briefly discussing the Rental Housing Act 50 of 1999 and the Social Housing Act 16 of 2008. It also outlines the three rental housing programmes contained in the 2009 National Housing Code - Institutional Subsidy Programme, Social Housing Programme and Community Residential Unit (CRU) Programme and discusses the 2008 National Rental Housing Strategy and the 2010 Outcome 8 human settlements delivery agreement and outputs.

Section 3 focuses on urban regeneration and low-income housing in the inner city of Johannesburg. It examines a number of policies, plans, strategies and programmes that have been developed over the last 20 years to drive investment and renewal in the inner city of Johannesburg, as well as provide low-income housing. These include the Transitional Housing Programme, Seven Buildings Programme, Bad / Better Buildings Programme (BBP), Inner City Regeneration Charter and Inner City Housing Action Plan, Inner City Property Scheme (ICPS), Bad Buildings Strategy and Inner City Transformation Roadmap.

Section 4 focuses on the supply of and demand for low-income rental housing in inner city Johannesburg. It describes some of the quantitative and qualitative aspects of demand for low-income rental accommodation in the inner city of Johannesburg and looks at what is available in terms of formal private rental, social housing and informal small-scale private rental.

Section 5 provides a conclusion to the report. It argues that there is a critical gap in the supply of and demand for low-income rental accommodation for poor households accessing the inner city.

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National Framework for Rental Housing in South Africa
2.1. Legal and Regulatory Framework

This section deals with the Rental Housing Act 50 of 1999 (Rental Housing Act) and the Social Housing Act 16 of 2008 (Social Housing Act), including regulations passed in terms of the latter.

The rental housing sector in South Africa is governed by the Rental Housing Act and regulated by the Department of Human Settlements (DHS). The Rental Housing Act is focused on governing landlord-tenant relationships and establishing a set of “unfair practices” to be determined by Rental Housing Tribunals, which are free dispute resolution mechanisms established in terms of the Act.

However, the Rental Housing Act goes further than simply governing landlord-tenant relationships. The Act states in section 2(3) that national government must introduce a policy framework, including norms and standards, to give effect to government’s responsibilities to:

(a) promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures that –
   (i) improve conditions in the rental housing market;
   (ii) encourage investment in urban and rural areas that are in need of revitalisation and resuscitation; and
   (iii) correct distorted patterns of residential settlement by initiating, promoting and facilitating new development in or the redevelopment of affected areas;

(b) facilitate the provision of rental housing in partnership with the private sector.

In terms of the Act, provincial and local government must also pursue the above goals within the national policy framework on rental housing introduced by national government, and within the context of broader national housing policy. According to section 2(4) of the Act, they “must accord rental housing particular attention in the execution of functions, the exercise of powers and the performance of duties and responsibilities in relation to housing development.” Further, according to section 3(1) of the Rental Housing Act, the Minister of Human Settlements “may introduce a rental subsidy housing programme, as a national housing programme...or other assistance measures, to stimulate the supply of rental housing property for low-income persons.” National housing programmes are contemplated in section 3(4)(g) of the Housing Act 107 of 1997 and published in the National Housing Code.

However neither the national policy framework and norms and standards, nor the low-income rental subsidy housing programme, have been developed. In terms of section 13(4)(c)(iii) of the Act, a Rental Housing Tribunal has the power to make a ruling on “exploitative rentals”, taking into consideration the policy framework and norms and standards referred to in section 2(3). Rental Housing Tribunals currently struggle in this policy vacuum, particularly when it comes to ensuring the protection of poor and low-
income households in an environment of high demand for rental accommodation, like in inner city Johannesburg. The Rental Housing Act repealed the Rent Control Act 80 of 1976, which means that rent control no longer exists.

In terms of low-income rental subsidy programme, there are national housing programmes that provide subsidies to private companies or municipal entities to provide rental housing to low- to middle-income households. These programmes - the Institutional Subsidy Programme, Social Housing Programme and Community Residential Unit (CRU) Programme - are discussed in section 2.2. These programmes could be interpreted as fulfilling the mandate of the Rental Housing Act; however, as will be discussed later in this report, the reality is that these programmes have not delivered low-income rental housing at scale, and have not practically targeted low-income and poor households.

In 2008 the Social Housing Act was published, providing the legislative and regulatory framework for social housing in South Africa. The Social Housing Act states in section 2(1)(a) that national, provincial and local spheres of government and SHIs must “ensure their respective housing programmes are responsive to local housing demands, and special priority must be given to the needs of women, children, child-headed households, persons with disabilities and the elderly.” The Act also highlights the importance of supporting the economic development of low- to medium-income communities by “providing housing close to jobs, markets and transport” as well as promoting the “social, physical and economic integration of housing development into existing urban and inner-city areas through the creation of quality living environments.”

Section 5 of the Social Housing Act outlines the roles and responsibilities of national, provincial and local government. National government has the responsibility to create and uphold an enabling environment for social housing, by providing the legislative, regulatory, financial, and policy framework for the delivery of social housing. Provincial government is responsible for ensuring “fairness, equity and compliance with national and provincial social housing norms and standards” and facilitating the sustainability and growth in the social housing sector. Provincial government is also responsible for monitoring social housing projects, administering the social housing programme, and approving, allocating and administering capital grants in approved projects. Municipalities must ascertain the demand for social housing as part of their process of integrated development planning, taking all steps to facilitate social housing delivery, including: encouraging the development of new social housing stock and the upgrading of existing stock and providing access to land and buildings for social housing development in designated restructuring zones and for SHIs to acquire municipal rental stock.

In 2010 the Social Housing Regulatory Authority (SHRA) was established by the Minister of Human Settlements, in terms of section 7 of the Social Housing Act. The SHRA is classified as a public entity in terms of Schedule 3A of the Public Finance Management Act.

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Act 1 of 1999 (PFMA) and has the mission to “regulate and invest to deliver affordable rental homes and renew communities.” The SHRA is the regulator of the social housing sector and is tasked with supporting provincial government with the approval of project applications by SHIs, accrediting and monitoring SHIs, regulating social housing projects which use the Restructuring Capital Grant (RCG) and/or the institutional subsidy, and maintaining a register of all SHIs. In January 2012, the Minister of Human Settlements published the Social Housing Regulations in terms of the Act. These regulations outline inter alia the qualifying criteria and process for accreditation as an SHI, compliance criteria and Code of Conduct. According to the Regulations, the three main types of SHIs are not-for-profit companies, municipal entities and housing co-operatives. There is currently a process underway to accredit all SHIs and institutions that have received public funding for housing projects in the past, in line with the Social Housing Act and Regulations.

2.2. Programmes and Subsidies

In order to try to encourage the private sector to enter the low-income housing market, the National Housing Subsidy Scheme (NHSS) was introduced in 1995 and provided once-off capital subsidy assistance to low-income households earning below R3 500 per month. This was done through a variety of subsidy and programmatic instruments, but predominantly through the project-linked subsidy programme. The NHSS contains a set of generic qualifying criteria that must be fulfilled by those applying for housing subsidies. The generic qualifying criteria for applicants include the following:

- must be a citizen or a permanent resident of the Republic of South Africa;
- must be competent to contract;
- must not have previously benefited from government funding;
- may not have received previous housing benefits from the government;
- may not have owned and/or currently own a residential property;
- must be married or cohabiting (although single persons with proven financial dependants such as parents or parents-in-law, grandparents or grandparents-in-law, children, grandchildren, adopted children or foster children may also apply); and
- gross monthly household income must not exceed R3 500.

However, there are also specific rules that apply to each subsidy programme, and in some cases there are specific eligibility criteria that apply over and above the generic criteria.

In September 2004, Cabinet published Breaking New Ground: A Comprehensive Plan for Housing Delivery (BNG), which has as one of its key thrusts “supporting urban renewal and inner city regeneration” through the provision of affordable rental housing.

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31 DHS “Breaking New Ground”.
aims to promote affordable inner city housing through encouraging social housing developments. According to BNG, social housing must be understood to accommodate a range of housing products, including multi-level flat or apartment options for higher income groups, cooperative group housing, transitional housing for destitute households, communal housing with a combination of family and single room accommodation with shared accommodation with shared facilities, and hostels.\(^{32}\) BNG also focuses on the need to build institutional capacity and increase the number of SHIs that are able to manage social housing stock. BNG anticipated the passing of the Social Housing Act and the setting up of the SHRA to regulated SHIs, although was rather ambitious in anticipating these would be in place by 2005.\(^{33}\)

The three rental housing programmes contained in the 2009 National Housing Code - Institutional Subsidy Programme, Social Housing Programme and CRU Programme - are outlined in more detail in this section.

### 2.2.1. Institutional Subsidy Programme

The Institutional Subsidy Programme was included in the 2000 National Housing Code and provides capital subsidies to housing institutions to develop low-income housing stock with tenure arrangements alternative to immediate ownership, such as rental, instalment sale, share-block or cooperative tenure. The programme provides a fixed subsidy per beneficiary household to institutions, and the institutions then provide housing for these beneficiaries. Projects are only considered where institutions make capital contributions over and above the institutional subsidies allocated. The institution is central to this subsidy programme, hence there is significant focus on the nature of the

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\(^{32}\) Ibid. p. 14.

\(^{33}\) Ibid. p. 15.
institution, its legal status, its main object, the housing it may develop, how residents are represented, how it is managed and the special rules that might apply. The institutional subsidy incorporates the option to sell the rental units to qualifying tenants after four years from the initial occupation of the units. Their institutional subsidy is then converted into an individual subsidy.

Qualifying beneficiaries apply to a housing institution to occupy the rental stock. The NHSS qualifying criteria apply; however single people without financial dependants, those who have previously owned fixed residential property and those who have previously benefitted from a state housing subsidy are also eligible to rent. However they may not buy their units through the subsidy programme.

The regulatory and accreditation mechanisms administered under the Social Housing Programme also apply to the Institutional Housing Programme, with the SHRA as the regulator. While social housing is only applicable within specific designated urban restructuring zones, the institutional subsidy can be applied anywhere. Relevant to this report is the Transitional Housing Programme which was introduced on a pilot basis in Gauteng as part of the Institutional Subsidy Programme.

**Transitional Housing Programme**

The Transitional Housing Programme was developed in the early 1990s from a partnership between community organisations and government to tackle homelessness in the inner city of Johannesburg. It was introduced on a pilot basis as part of the Institutional Subsidy Programme, and is therefore presented here as a subset of this programme. Projects

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34 DHS “Institutional Subsidies” Volume 6, Part 3 of the National Housing Code (2009).
35 Ibid. p. 16.
undertaken in terms of the Transitional Housing Programme were aimed at providing temporary accommodation to destitute and homeless people. Institutions wishing to apply for the institutional subsidy to provide transitional housing had to show that they were financially viable and had the necessary managerial expertise to implement projects successfully. The subsidy was in the form of an initial capital payment, and the ongoing management and maintenance had to be funded by the organisations themselves.

The NHSS qualifying criteria applied but individuals had to earn less than R1 250 per month and families less than R2 500 per month. Accommodation was available to people in temporary situations, and was not seen as permanent accommodation. Occupation was limited to a six month period and could only be extended in special circumstances.36 The City of Johannesburg's inner city Transitional Housing Programme is analysed in more detail in section 3.1.1.

2.2.2. Social Housing Programme

The Social Housing Act provides the legal framework for the implementation of the Social Housing Policy, developed in 2005 and contained as a national housing programme in the 2009 National Housing Code. Social housing is defined as:

*a rental or co-operative housing option for low-income persons [those whose household income is below R7 500 per month] at a level of scale and built form which requires institutionalised management and which is provided by accredited social housing institutions or in accredited social housing projects in designated restructuring zones.*37

The Social Housing Programme is aimed at incentivising housing developers to develop and manage low-income rental housing in specific areas. It provides for grant funding to SHIs - which can be section 21 companies in terms of the Companies Act, municipal entities or private companies - to develop and administer rental units within identified restructuring zones. The inner city of Johannesburg is one of the identified restructuring zones. A precondition for receiving capital grants is that SHIs must be accredited by the SHRA, and must access their own capital contributions for social housing projects. While the main social grant is the Restructuring Capital Grant (RCG); the allocation of institutional subsidies to a social housing project is a precondition to the submission of an RCG application.

The total capital grant quantum (amount) of the RCG is determined on a project-by-project basis and depends on the affordability mix of the units to be provided in a project. SHIs therefore receive subsidies on a sliding scale based on the number of low-income households accommodated in specific social housing projects. The standard grant amount is equal to R125 615 per unit but may be escalated annually. A condition to receive this amount is that the developer allocates a minimum of 30% of the units to

the primary target market (households earning R1 500 up to R3 500 a month) up to a maximum of 70% of the units. The secondary target market (households earning R3 501 up to R7 500 per month) occupy the remaining units, which can total a maximum of 70% of units. Importantly, regulation 23(2) of the Social Housing Regulations states the gross rentals/levies must cover per unit operating costs and not exceed 33.3% of monthly household income. This means that the monthly rental bands in social housing projects are between R500 to R1 200 (primary target market) and between R1 200 and R2 500 (secondary target market).

According to the SHRA, “whilst projects may include a higher proportion of primary target market than the 70% maximum referred to above, they will not receive any further increase in the total grant quantum.” The Social Housing Programme states that “as a general rule social housing projects should avoid housing uniformly very low income individuals” and the desire is for projects to cater for a mix of income. To date, social housing has predominantly benefited those people with formal incomes at the upper end of the income spectrum of R3 500 to R7 500 per month.

In terms of implementation, the Interim Social Housing Programme (ISHP) began in 2006 and was designed as an interim programme to pilot the effectiveness of the RCG until the SHRA was established. Over a period of four years (2006-2010), there were three funding cycles: ISHP 1 in 2007 comprising four projects and three SHIs; ISHP 2 in 2008 comprising four projects and two SHIs; and ISHP 3 in 2009 comprising nine projects and four SHIs. A total of 5 413 units were delivered, with R578 million in grants disbursed. Building on the work of the ISHP, SHRA introduced the Social Housing Investment Programme (SHIP), which is now in its third iteration and to date has yielded approximately 10 000 units at a grant cost of R1.2 billion.

2.2.3. Community Residential Units (CRU) Programme

The Community Residential Units (CRU) Programme replaced the Hostel Re-development Programme in 2006 and is contained in the 2009 National Housing Code. The CRU Programme aims to provide rental accommodation – also referred to as “family units” - to poor households who are unable to enter the formal private rental or social housing market and currently access informal rental housing. It is intended to redevelop or develop public hostels owned by provincial departments and municipalities, public housing stock which cannot be transferred to individual ownership, publicly-owned rental stock developed after 1994, existing dysfunctional, abandoned or distressed buildings in

38 See http://www.shra.org.za/investment/capital-investment
39 DHS “Social Housing Policy” p. 32.
40 See http://www.shra.org.za/investment/funded-projects
41 Social Housing Regulatory Authority (SHRA) “Annual Report 2011/12” p. 25.
42 The Hostel Re-Development Programme was contained in the 2000 National Housing Code and provided grant funding for the upgrading and/or conversion of hostels owned by public sector institutions in order to create “humane living conditions” and provide affordable housing opportunities on either a rental or ownership basis.
43 DHS “Community Residential Units” Volume 6, Part 3 of the National Housing Code (2009).
inner cities or township areas that have been taken over by a municipality, and new public rental housing assets.

The CRU Programme targets households earning between R800 and R3 500 per month, specifically existing residents of public housing stock, but also people displaced as a result of informal settlement upgrading or evictions, new applicants drawn from the provincial or municipal housing “waiting list”, and other indigent groups who can afford to pay the rent and services. Under the CRU Programme, housing stock must be owned by a provincial housing department or municipality and remain in public ownership. Housing stock cannot be sold or transferred to individual owners and there is no pre-emptive right to purchase a unit, as can be the case with the Institutional Subsidy Programme.

Funding is provided for the capital costs of project development and long-term capital maintenance costs. Funding of operating costs has to come from rental income. According to the CRU Programme, “rent setting needs to be done in such a manner to ensure that operating costs are covered but also ensuring affordability for the target market. Therefore cost-recovery rentals will apply.” Cost-recovery rentals are calculated using the standard m² rate, which is determined by taking the total operating budget for the housing stock and dividing it by the total m² of housing stock that the municipality or provincial department owns. The CRU Programme is administered by municipalities or provincial government which can choose to manage the housing stock in-house, or outsource the management to an accredited SHI, private company or municipal entity.

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44 Ibid. p. 12.
(as long as all costs related to the units forming part of a specific scheme can be financed within the operating budget for the specific housing stock).

A 2010 analysis of the CRU Programme found that the policy environment is incomplete, that there is a lack of regulation around some critical aspects of the programme, and that there are numerous challenges with implementation of the programme. In terms of implementation, the analysis highlights the fact that while a relatively high subsidy per unit is available, the programme is viewed by many as pure hostel upgrading, or as a glorified maintenance programme for council-owned flats, as opposed to creating new rental units and opportunities. The historical challenges with public rental housing, including “ageing rental portfolios in poor condition and with low levels of payment” often a result of poor administration and management, have affected provincial and local government’s “appetite” for developing new rental housing units.\(^46\) Indeed, according to the SHF in 2005, “public housing stock has long been the thorn in the side of provincial and municipal governments” with the focus being to transfer public housing stock as quickly as possible to residents.\(^47\)

Further, it appears that the CRU Programme has been conducted in an ad hoc way, often in response to local pressures and without proper strategies to ensure alignment with policy and developmental objectives. There has also been much confusion around the allocation and disbursement of funding for CRU projects, as well as lack of clarity about the roles and responsibilities of provinces and municipalities. Further, there is a tension between the high cost of managing property and the charging of cost-recovery rentals, versus low affordability levels and the challenge of non-qualifying existing tenants. Concern has also been expressed over the manner in which the CRU Programme is being rolled out by local government, with little emphasis on the long-term operational sustainability of CRU projects.\(^48\)

Unlike the previous two rental programmes discussed, the CRU Programme does not fall within the mandate of the SHRA and is therefore not regulated. Further, the CRU Programme was meant to be reviewed, however this has not yet occurred. According to the DHS, a CRU policy review was meant to be finalised and submitted for approval during the 2012/2013 financial year, however this has not happened.\(^49\)

Table 1 below summarises some of the key aspects of each of the national rental housing subsidy programmes outlined in this section.\(^50\)

\(^{46}\) J Pienaar “Community Residential Units: Key Elements, Application, Implications for Metros” Presented at the Municipal Leadership Housing Forum (20-21 May 2010).

\(^{47}\) SHF “Position Paper: Public Housing Stock” p. 1. Most public housing was inherited by municipalities after 1994, along with a number of problems around non-payment of rent and poor maintenance. Municipal councils and provinces were mandated to transfer public housing stock to residents through the Discount Benefit Scheme (DBS), put in place in 1997. By 2005 over 400 000 public housing units had been transferred to residents.


\(^{49}\) DHS “2012-2013 Annual Report” p. 57.

\(^{50}\) SALGA “What you need to know about rental housing: a guide for municipalities” (2009).
Table 1: National Rental Housing Subsidy Programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>Income per month</th>
<th>Housing type and tenure</th>
<th>Funding</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Subsidy Programme</td>
<td>&lt; R3 500</td>
<td>Publicly- or privately-owned rental stock, long-term rental or rent-to-buy</td>
<td>Institutional subsidy for capital costs to SHIs</td>
<td>SHRA</td>
</tr>
<tr>
<td>Social Housing Programme</td>
<td>R1 500- R7 500</td>
<td>Self-contained units e.g. bachelor flats, long-term tenure, monthly lease</td>
<td>Restructuring Capital Grant (RCG) to SHIs</td>
<td>SHRA</td>
</tr>
<tr>
<td>Community Residential Units (CRU) Programme</td>
<td>R800- R3 500</td>
<td>Publicly-owned units, long-term rental</td>
<td>CRU capital subsidy to municipalities or provinces. Private companies can manage stock, but operating costs come from rental income.</td>
<td>Provincial government or municipalities</td>
</tr>
</tbody>
</table>

Table 2 below summarises the different types of subsidised rental housing that are developed in terms of the above subsidy programmes.51

Table 2: Types of Subsidised Rental Housing

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Income per month</th>
<th>Rental per month</th>
<th>Housing type and tenure</th>
<th>Applicable Subsidy/ Programme</th>
<th>Examples in Johannesburg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communal housing units</td>
<td>&lt; R3 500</td>
<td>R450 - R800</td>
<td>Individual rooms with shared communal facilities, long-term rental, with a monthly lease.</td>
<td>Institutional Subsidy</td>
<td>Chelsea Communal Rooms (JOSHCO)</td>
</tr>
<tr>
<td>Community residential units / family units</td>
<td>R800- R3 500</td>
<td>R200- R800</td>
<td>Self-contained units, long-term rental</td>
<td>Community Residential Unit (CRU) Programme</td>
<td>City Deep Village (JOSHCO)</td>
</tr>
<tr>
<td>Transitional housing units</td>
<td>R450 - R1 250 for individuals; &lt; R2 500 per household</td>
<td>R150- R450 per unit, R90-R165 per bed</td>
<td>Shared rooms or individual rooms, short-term rental, 6-24 months</td>
<td>Institutional Subsidy</td>
<td>Linatex House (JOSHCO)</td>
</tr>
</tbody>
</table>

51 SHF “Exploring Transitional and Communal Housing” p. 78.
<table>
<thead>
<tr>
<th>Shelters</th>
<th>RO-R500</th>
<th>RO-R90 per bed</th>
<th>Dormitories or shared rooms, overnight accommodation, maximum of 6 months</th>
<th>Institutional Subsidy for capital costs to public or private institutions; social welfare subsidies</th>
<th>Ekuthuleni Shelter (MES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social housing units</td>
<td>&lt; R3 500</td>
<td>R800-R1 500</td>
<td>Self-contained units e.g. flats, long-term rental with monthly lease</td>
<td>Restructuring Capital Grant (RCG), Social Housing Programme and Institutional Subsidy</td>
<td>AA House (JOSCHO)</td>
</tr>
</tbody>
</table>

In 2008 the DHS published its National Rental Housing Strategy with the objective to gear rental housing provision to scale and address affordability and access to rental housing for lower income groups. The Strategy focused on low-income groups (earning R800-R3 500 per month) and middle-income groups (earning R3 500-R7 500 per month). It outlined an implementation plan for the Social Housing Programme and the CRU Programme, as well as the Institutional Subsidy Programme. It envisaged the delivery of 100 000 rental units by 2011/2012: 75 000 social housing units for middle-income earners and 25 000 CRUs for low-income households.

In March 2010 the President and the Minister of Human Settlements signed the Outcome 8 delivery agreement on “Sustainable Human Settlements and Improved Quality of Household Life” (Outcome 8), which forms part of national government’s focus on delivery and implementation of 12 prioritised outcomes between 2010 and 2014. Outcome 8 includes a sub-output on rental housing for the “increased provision of well located and affordably priced rental accommodation to 20 000 units per annum (80 000 units over 4 years up to 2014)”. The Outcome 8 delivery agreement highlighted the number of households that rent in relation to income bands in the country, noting that 57% of those renting earn less than R3 500 per month.

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52 DHS “National Rental Housing Strategy” (2008).
53 SALGA “Good Practices in Rental Housing” p. 4.
54 GCIS “Plan to upgrade 500 000 shacks by 2014” (23 February 2010).
Table 3: Number of Households Renting in South Africa by Monthly Income Band

<table>
<thead>
<tr>
<th>Monthly income band</th>
<th>Total number of hhs in South Africa</th>
<th>Number of hhs that rent (percentage of total number of hhs in income band)</th>
<th>Percentage of total number of hhs that rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than R850</td>
<td>2 532 053</td>
<td>355 796 (14%)</td>
<td>15%</td>
</tr>
<tr>
<td>R850-R1 500</td>
<td>2 273 981</td>
<td>303 958 (13%)</td>
<td>13%</td>
</tr>
<tr>
<td>R1 500-R3 500</td>
<td>3 436 947</td>
<td>662 609 (19%)</td>
<td>28%</td>
</tr>
<tr>
<td>R3 500-R7 500</td>
<td>1 906 039</td>
<td>493 731 (26%)</td>
<td>21%</td>
</tr>
<tr>
<td>R7 500-R10 000</td>
<td>537 583</td>
<td>182 068 (34%)</td>
<td>8%</td>
</tr>
<tr>
<td>R10 000 +</td>
<td>1 770 978</td>
<td>340 289 (19%)</td>
<td>15%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>12 457 581</td>
<td>2 312 672 (19%)</td>
<td>100%</td>
</tr>
</tbody>
</table>

The delivery agreement identifies three state-subsidised interventions: social housing (household income of R1 500 to R7 500 per month), public rental housing (delivered through the CRU programme targeting those with a household income of R800 to R3 500 per month); and the institutional housing subsidy (household income of R1 500 to R3 500 per month). It also refers to small-scale and corporate private rental sectors as important interventions. Small scale private rental is identified as “the most significant provider of affordable rental housing in relatively well-located areas”, with some indirect costs to local government, while the corporate private sector rental “provides well-managed rental housing in inner cities at quite affordable prices.”

In terms of outputs, the delivery agreement provides a target to provide 20 000 affordable rental housing units per year for four years, to comprise a total of 80 000 units by 2014. This target includes:

- 24 312 units in terms of the Social Housing Programme;
- 20 000 units in terms of the CRU Programme;
- 8 487 units in terms of the Institutional Subsidy Programme; and
- 26 600 units in the private rental housing sector (including small scale and larger corporate sector landlords).

The inclusion of private sector rental housing in these targets has been questioned by the Parliamentary Portfolio Committee on Human Settlements in the past, as DHS does not have a national private sector strategy, despite being requested to present one. According to the DHS’s 2012/2013 Annual Report, a national private sector strategy to guide the implementation of private rental housing was meant to be finalised and submitted for approval, however this has not occurred.

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57 Ibid.
58 Ibid. p. 10.
59 Ibid. p. 30.
To date the rate of delivery of low-income rental housing has been disappointing. According to DHS, it does not have adequate budget to meet the target of 80,000 units, and would settle for 70% of the target achieved. As of September 2013 a total number of 33,020 affordable rental units had been provided, representing 41.3% of the total target by 2014 of 80,000 units (after three years). As of September 2013, 12,373 CRU units were provided, up from 11,136 units in September 2012. This represents 49% of the target of 25,000 CRUs by 2014 outlined in the National Rental Housing Strategy or 61% of the Outcome 8 target. In terms of social housing, the SHRA lobbied DHS and National Treasury to increase its budget, which went up by R2 billion to R3.8 billion. According to SHRA, “the capital programme will yield 21,000 units over the Medium Term Expenditure Framework (MTEF) which will contribute 90% to the 24,000 units required by Outcome 8.” Further, a pipeline of projects has been established, which the SHRA expects will yield approximately 95,000 units over 6 years. As of 2010, there were 33 SHIs in the country, managing around 29,000 units.

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62 According to the DHS, if units built in terms of the Urban Settlement Development Grant (USDG) are counted, then the figure increases to 37,189 units (46.5% of 2014 target). If private rental units delivered during the period are counted (10,368 units) then the total number delivered is 47,557 units representing 59.4% of the 2014 target. DHS “Progress: Outcome 8 of the Programme of Action” Presented to Select Committee on Public Services (5 November 2013).

63 A Bertoldi and G Reid “Social Housing Regulatory Authority (SHRA): Background & Overview” Presentation to Municipal Leadership Housing Forum (20 May 2010).
Urban Regeneration and Low-Income Housing in Inner City Johannesburg
Despite a plethora of complex policies and programmes, there is a large unmet demand for low-income rental housing in South Africa, particularly in its largest cities and specifically in the City of Johannesburg, the country’s largest city. The gap in demand for and supply of low-income rental accommodation is particularly acute in the inner city of Johannesburg.

Like many inner cities, Johannesburg’s inner city has experienced a dramatic decline and regeneration over the past 50 years. In terms of decline, the story begins with so-called ‘white flight’ of middle- to upper-class households during the 1960s and 1970s to the northern suburbs, together with businesses, banks, law firms etc; then moves to the occupation of inner city buildings by black South Africans when racial segregation and regulation broke down towards the end of apartheid. Non-payment of rates and services by owners who left, or by managing agents who did not pass on the payments, then led to unmanaged and unmaintained buildings which became overcrowded. Public services deteriorated due to neglect by owners and the municipality, the latter cutting off water, sanitation and refuse removal services to buildings and failing to act on non-payment and abandonment. From the 1990s to early 2000s the perception of the inner city was one of ‘crime and grime’, urban decay and anarchy.

The regeneration narrative emerged in the late 1990s after the City of Johannesburg identified the inner city as a priority area for urban renewal, and instituted a number of interventions to ‘halt decline’ and clean up ‘crime and grime’. The focus of these efforts was very much on enticing property investors back into the inner city to kick-start investment and development. In 1992, the Johannesburg Transitional Metropolitan Council (JTMC) - now the City of Johannesburg - and the private sector established an official relationship in the form of the Central Johannesburg Partnership (CJP). The CJP was driven by a collection of inner city property owners, developers and the City. In 1998 the CJP formed the Inner City Office (ICO) to administer inner city development. In 2001 much of the preliminary work of the ICO was institutionalised in the newly established Johannesburg Development Agency (JDA), the City’s development agency tasked with managing and facilitating developments in the city. Over the years the ICO, JDA and various City departments have developed a number of housing-related policies and initiatives that are detailed below.

3.1. Policies, Plans, Strategies and Programmes

Over the past 20 years, a number of policies, plans, strategies and programmes have been developed to drive investment and renewal in the inner city of Johannesburg. Most of these initiatives have focused on or included a component on low-income housing.

3.1.1. Transitional Housing Programme

In 1995 the Inner City Shelter Forum (ICSF) was formed as a partnership between local government and community organisations to find effective ways of dealing with homelessness in inner city Johannesburg. The strategy for transitional housing grew out of the ICSF and led to the adoption of the Policy on Inner City Transitional Housing in 1996 by the Greater Johannesburg Metropolitan Council (now the City of Johannesburg). The ICSF
focused on the role of national and provincial housing departments to enable transitional housing to be incorporated into provisions for institutional housing subsidies.\(^{64}\) In 1997, a provincial transitional housing strategy entitled Interim Guidelines for the Subsidisation of Temporary Shelters: Pilot Project: Gauteng (Interim Guidelines) was adopted by MINMEC\(^ {65}\) as the basis for a pilot programme on transitional housing. Five transitional housing shelters were developed in Johannesburg through the transitional housing programme. According to the City, “this was the first of various policies and plans specifically targeting the circumstances of desperate people in the Inner City.”\(^ {66}\) In 1998 the Transitional Housing Implementation Team (THIT) was formed as a sub-committee of the ICSF, to facilitate and coordinate the pilot project of five transitional housing projects in the inner city.\(^ {67}\)

Transitional housing was essentially shared rooms with communal facilities. According to Lone Poulsen:\(^ {68}\)

> [D]uring the implementation process [of the pilot programme] it became very clear that Transitional Housing played a very important role in the delivery of housing to homeless persons. However, the fact that this was only short term accommodation proved to be a problem when the incumbent tenant’s time was up as there was very little in the way of suitable and affordable accommodation for them to move on to. The majority of residents that left transitional housing projects either became homeless again by returning to the streets or had to resort to slumlord accommodation (Poulsen 2000). It was thus established that there was a need for affordable well managed accommodation that would provide rooms for this lower income group. The term Communal Housing was coined to denote long term tenure for the rental of rooms.\(^ {69}\)

By 1999 the programme had come to a halt.\(^ {70}\) Research conducted in 2000 on the transitional housing projects (including Cornelius House\(^ {71}\) in Marshalltown, Douglas Rooms\(^ {72}\) in Troyeville, Ekuthuleni Shelter\(^ {73}\) in Joubert Park and Florence House\(^ {74}\) in Hillbrow)

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\(^{64}\) SHF “Exploring Transitional and Communal Housing” p. 13.

\(^{65}\) MINMEC is a standing intergovernmental body consisting of at least the Minister of Human Settlements and the MECs responsible for housing.

\(^{66}\) City of Johannesburg “Inner City Housing Action Plan” (November 2007) p. 3.

\(^{67}\) The THIT was dissolved in 2000 and replaced by the Transitional Housing Association of South Africa (THASA), which was a loose forum of transitional housing institutions in Gauteng. SHF “Exploring Transitional and Communal Housing” p. 13.

\(^{68}\) Prof Lone Poulsen is an architect with extensive experience of inner city rental housing, particularly transitional and communal housing. She is currently Chairperson of Madulammoho Housing Association.


\(^{70}\) SHF “Exploring Transitional and Communal Housing” p. 13.

\(^{71}\) Cornelius House was originally established in 1998 by the Johannesburg Trust for the Homeless and was taken over by Madulammoho in December 2005. It consists of 67 transitional housing units and 14 communal units. See [http://www.mh.org.za/projects/cornelius-house](http://www.mh.org.za/projects/cornelius-house)

\(^{72}\) Douglas Rooms was developed by the Johannesburg Housing Company (JHC).

\(^{73}\) Ekuthuleni Shelter was officially launched in 1999, with the Mayor of Johannesburg acting as patron and guardian of the project until the end of 2000. The shelter was and continues to be run by Metropolitan Evangelical Services (MES). SHF “Exploring Transitional and Communal Housing” p. 32.

\(^{74}\) Florence House was developed into a transitional housing project by the Learn and Earn Trust, however it has faced a number of challenges over the years and, according to the trust, it has “lost control of parts of the building through hijacking, trespassing and fraud.” See [The Star “An ‘illegal mortuary’ operates here” (28 September 2012).](https://www.thestar.com/news/article/4168859/an-illegal-mortuary-operates-here)
showed that they were quite different in the way they functioned and managed their facilities, their location in the city, services and support offered, and living environments. While each of the projects obtained capital funding in the form of institutional subsidies allocated in terms of the Interim Guidelines, they all relied heavily on outside funding and assistance for day to day running costs and maintenance of facilities. The managing organisations had to ensure ongoing fundraising to sustain the projects, as the rentals charged could not cover the costs. The report found that the initial six months period of stay was “not long enough to get people on their feet” and this was extended to 18 months. Other key issues raised in relation to transitional housing in Gauteng, according to a 2004 evaluation commissioned by the Social Housing Foundation (SHF), include: monitoring of the sector, capacity, funding (particularly lack of operational funding), and the applicability of the Rental Housing Act.

The intended temporary nature of transitional housing meant that living conditions were deliberately made uncomfortable to ‘incentivise’ people to move on after a certain period. According to Poulsen:

> **Transitional Housing is caught in the very delicate dilemma between providing short term accommodation which is better than being on the street and/or other unacceptable living environments; and not being too comfortable to become permanent accommodation. Living environments which enable people to get their lives together but still feel a certain amount of discomfort to encourage them to move onto something better.**

However, one of the main challenges with transitional housing was the fact that it was operating in a context where there was a shortage of all forms of housing. The report outlines a social housing continuum: shelters (those earning R0-450 per month); transitional accommodation (those earning R450 or more); communal housing (people earning R1 250 to R2 500); and social housing (people earning R3 500 to R7 500). According to Poulsen, the transitional housing income bracket included people not considered to be homeless or destitute, but simply informally employed or non-permanent. Therefore, “at the other end of the period of transition there is very little affordable ‘formal’ provision of housing for people from Transitional Housing to move to” as the provision of social housing tends to be too expensive and “the rental gap is too high for people to cope with whilst still in a relatively unstable employment situation.” Her report acknowledges that there are people within transitional housing who could probably move on to better accommodation if it were affordable but that “unless there is serious consideration given to access to affordable housing to move onto, the transitional

76 Ibid. p. 8.
77 Ibid.
78 Ibid. p. 9.
80 Poulsen “The Transitional Housing Programme for the Inner City Homeless Community of Johannesburg” p. 10.
81 SHF “Exploring Transitional and Communal Housing” p. 15.
82 Poulsen “The Transitional Housing Programme for the Inner City Homeless Community of Johannesburg” p. 11.
The majority of residents that leave transitional housing are homeless again and are forced to return to the street dwelling. This defeats the purpose of trying to address homelessness in the cities. The issue of tenure or duration of stay needs further consideration especially in the context of the massive housing crisis which faces cities. It is important to come up with tenure offerings that provide security of tenure and a long-term solution to housing problems in the cities. Therefore the need to consider filling the gaps in the housing continuum.

The evaluation recommended that national and provincial subsidy policy for transitional housing should be reviewed “to include some kind of ongoing subsidy for management and maintenance. The institutional subsidy at present is limited to a once off capital payment but if Transitional Housing is to achieve its objectives then the allocation of a subsidy to one unit would over time benefit many units and, therefore, a form of operational subsidy would greatly improve the long term sustainability of the project.” Indeed, research shows that there is great demand for this form of accommodation as other forms of rental and social housing are becoming unaffordable to low-income groups.

However transitional and communal housing did not develop further than the pilot project. Metropolitan Evangelical Services (MES), a faith-based NGO involved in the Transitional Housing Programme as part of its residential care model, has stated that government pulled out of funding transitional and communal housing as it moved towards funding self-contained social housing units. MES eventually got funding from the Department of Social Services to support its residential care model, and in 2004 established the Madulammoho Housing Association to focus on the housing component of its social development model. Madulammoho currently runs Cornelius House and MES runs Ekuthuleni Shelter.

3.1.2. Seven Buildings Programme

Around the same time that the Transitional Housing Programme was getting underway, another housing initiative was implemented in the inner city. In 1992 the CJP was founded

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83 Ibid.
84 SHF “Exploring Transitional and Communal Housing” p. 85.
85 Ibid. p. 18.
86 Ibid p. 66.
87 Madulammoho “Madulammoho Story” p. 2.
and it established the Inner City Housing Upgrading Trust (ICHUT) – which later became the Trust for Urban Housing Finance (TUHF).\(^8\)

The ICHUT provided bridging finance to inner city housing projects and in 1997 it provided a bridging loan to fund the upgrading of seven buildings as part of the Seven Buildings Project. In terms of the project existing tenants of seven dilapidated inner city buildings (owned by a single owner) became the first people to receive institutional housing subsidies to purchase the buildings in 1996.

However by 2000 the Seven Buildings Project had collapsed and the company administering the project was liquidated in 2002, prompted by the ICHUT. In 2003, the buildings were sold at a public auction to private landlords, the Johannesburg Housing Company (JHC) and, in two cases, to the tenants of the buildings themselves. The failure of the project raised a number of questions around the viability of collective housing and ownership models, cross-subsidisation, and the role of tenants in the maintenance and management.\(^9\)

### 3.1.3. Bad / Better Buildings Programme (BBP)

In 1998 the CJP formed the Inner City Office (ICO) to administer inner city development.\(^9\) One of the first initiatives of the ICO was to develop a housing programme called the Programme on Bad Buildings and Other Buildings in Arrears in the Johannesburg Inner City – referred to initially as the Bad Buildings Programme, and later as the Better Buildings Programme. The Bad/Better Buildings Programme (BBP) was approved in principle in January 1999 by the municipal council. According to Margot Rubin, the BBP “encapsulated the property-led and market-based vision of urban renewal: the idea was that in order to regenerate the Johannesburg inner city, there would have to be a functional property market led by a partnership between the local authorities and the inner city property owners and developers.”\(^9\)

The BBP aimed to identify inner city buildings that were ‘bad’ – buildings abandoned by owners, derelict, overcrowded, contravening by-laws and other legislation, housing criminal activities, with arrears in rates and service charges exceeding the value of the building etc - and to acquire them

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\(^8\) In 2003 TUHF was established by the National Housing Finance Corporation (NHFC) as National Regeneration Fund for the refurbishment of inner city buildings. Over the years TUHF has attracted funding from a number of state entities and private companies to expand the inner city housing market. See P Jackson “Financing Rental Housing in South African Cities” (April 2010); L Bethlehem “A New Dynamic – Urban Regeneration in the Joburg CBD” Journal of the Helen Suzman Foundation 69 (June 2013) p. 23.


\(^9\) In 2001, much of the preliminary work of the ICO was institutionalised in the newly established Johannesburg Development Agency (JDA), the City’s development agency tasked with managing and facilitating developments in the city. Between 2001 and 2006 the JDA focused on “creating an environment to attract new investment and increase occupancy levels in the inner city” as well as developing the city’s cultural and tourism potential within specific areas e.g. Newtown, the Fashion District, Greater Ellis Park, and Braamfontein. This was done through the JDA facilitating capital investments and other programmes involving public and private-sector stakeholders. See JDA “About the JDA”: http://www.jda.org.za/who-we-are/about-the-jda

to sell to private developers at a price equivalent to the debt owed to the council or discounted to the market value of the building.92

The City explored the model of placing targeted buildings into a section 21 not-for-profit company and either giving them away or selling them at reduced rates to new owners, writing off arrears and debts in the process. This model would entail the City evicting occupants from the buildings and providing a vacant building to a developer in exchange for having some say in refurbishment and future use of the building. Although this plan was passed by the municipal council in 2000, very little was actually implemented.93 This was because only existing inner city landlords were both willing and able to participate in the BBP, which limited the pool of people who could be called upon to actually renovate the buildings. Secondly, loan funding in the inner city was in short supply as the ICHUT was tied up in the controversial Seven Buildings Project, as outlined in section 3.1.2. In 2001 the BBP was reinvigorated with funding from the City; however the new model adopted - where the City would fund the refurbishment costs of the building and the purchaser could repay the City over ten years at a fixed rate of 10% - was also never implemented. For two years very little occurred in terms of the BBP, “partially due to a lack of both political will and bureaucratic capacity.”94 In 2003 the BBP was moved to the Johannesburg Property Company (JPC)95 and renamed the Better Buildings Programme.

92 N Fraser “Reconsidering bad buildings” Joburg News Agency (15 March 2010).
93 Ibid.
94 Ibid.
95 The Johannesburg Property Company (JPC) is a municipal-owned entity (MOE) that manages and develops the City of Johannesburg’s council-owned property portfolio. The JPC is governed by the Municipal Systems Act and the MFMA.
The new version of the BBP intended that the City take some form of ownership (whether through a trust or parastatal) and then sell the buildings to private developers to cover what the buildings owed the City. The aim was that residential stock would be developed and the inner city ‘rejuvenated’, as well as the City recovering some of the arrears on the buildings.96

While inner city property developers were enthusiastic about the BBP and the opportunities to make a profit, there were a number of challenges with the roll-out of the programme. According to Executive Mayor, Amos Masondo, the BBP was “hamstrung by a number of factors such as the lengthy expropriation process, the screening of participants and the requirements to provide transitional housing to people who have been evicted.”97 Indeed, the BBP relied on the City’s Finance Department to write off debt in order for the buildings to be transferred to new owners; however there was a lot of resistance to this as the department’s performance - as individuals and as a unit - was measured on how much money they recouped, especially on properties with large arrears.98 Another challenge was that the Transitional Housing Programme (described in section 3.1.1), which was meant to assist evicted residents, was abandoned after the pilot phase. Between 2004 and 2006 a number of people (the exact figure remains uncertain) were evicted from BBP buildings, even though the buildings did not go through the full programme and were never transferred to new owners. Consequently there was nowhere for the evicted people to go and no state provision for the people who had been made homeless by this programme.

Another challenge was that the BBP was moved from department to department and never had an institutional home. The BBP started in the ICO where it enjoyed support from many of the people who had originally designed and lobbied for it. It was then moved to the City’s Housing Department, which proved unsuccessful as the Housing Department’s performance was measured on the provision of freestanding state-subsidised houses and the BBP did not fit. The BBP stagnated until it was transferred to the JPC in 2003, which established a dedicated implementation unit tasked with upgrading 3 000 to 5 000 units by June 2006.99 However the JPC had a mandate to distribute property ownership more equitably and the BBP appeared to favour white property owners. Institutional changes at the JPC also led to the BBP being moved again, this time to the City’s Department of Economic Development (DED). In 2007 the DED took a decision to focus the programme on Black Economic Empowerment (BEE) by facilitating the development and acquisition of inner city buildings by private property investors from disadvantaged backgrounds (who could raise funding of R100 million). This developed into the Inner City Property Scheme (ICPS), which is discussed further in section 3.1.9. In parallel with the development of the ICPS, the City also renewed its interests in the BBP.

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96 Fraser “Reconsidering bad buildings”.
97 Amos Masondo “Statement by the Executive Mayor of the City of Johannesburg on the occasion of the media briefing on progress of the Inner City Property Scheme (Project)” (6 April 2011).
98 Rubin “The Bad Buildings Programme”.
and in 2009 developed a working document for discussion. This is discussed further in section 3.1.10.

While a total of 122 buildings were identified as part of the BBP, mainly on the basis of outstanding arrears, it is estimated that only 12 buildings – less than 10% - went through the entire process. These buildings were sold to the Johannesburg Housing Company (JHC), Cope Housing Association (now defunct) and Madulammohlo. The remaining buildings now form part of the ICPS portfolio (see section 3.1.9).

3.1.4. Inner City Position Paper

In December 2000 the new Executive Mayor, Amos Masondo, placed increased importance and urgency on the regeneration of the inner city, with “Inner City Renewal” being declared one of six mayoral priorities. The City’s 2001 Inner City Position Paper included a section on housing, and estimated that there were 10 000 units in the inner city in varying degrees of disrepair:

- 5 000 units in a very poor state of repair (to be included in the BBP);
- 2 000 units in an extremely poor state of repair (to be considered for demolition);
- 3 000 units in poor state of repair (to be considered for improvement grants).

The position paper states that addressing the poor condition of ‘bad’ buildings is a key priority for the City, to be undertaken through the BBP. So too is the development of new social and transitional housing units to meet demand. According to the City:

**Further investment in inner city social housing by Provincial Government, the private sector and NGOs needs to be encouraged as an effective means of meeting housing needs for the R1 500 – R3 500 income group. Further investment in Transitional Housing by Provincial and National Housing Departments to meet the housing needs of the poorest sections of the inner city community needs to be encouraged.**

The position paper also makes it clear that “developing housing opportunities for middle income housing in the inner city is a key priority” and that the goal is to attract middle class residents back to the inner city and, in the longer term, to attract upper-middle class residents. According to the position paper, this is important for the overall economic well-being of the city.

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100 The JHC is a private sector, non-profit social housing institution operating in inner city Johannesburg. It manages a total of 29 buildings consisting of 3 462 social housing units.
102 Ibid.
103 Ibid. pp. 8-9.
3.1.5. Joburg 2030 Master Plan

In 2002 the City launched its Joburg 2030 Master Plan, which contains the long-term economic vision for the City, aimed at boosting investment and raising economic growth in order to turn Johannesburg into a “world-class African city.” In terms of a policy for low-income housing, the Joburg 2030 Master Plan states that “the policy should look at rental stock in the light of the fact that many low-income households may in fact migrate over time to cities that offer greater opportunities to less skilled workers. Second the policy must look at accommodation options given that the price of land will increase and higher densification occur. Third the policy must consider that incomes will increase substantially over the next thirty years and low cost housing demand will decrease as the demand for middle and upper income housing increases.”

The Inner City Regeneration Strategy (ICRS) was published the following year and is directly linked to Joburg 2030.

3.1.6. Inner City Regeneration Strategy (ICRS)

In 2003 the Inner City Regeneration Strategy (ICRS) was published, emanating from the Joburg 2030 Master Plan. The ICRS sets out a number of targets to be achieved to ‘rejuvenate’ the inner city and halt its social and economic decline. The explicit aim of the ICRS is to entice businesses and middle- and upper-class residents back into the inner city and to “raise and sustain private investment leading to a steady rise in property values.” One of the five pillars of the ICRS is the combating of what the City terms “sinkholes”, which are defined as areas of accelerated or chronic urban decay, poor infrastructure, ‘bad’ buildings and high crime. In 2002 the Inner City Task Force, comprising various City enforcement agencies and tasked with the job to identity buildings that contravene health and safety by-laws, was formed.

The ICRS has been criticised for placing too much emphasis on cleaning out inner city slums or ‘sinkholes’ to attract urban investment, and not enough on the question of how poor inner city residents might benefit from large urban renewal initiatives. According to COHRE in 2005:

In contrast to the zeal with which it is enforcing health and safety bylaws, the city of Johannesburg appears unable to provide affordable housing alternatives at any adequate scale for those it evicts in the process. Indeed, the most tangible effect of the regeneration strategy upon the poor of the inner city seems, at this stage, to be a widespread fear of impending eviction.

The wide-spread inner city evictions prompted by the ICRS led to litigation against the City and property owners. In some ways, this litigation has come to characterise opposition to the ICRS and inner city regeneration.

105 For more on the ICRS see http://www.joburg-archive.co.za/2006/pdfs/final_term/Chapter11.pdf
106 COHRE “Any Room for the Poor?” p. 21.
3.1.7. Urban Development Zone (UDZ)

The Urban Development Zone (UDZ) tax incentive scheme was established in 2004 and is administered by National Treasury with the aim to address urban decay in South Africa’s inner cities by promoting private sector-led investment in commercial and residential developments. The UDZ tax incentive covers an accelerated depreciation of investment made in the refurbishment of existing properties, or the creation of new developments, in demarcated areas over a period of time. This amounts to generous tax breaks to those investing in commercial, residential and retail development. The incentive was initially only to be in place for five years, however in early 2008 the Minister of Finance announced that the UDZ incentive would be extended for another five years till 2014.

The City of Johannesburg has designated an UDZ of about 18 km², which includes the inner city and a number of surrounding areas. The UDZ has been an important tool to push inner city regeneration.

3.1.8. Inner City Regeneration Charter and Inner City Housing Action Plan

In 2007 an Inner City Summit was held as an initiative of then Executive Mayor Amos Masondo. The Inner City Regeneration Charter was subsequently published. The Charter details the City’s commitments in a number of different areas, including residential development. It outlines the need to: support private sector developers building residential accommodation; provide emergency and transitional accommodation; support poorer households to access residential accommodation through the extension of the social package of subsidised basic services; reformulate the BBP; promote ownership options and sectional title support; and upgrade hostels and informal settlements.

A number of Charter commitments were drawn up, to be fulfilled between 2007 and 2011. In terms of housing, an Inner City Housing Action Plan was published in November 2007 to give more substance to the residential development section in the Charter. The plan had as its frame of reference the fact that there is a “rapidly growing need for accommodation in or near to the Inner City” and that this growth has occurred “in a context of limited supply and low affordability levels on the part of those currently wanting accommodation”, which translates into an effective demand “which is increasingly being met by ‘informal providers’ in sub-divided and sublet apartments, slummed and hijacked buildings, and illegally converted commercial and industrial properties.” The aim in 2007 was for at least 50 000 (and ideally 75 000) new residential units to be developed by 2015 either in the inner city or near to it “with 20 000 units in lower income bands.”

The plan outlines a multi-disciplinary approach to proactively deal with ‘bad’ buildings, including combating criminality that exists in some buildings, enforcing by-laws and

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108 City of Johannesburg “Inner City Regeneration Charter” (July 2007).
109 City of Johannesburg “Inner City Housing Action Plan” (November 2007) p. 3.
110 HDA and NASHO “Reviving Our Inner Cities” p. 16.
national regulations, and dealing with landlords. The premise underlying the plan is that addressing the “problem of bad buildings directly should significantly reduce the implied ‘demand’ for low-cost accommodation that inevitably results from the requirement to move people out of harm’s way when buildings decay to the point that they are a health and safety emergency.” Where relocating people is necessary, the plan outlines three interventions: develop temporary accommodation; sequence moves out of ‘bad’ buildings into temporary accommodation; and move people out of temporary accommodation into alternative permanent accommodation. The City makes it clear that, as a matter of principle “it will not incentivize illegal activity by immediately moving to provide all unlawful occupants of decayed buildings with housing opportunities of the sort envisaged in government RDP-housing delivery programmes.”111 It does acknowledge that there is an obligation to provide temporary accommodation when people’s tenure is “disrupted” and states that “at a token rental, the City will therefore house people in its temporary accommodation until suitable alternative permanent accommodation can be offered.” In terms of permanent accommodation, the plan states that “typically the offer will consist of a suitably priced rental unit in a building owned either by a private sector or social housing provider, or by the City itself.”112

The Inner City Action Plan also refers to the need to increase shelters for homeless and vulnerable people as well as migrants. The City states that shelters are not permanent accommodation, with the duration of a stay between 3 days to a week, however it also states that “it is critical that by the end of the stay the relevant persons are able to access other forms of safe accommodation within the City, or they will resort to sleeping on the street or in bad buildings.”113 The plan also refers to developing a stock of emergency accommodation, which is required to cater for people affected by emergency situations or disasters. The City envisaged that 1 500 beds would be made available in the inner city for emergency purposes, predominantly comprising a dormitory-style environment with shared facilities.

The Inner City Action Plan states that, while disaster management guidelines provide for emergency accommodation to be available for approximately 72 hours, in some instances the length of stay can be extended to 14 days. According to the plan, “the City will not be responsible for re-housing of people affected by the disaster unless under exceptional circumstances.”114

An independent assessment of the Charter undertaken in 2011 criticised the delay in the delivery of the second phase of the Inner City Housing Action Plan. According to the assessment, this has had a significant ‘knock-on’ effect impacting delivery across a number of commitments that are contingent on the outcomes, strategic imperatives and objectives that this was anticipated to provide.115 In terms of specific outputs, the

111 City of Johannesburg “Inner City Housing Action Plan” p. 25.
112 Ibid. p. 25.
113 Ibid. p. 27.
114 Ibid. p. 28.
assessment noted challenges with a number of the Charter commitments related to residential development.

3.1.9. Inner City Property Scheme (ICPS)

As outlined in section 3.1.3, in 2007 the ICPS was developed to replace the BBP and was located within the City’s DED. The ICPS has the intention “to fulfil the City’s commitments made in terms of the 2007 Inner City Regeneration Charter as part of its overall objective of achieving the Joburg 2030 vision of economic growth, increased prosperity and improved quality of life for all its citizens.” The ICPS is driven by the private sector and involves “the transfer of a large portion of the City’s own inner city property portfolio (including City owned properties, expropriated properties, properties acquired through sales in execution and privately owned buildings) to the ICPS via a series of structured sale transactions.”

The ICPS was officially launched in 2011 by the Executive Mayor. In terms of the ICPS, the City initially retains ownership of the targeted buildings or properties, entering into a development lease with BEE investment consortia to develop the properties, after which they are sold to the developers. One of the conditions of the ICPS is that developers are required to comply with a mixed-use index where 30% of housing developed must be social housing.

Initially it was envisaged that a Transitional Housing Trust (THT) would be created which would provide transitional housing beds to the ICPS developers, who would in return contribute technical expertise in the refurbishment and management of transitional housing stock. In 2008 the City stated that it would provide buildings for this purpose, and an agreement would be entered into with the ICPS to commit to use the THT as its provider of transitional housing. An “exit strategy” from transitional housing facilities to permanent housing options for evictees was also envisaged, with the City outlining three possible options for the exit of people from transitional housing: people go back to original buildings, depending on affordability (estimated 40% of people); people are taken up by JOSHCO and other rental providers (estimated 40% of people); and so-called “RDP cases” who are unlikely to move out of transitional housing (estimated 20% of people).

There have been a number of problems with the implementation of the ICPS, even on its own terms. According to the independent report of the external auditors of the Inner City Charter for the period 2008/2009, the programme “has become a contentious matter for stakeholders and that limited reporting has been made available based on the sensitive

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116 City of Johannesburg “Expression of Interest: Establishment of an Inner City Property Scheme (ICPS) and Transitional Housing Trust (THT)” (2008).
117 Joburg News Agency “New inner city scheme” (7 April 2011).
118 City of Johannesburg “Update on Inner City Property Scheme” Johannesburg Business Forum presentation (November 2008).
119 Ibid.
120 Ibid.
and confidential nature of the information.”\textsuperscript{121} As of 2013, the THT had not been created, and there is as yet no comprehensive, programmatic approach to address those living in buildings that form part of the ICPS and are earmarked for development.

In 2011, a consortium of 8 companies was formed to take over 30 buildings for development as part of the ICPS. This portfolio is valued at an estimated R61 million, with 93% of the portfolio consisting of apartment blocks, 4% commercial buildings and 3% vacant land. According to Toproot Property, one of the companies involved, “the central focus of the ICPS is the acquisition by investors and developers of dilapidated, abandoned and illegally occupied or hijacked buildings. Once these buildings are acquired, they will be refurbished and brought in line with the building code of the city to become viable and productive economic assets.”\textsuperscript{122} The first phase of the ICPS has formally commenced, with the implementation of the ICPS requirement that the consortium deliver 30% of its housing units as social housing. According to Toproot, “there would thus be no further need for the consortium to deliver social housing units as this requirement has been fully complied with.”\textsuperscript{123} The consortium is in the process of developing two properties in Hillbrow as a first phase of the ICPS project: O’Reilly Street development, which is a greenfields development comprising 149 social housing units; and the renovation of Noverna Court, comprising 160 social housing units.

\textsuperscript{121} Thabiso Consulting “Findings of the Independent Assessment”.
\textsuperscript{122} Toproot “ICPS Background”: http://www.toproot.co.za/toproot_icps_projects_background.html
\textsuperscript{123} Toproot “ICPS Projects”: http://www.toproot.co.za/toproot_icps_projects.html
Therefore, 309 social housing units in total will be developed as part of the ICPS portfolio, with rentals between R1 500 and R2 200 per month. Of this, only 30% will be aimed at the lower end of the low-income bracket, which means that less than 100 units will be available for those earning between R1 500 and R3 500 per month. This is less than 10% of the total ICPS portfolio.

3.1.10. Bad Buildings Strategy

At the same time that the ICPS was being developed, but before it was officially launched in 2011, the City commissioned a study on ‘bad’ buildings. In March 2010 a working document entitled Strategy for Addressing Blighted Medium and High Density Residential ‘Bad Buildings’ in Johannesburg (Bad Buildings Strategy) was published.124 The Bad Buildings Strategy notes that ‘bad’ buildings are a manifestation of a large housing demand and limited supply; failure to enforce urban management; exploitation, criminality and corrupt practices; and a failure of in-building management. The strategy recommends a differentiated approach to dealing with each case of ‘bad’ buildings and suggests three work streams for law enforcement for buildings which are merely in poor condition, buildings where there is criminal activity, and for sectional title buildings. The Bad Buildings Strategy notes that a related housing supply strategy is essential to ‘bad buildings’ work, given that overcrowding and “slumlordism” are often the consequence of a shortage of affordable housing. Providing more affordable housing must therefore be part of the solution. The focus of the strategy is on improving conditions in existing occupied buildings where possible; increasing the stock of housing and range of housing options; lowering the cost of entry level rental; targeting well-located areas, including the inner city; and linking to other support programmes which offer social and economic assistance. An increase in the amount of diverse, affordable stock is recommended e.g. mixed income housing, social housing, rooms for rent (communal housing), shelters, and emergency or temporary accommodation.125

The Bad Buildings Strategy was neither adopted nor implemented by the City, with the ICPS approach implemented in 2011 (see section 3.1.9).

3.1.11. Joburg 2040 Growth and Development Strategy (GDS)

In 2011 the City also developed its Joburg 2040 Growth and Development Strategy (Joburg 2040 GDS), which is the City’s long-term strategy outlining its vision and mission, principles, outcomes, outputs and indicators intended to achieve the long term goal of a “liveable, resilient and sustainable city”. One of the key principles of the GDS paradigm is “eradicating poverty”, which includes:

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accommodating the poor, by working to ensure that they can find and retain
decent lowest-cost rental housing opportunities – without needing to resort to
a life lived in informal settlements and Inner City slums. A key priority is the
‘assimilation of the poor, ensuring they are not relegated to the margins of the
city, but can instead find residency in mixed-income residential spaces’.

Outcome 2 of the Joburg 2040 GDS is to “provide a resilient, liveable, sustainable urban
environment” with one of the associated outputs being “sustainable human settlements.”
The City is very much focused on transit-orientated development and the establishment
of so-called “Corridors of Freedom”, which aim to transform the city’s urban form by
developing high-density mixed-use developments along corridors corresponding with
mass transit routes like the City’s bus rapid transport, the Rea Vaya.

The Joburg 2040 GDS also forms the basis for a number of other documents developed
by the City recently, including the 2013/2016 Integrated Development Plan (IDP). The IDP
is focused on implementing the Joburg 2040 GDS vision, and contains outputs related
to the Inner City Transformation Roadmap (Inner City Roadmap) – see section 3.1.12
for more - and the Sustainable Human Settlements Urbanisation Plan (SHSUP).
The SHSUP is focused on implementing the Alternative Rental Stock Enablement Programme
(previously called the Backyard Shack Enablement Programme), which aims to incentivise
and regularise private backyard rental accommodation.

In May 2013 the MMC for Finance announced that both the Inner City Roadmap and the
SHSUP have been developed to “respond to rapid urbanisation, and address the current
lack of affordable rental accommodation in the City. The focus is to provide alternative
rental stock that takes due consideration of the social and engineering infrastructure
required to meet the increased pressure on these services.” The following section
provides more information on the Inner City Roadmap.

3.1.12. Inner City Transformation Roadmap
In February 2013 the City published the final draft of a document entitled Place of
Opportunity: Inner City Transformation Roadmap (Inner City Roadmap), which is the
City’s “statement of intent for transforming the inner city of Johannesburg.” It is meant
to align inner city regeneration with the Joburg 2040 GDS and take forward the work of
the Inner City Regeneration Charter, implementing an “outcomes-based approach” that
targets areas and neighbourhoods in the inner city.

127 Ibid. p. 95.
128 City of Johannesburg “Sustainable Human Settlements Urbanisation Plan (SHSUP)” Presentation at 2013 BCO
Convention (3 October 2013).
130 G Makhubo “Budget Speech by the Member of the Mayoral Committee for Finance in the City of Johannesburg”
(22 May 2013) p. 8.
131 City of Johannesburg “Inner City Transformation Roadmap” p. iv.
According to the Inner City Roadmap, the inner city is “a place of opportunity for many, including the poor. The inner city continues to be a meeting point for diverse cultures, as scores of individuals aspire to create a livelihood and find a foothold in the heart of Johannesburg.”\(^{132}\) In terms of the housing, the Inner City Roadmap states that:

*The demand for accommodation in the inner city continues to outstrip supply. Although the residential sector has seen significant investment, much of this new housing stock has been directed at low- to middle income households, rather than at very poor households. The shortage of accommodation for poor people feeds so-called slumlord developments and bad buildings in the inner city. The challenge for the City is to promote regeneration and upgrading in ways that are not exclusionary.*\(^{133}\)

The Inner City Roadmap states that there is a need to model a suite of inner city housing options that fit need, affordability and are located appropriately within the institutions of the City. The Inner City Housing Action Plan (described in section 3.1.8) will be updated and the first step will be to get a better sense of housing need in the inner city and potential housing typologies.\(^{134}\) At the same time, according to the Inner City Roadmap:

*The single biggest urban management problem in the inner city is the high incidence of ‘bad buildings’. This is an urban management, a safety and security, and a housing issue. These buildings present enormous challenges because services within them are overloaded or dysfunctional. More significantly, building degradation has a definite spill-over effect on the surrounding neighbourhood. The City recognises that the resolution of bad buildings requires law enforcement and a developmental approach to rehabilitation.*\(^{135}\)

One of the short-term priority programmes of the City is “eliminating bad buildings”.\(^{136}\) The document states that the “tools for tackling bad buildings will be resourced” and a coordinated database will be developed. According to the City, efforts to date “have not tackled both the causes and symptoms of bad buildings. Nor has a coherent strategy been developed and implemented to address the problems at scale. The seriousness of the problems associated with ‘bad buildings’ requires a high level response and a strategy that is prioritised as a key thrust within the City”\(^{137}\). The roadmap stresses that ‘bad’ buildings are a cross cutting issue that require law enforcement efforts by the City’s legal department and Region F, together with JMPD, Environmental Management, DPUM and the Housing Department. It states that all the conditions manifested in ‘bad’ buildings are “fundamentally driven by housing need” and the Housing Department needs to “create conditions that poor and vulnerable households can access decent accommodation.”\(^{138}\)

\(^{132}\) Ibid p. iv.
\(^{133}\) Ibid p. 12.
\(^{134}\) Ibid. p. 62.
\(^{135}\) Ibid. p. 10.
\(^{136}\) Ibid. p. 52.
\(^{137}\) Ibid. p. 52.
\(^{138}\) Ibid. p. 52.
According to the Inner City Roadmap, an Inner City Urban Design Implementation Plan developed by the City will be used as a basis for developing urban design framework for human settlement in the inner city, which will detail the spatial development of housing typologies and densities. This will be developed alongside the revised Inner City Housing Action Plan and other plans for services and infrastructure in the inner city.\textsuperscript{139} According to the City, in terms of the implementation of the Inner City Roadmap the aim is to develop 2 175 units of affordable rental housing stock and temporary/emergency shelter in the inner city by 2016. In 2013/2014 JOSCHO had the target to develop 519 units (245 units at AA House, 168 units at Europa House and 106 units at Vannin Court) and emergency beds at MBV. The aim thereafter is to develop 106 units during 2014/2015 and 250 units during 2015/2016 in the inner city.\textsuperscript{140}

While the issue of low-income rental housing in the inner city has been repeatedly stressed in the myriad of policies, plans, programmes and strategies developed over the years, the reality is that very little has actually been done to address the lack of supply. The City’s inner city regeneration focus on economic growth and enticing middle- to high-income residents to the inner city has prevailed and, regardless of other policy directions developed in the City or by consultants, the “world class African city” remains the dominant paradigm. The programmes outlined in this section have been substantially ignored, and the focus has instead been on eliminating ‘bad’ buildings, without providing proper alternatives to those displaced through urban regeneration. The City’s most recent perversion of the principles contained in the Inner City Roadmap when it unlawfully evicted informal traders shows that progressive policy towards poor and low-income inner city residents means very little in the face of the residential and commercial private property interests.

\textsuperscript{139} Ibid. p. 44.

\textsuperscript{140} City of Johannesburg “2012/16 Integrated Development Plan: 2013/14 Review” pp. 97 and 98.
Supply of and Demand for Low-Income Rental Housing in Inner City Johannesburg
Despite, or perhaps because of, the plethora of policies, programmes and interventions developed by the City over the past 20 years (as outlined in section 3) there remains an acute lack of rental accommodation in the inner city that caters for poor and low-income households.

This section describes some of the quantitative and qualitative aspects of demand for low-income rental accommodation in the inner city of Johannesburg. It argues that what is theoretically available is actually unaffordable to low-income households, unavailable in the sense of under-supply or extremely low vacancies, or out of reach in other ways, for example, because of prohibitive entry requirements such as high deposits and service costs. It looks at what is available on the private rental market and by SHIs, and also addresses the supply of small-scale informal private rental accommodation,141 in response to claims that there are alternative informal permanent accommodation options in the inner city available for poor households.

4.1. Demand for Low-Income Rental Accommodation

This section focuses on low-income and poor households living in the inner city of Johannesburg. It is necessary, at the outset, to define what we mean by “low-income” and “poor” households. Most state housing assistance in South Africa is targeted at households earning less than R3 500 per month, which are defined as low-income households. For the purpose of this section, low-income households are defined as those earning between R1 500 and R3 500 per month, while poor households are defined as those earning less than R1 500 per month. The affordable rental range, calculated as 30% of monthly income spent on rental and services, is therefore roughly between R0 and R1 050 per month.142

There is limited information on the supply of and demand for low-income rental options, and what information there is says little about affordability levels and preferences relating to housing type and location, and even less about the provision and character of informally supplied accommodation. What is clear is that there is a “significant shortage of rental accommodation” across the country and especially in large urban areas. This

141 A universal working definition for small-scale private rental accommodation proposed by Urban LandMark and the SHF is “a small-scale activity seldom exceeding five units per property, small-scale rental is produced on privately held land and is produced and managed by private individuals. Accommodation is offered to occupants who are separate households through a private rental treaty, whether formal (written) or informal (verbal) in nature. All other characteristics and outcomes of such accommodation are variable.” Urban LandMark and SHF “Small-Scale Private Rental” p. 8.

142 Regulation 23(2) of the Social Housing Regulations states that the gross rentals/levies must cover per unit operating costs and not exceed 33.3% of monthly household income. In this report we use the general rule that households should not spend more than 30% of their gross monthly income on rent (including services). This rule was developed by the United States Department of Housing and Development in order to establish eligibility for public housing. If a family needed to spend too much on rent, it is considered burdened and could qualify for housing assistance. See http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/.
means that usage data contained in various survey sources - like the 2005/2006 Income and Expenditure Survey, 2007 Community Survey and the 2001 and 2011 Census - does not accurately reflect demand, as much of it is unmet and ‘hidden’ from these official data sources.

There is a distinction between housing “need”, “demand” and “usage” of rental accommodation. Housing need is identified relative to a set of criteria formulated by policymakers or researchers, however need may not necessarily translate into demand because of the cost of housing and inability to pay. Further, because “supply of housing can take time to respond to higher demand, it can be the case that available supply across the market as a whole and within tenure-based sub-segments does not, in fact, meet demand.” Housing usage, reflected in survey data on housing tenure and dwelling type, would only provide a partial picture of total demand as available data relates to the characteristics of current users of rental accommodation and does not reflect the needs or characteristics of those who wish to rent but are unable to do so.

Despite the fact that information on housing demand in municipalities underpins the housing chapter of the IDP, municipalities have struggled in the past to gather this data, and have generally relied on outdated statistics and Census 2001 figures. The City of Johannesburg recently conducted a situational analysis for its Draft Municipal Housing Development Plan 2013/14-2015/16 (MHDP), which will eventually become the housing chapter of the City’s IDP. The MHDP shows that over 40% of households in the city rent, and that there is an increase in the number of households living in backyard shacks and rooms/flats/houses in backyards which, according to the City, “might be symbolic of an increased need for small-scale rental accommodation in the City”. The MHDP further states that “households renting inner city dilapidated buildings, (backyard) shacks, and backyard rooms are a demonstration that the current volumes of social/affordable housing units supplied formally are not meeting the existing demand for rental accommodation.”

According to a 2008 report, in inner city Johannesburg demand for accommodation is extremely high, particularly at the ‘bottom end’ of the income ladder. It is estimated that the demand for rental housing is around 317 000 units, with 81 000 units in the R1 500 to R3 500 income band. Private landlords offering more affordable accommodation in the inner city do not have to look for tenants. Demand in that market is characterised by property owners as ‘insatiable’, ‘a bottomless pit’ and rentals have increased significantly over the past few years. The residential vacancy rate in inner city Johannesburg is around 1%.

143 SHF “Supply and Demand of Rental Accommodation in South Africa” (July 2008) p. 7.
144 Ibid.
146 Ibid. p. 39.
147 Urban LandMark and SHF “Small-Scale Private Rental” pp. 31-32.
148 Ibid. p. 2.
This report does not deal with informal settlements or backyard shacks, as the focus is on the inner city of Johannesburg. According to Stats SA’s 2001 Census, there were 20 515 households – approximately 78 000 people – living in the inner city of Johannesburg with an income of below R3 200 per month in 2001. Ten years later the 2011 Census shows that there are now 33 861 households – approximately 121 899 people – living in the inner city who earn below R3 200 per month. This means that over 49% of households in the inner city earn less than R3 200 per month. As evident from Table 4 below, between 2001 and 2011 there was a sizeable increase in households with no income as well as those with a monthly income between R1 601 and R3 200.

According to Census 2011, approximately 14 308 households in the inner city earn between R3 500 and R7 500 per month, falling into the upper-end of the social housing bracket. They represent 21% of the total number of households in the inner city. Another 11 746 households earn between R6 366 and R12 816 per month, representing 17% of the total number of households. Clearly, the highest demand in the inner city is from households earning less than R3 200 per month, which would imply a rental of R960 per month and less.

Table 4: Monthly Household Income and Rental Affordability in Inner City Johannesburg

<table>
<thead>
<tr>
<th>Monthly household income</th>
<th>Monthly rental affordability (30% of income spent on housing)</th>
<th>Number of households in Region F (inner city)</th>
<th>Increase or decrease in the number of households</th>
<th>Percentage (%) change</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>R0 - R120</td>
<td>6 919</td>
<td>13 778</td>
<td>6 859</td>
</tr>
<tr>
<td>R1 - R400</td>
<td>R0 - R120</td>
<td>826</td>
<td>1 099</td>
<td>273</td>
</tr>
<tr>
<td>R401 - R800</td>
<td>R121 - R240</td>
<td>2 635</td>
<td>1 786</td>
<td>- 849</td>
</tr>
<tr>
<td>R801 - R1600</td>
<td>R241 - R480</td>
<td>5 040</td>
<td>4 721</td>
<td>- 319</td>
</tr>
<tr>
<td>R1601 - R3200</td>
<td>R481 - R960</td>
<td>5 095</td>
<td>12 474</td>
<td>7 379</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>20 515</td>
<td>33 858</td>
<td>13 343</td>
</tr>
</tbody>
</table>

The City itself acknowledges that there is a rental sector that needs addressing from both the state and the private sector in order to develop low-income rental units. It has stated that “affordability, particularly of rental accommodation, [is] a notch below the social housing rental market” at a rental range of between R300 and R600 per month, and that “the need for such a rental sector is urgent”. The Inner City Roadmap,

149 City of Johannesburg’s answering affidavit in Dladla, para 29.
150 Ibid.
dealt with in section 3.1.12, reiterates this need for rental housing for households with the affordability range of between R300 and R600 per month and states that:

Whilst SHIs and private developers have delivered housing units to lower income households, the ongoing need for accommodation for poor residents and newcomers to the city remains one of the most critical issues in the inner city. The absence of good alternatives feeds the so-called slumlord developments and bad buildings in the inner city. These in turn are catalysts for extreme health, safety and social problems, infrastructural deficiencies and urban decay. A focus on housing for poorer residents of the inner city will include a focus on the upgrading of hostels and the formalisation or resolution of informal settlements in the inner city. New housing typologies need to be piloted and those that are working need to be rolled out. The funding and institutional arrangements that are partially tested need further development.\textsuperscript{151}

Recently, the City has pointed the finger at the lack of a national programme to cater for the ‘gap’ rental sector in an inner city context, referring to section 3 of the Rental Housing Act which states that the Minister of Human Settlements may introduce a rental subsidy programme or other assistance measures “to stimulate the supply of rental housing property for low income persons.”\textsuperscript{152} According to the City, “no such measure has been put in place yet.”\textsuperscript{153}

Another source of information on low-income rental housing demand comes from the number of people living in ‘bad’ buildings. Unfortunately, there have been hardly any socio-economic surveys undertaken of people living in these buildings, and there is not even any credible data on the number of ‘bad’ buildings in the inner city. The City’s DED has a database of all the ‘bad’ buildings, developed as part of the ICPS, described in section 3.1.9. However this has never been made public and it is unclear how accurate this database is. According to a 2011 report by Médecins Sans Frontières (MSF), the City has identified 1 305 “slum buildings”, which house an estimated population of more than 250 000 people. During MSF’s own research in 2010 it found “appalling living conditions” in 82 inner city buildings where an estimated 50 000 to 60 000 people live in “slum conditions.”\textsuperscript{154}

According to the City, a number of building databases exist however there is no consistent base information available.\textsuperscript{155} Some sources have stated that there are between 1 000 and 1 500 ‘bad’ buildings in the inner city; however this has not been verified.\textsuperscript{156} There is clearly a need for an inner city building audit, and according to the City’s Inner City Roadmap, the first step in its priority programme to “eliminate” ‘bad’ buildings is to conduct an audit of informal living within inner city buildings in order to ascertain the scale as well as the

\textsuperscript{151} City of Johannesburg “Inner City Transformation Roadmap” p. 32.
\textsuperscript{152} City of Johannesburg’s answering affidavit in \textit{Dladla}, para 29.
\textsuperscript{153} Ibid. para 30.
\textsuperscript{154} Médecins Sans Frontières (MSF) “Nowhere Else to Go” (2011) p. 1.
\textsuperscript{155} City of Johannesburg “Inner City Transformation Roadmap” p. 48.
\textsuperscript{156} \textit{Sunday Argus} “1 000 ‘bad’ buildings” (24 May 2009); \textit{IRIN} “Slumming it in Jo’burg” (2 June 2011).
circumstances and needs of those living in the worst of the buildings – which are “often informal settlements within warehousing or derelict buildings.”

One socio-economic profile of the occupiers of ‘bad’ buildings conducted in 2005 found that the vast majority of respondents (97%) in each building earned less than R3 000 a month. The major breadwinners in each unit had entry level formal jobs in the inner city or were engaged in informal survivalist activities. For 45% of residents, reduced transport costs by virtue of their central location was a significant factor in choosing the accommodation. Respondents said that the inner city was an easier place to find work or to survive without formal work than the townships, informal settlements or rural areas.

In 2009 a comprehensive social survey was conducted by the Community Agency for Social Enquiry (CASE) on behalf of the Social Housing Foundation (SHF). It highlighted some important aspects of the way in which people access ‘bad’ buildings, and why. The survey was conducted with former residents of the San José building in Berea and the Zinns building in Hillbrow who were relocated to the MBV and Old Perm buildings as part of the Olivia Road case. The survey showed that the majority of residents in the two buildings worked in the Johannesburg CBD, with over 70% travelling to work on foot, while 26% use public transport. The most-mentioned reason for living in the inner city was increased income-generating opportunities, followed by low or no transport costs, greater access to basic services, friends and family networks, and access to government facilities. The survey showed that “residents have very strong social networks and people or organisations they can rely on in terms of crisis” and that, in the absence of a predictable income, living in the inner city was crucial to their survival due to the relative closeness of income-generating opportunities and no transport costs. The majority of residents surveyed (88%) stated that they lived in Johannesburg the entire year, with 12% stating that they visited their families in other provinces when they have the means to do so, and go back to their province of origin over the festive season.

The survey also investigated the income levels of the residents. In the MBV building, 58% of households had a monthly income of R800 or less, with the biggest income bracket being R201-R500 (29% of households) and the average monthly income being R930. In Old Perm, 71% of households had a monthly income of R800 or less, with the biggest income bracket being R501-R800 (28% of households) and the average monthly income being R709. A handful of households earned more than R2 000 per month across both buildings. The main source of income came from salaries and wages, followed by social grants and income from family members. In terms of what households said they could pay in rent, the majority of households stated that they could afford between R50 and R200 per month. A number of households reported expenditure which exceeded their monthly income, which was a problem for the City when it came to calculating rentals in the MBV and Old Perm buildings.

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157 City of Johannesburg “Inner City Transformation Roadmap” p. 52.
158 COHRE “Any Room for the Poor?” pp. 50-51.
159 CASE “Development of a Socioeconomic Survey Tool” p. 51.
160 Ibid.
Based on its survey, CASE recommended that “there is a clear need for safe, low-cost, permanent accommodation close to or in the city” and suggested minimum rental level scales of R50-R100, R100-R150, R150-R200, R200-R300 and R300-R500, based on households’ total regular income. In terms of households that reported not having any income, and which are unable to afford any rent, CASE suggests that they “can perhaps ‘earn their keep’ in kind, performing regular, clearly designated duties around the property is a suggestion.”

However, as outlined in the 2007 Inner City Housing Plan, dealt with in section 3.1.8, the reality is that there are supply constraints at all income levels and downward raiding is rife. According to the plan, “there is very obviously an enormous gap in supply targeting residents at lower income levels. This is understandable as developers are on more comfortable terrain meeting what some have termed ‘almost limitless demand’ for rented units of R1800 per month and up. This means that some segments of the housing market appear to be better served than others. However, in general terms there is a lack of adequate supply at all levels of the housing ladder.” The gap in supply, particularly for the lowest income bands, is analysed next.

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161 Ibid.
162 The City’s approach to housing is to foster aspiration and upward mobilisation on the ‘housing ladder’. See City of Johannesburg “Inner City Housing Action Plan” p. 11.
4.2. Supply of Rental Accommodation

As highlighted in the previous section, the unmet demand for low-income rental accommodation in Johannesburg’s inner city is high, particularly for those earning less than R3 200 per month. This section attempts to answer the following questions: what rental accommodation is available for poor and low-income residents in the inner city, at what rental ranges and affordability levels, and with what conditions attached?

Broadly, there are three types of rental housing available in the inner city of Johannesburg:

- **Formal private sector rental**: properties let at a commercial rate, and at a profit. There are a number of large-, medium- and small-scale formal landlords operating in the inner city.
- **Social housing**: properties managed and controlled by social housing institutions (SHIs), often with some form of state capital subsidy. There are 3 SHIs known to be operating in the inner city: Madulammoho, Johannesburg Housing Company (JHC) and Johannesburg Social Housing Company (JOSHCO).
- **Informal small-scale private rental**: informal subdivided spaces, normally sublet by a primary leaseholder.

These three types of rental housing will be discussed in more detail below in order to provide some insight into their accessibility and availability to poor and low-income households in the inner city.

4.2.1. Formal private sector rental

In July and August 2013 SERI identified and surveyed 11 large-scale landlords operating in the inner city. We consulted the websites of each provider and telephoned them to enquire about the price and availability of accommodation from them. From our research it is clear that the formal private rental sector is not catering to the needs of poor and low-income households. The cheapest form of accommodation available on the private rental housing market is a room accommodating a maximum of two people at a rent of R1 700 per month, excluding services. Even with two people sharing, this is not available to those with a combined monthly income less than R5 200 per month. The only way in which formal rental housing is affordable to low-income households is if they sublet flats illegally and overcrowd housing units in contravention of municipal by-laws. Table 5 below shows the main private sector rental housing providers in inner city Johannesburg together with the cheapest available accommodation.

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163 We surveyed the following 11 private rental providers: Affordable Housing Company (AFHCO), City Property, Connaught Properties, Jika Properties, Jozi Housing, iThemba Property, Aengus Properties, Trafalgar Property Company, RYX Property Management, Urban Task Force and Mafadi.
<table>
<thead>
<tr>
<th>Private rental provider</th>
<th>Cheapest available accommodation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affordable Housing Company (AFHCO)</strong></td>
<td>The cheapest available accommodation:</td>
</tr>
<tr>
<td>AFHCO owns 62 buildings in the inner city,</td>
<td>• Bachelor unit for R2 000 per month (maximum 2 adults).</td>
</tr>
<tr>
<td>representing approximately 3 800 rental units.</td>
<td>• One-bedroom unit for R2 700 per month (maximum 3 adults).</td>
</tr>
<tr>
<td>AFHCO currently only provides rental</td>
<td></td>
</tr>
<tr>
<td>accommodation to those earning R10 000 per</td>
<td></td>
</tr>
<tr>
<td>month.</td>
<td></td>
</tr>
<tr>
<td><strong>City Property</strong></td>
<td>The cheapest available accommodation:</td>
</tr>
<tr>
<td>City Property manages 14 residential buildings</td>
<td>• Bachelor unit for R2 600 per month (maximum 2 occupants).</td>
</tr>
<tr>
<td>in the inner city. There are a number of</td>
<td>• One-bedroom unit for R2 950 per month (maximum 2 occupants).</td>
</tr>
<tr>
<td>available units across their building portfolio.</td>
<td>• Two-bedroom unit for R3 950 per month (maximum 4 occupants).</td>
</tr>
<tr>
<td><strong>Connaught Properties</strong></td>
<td>The cheapest available accommodation is a one-bedroom unit for R2 750 per month.</td>
</tr>
<tr>
<td>Connaught manages a number of buildings in</td>
<td></td>
</tr>
<tr>
<td>and around Hillbrow and Joubert Park.</td>
<td></td>
</tr>
<tr>
<td><strong>Jika Properties</strong></td>
<td>The cheapest available accommodation:</td>
</tr>
<tr>
<td>Jika Properties manages a number of buildings</td>
<td>• Bachelor unit for R2 000 per month (3 people allowed).</td>
</tr>
<tr>
<td>in the inner city.</td>
<td>• One-bedroom unit for R2 850 per month (4 people allowed).</td>
</tr>
<tr>
<td></td>
<td>• Two-bedroom unit for R3 700 per month (6 people allowed).</td>
</tr>
<tr>
<td><strong>Jozi Housing</strong></td>
<td>The only available accommodation is a bachelor unit for R2 258 per month (maximum 2 people).</td>
</tr>
<tr>
<td><strong>iThemba Property</strong></td>
<td>The cheapest available accommodation:</td>
</tr>
<tr>
<td>iThemba Property manages 13 buildings in the</td>
<td>• Bachelor unit for R2 350 per month is available (maximum 2 people).</td>
</tr>
<tr>
<td>inner city.</td>
<td>• One-bedroom unit for R3 000 is available (maximum 3 people).</td>
</tr>
<tr>
<td><strong>Aengus Properties</strong></td>
<td>Rental contracts vary from R1 950 - R2 500 per student per month (for a 10 month period).</td>
</tr>
<tr>
<td>Aengus owns and manages student accommodation</td>
<td></td>
</tr>
<tr>
<td>and upmarket lofts in Johannesburg inner city.</td>
<td></td>
</tr>
<tr>
<td><strong>Trafalgar Property Company</strong></td>
<td>The cheapest available accommodation:</td>
</tr>
<tr>
<td>Trafalgar manages a portfolio of about 3 500</td>
<td>• Bachelor unit for R2 500 per month.</td>
</tr>
<tr>
<td>units in about 100 buildings in the inner city.</td>
<td>• One-bedroom unit for R3 000 per month.</td>
</tr>
<tr>
<td></td>
<td>• Two-bedroom unit for R3 800 per month.</td>
</tr>
</tbody>
</table>
RYX Property Management

Only available accommodation is a two-bedroom unit for R4 000 per month (maximum 4 people).

Urban Task Force

Bachelor unit for R2 000 per month. Requires a deposit of R4 000 (maximum of 3 people).

Mafadi

Mafadi manages about 30 buildings in the inner city consisting of lofts, student housing and studio apartments.

A room for R1 700 per month (maximum 2 people).

A bachelor unit for R2 500 per month (maximum 2 people).

However, property owners and managers invariably have limitations on how many people can occupy different kinds of housing units, and have strict rules on overcrowding. This is to prevent overuse of facilities, damage to the building and its facilities, higher use of water and electricity, unhygienic living conditions and other problems. The City’s public health by-laws outline the requirements for premises of accommodation establishments, which are designed to prevent overcrowding.

The inaccessibility of private sector rental to low-income households is corroborated by a recent article published about AFHCO’s refurbishment of the Chrysler House building, funded with a loan from the Agence Française de Développement (AFD). According to the article, “in a first for Johannesburg in Gauteng an inner city property development company is to cater for the lowest salaried residents, offering the lowest rentals for formal accommodation.”\textsuperscript{164} The article describes AFHCO’s conversion of the heritage building Chrysler House into 470 rental units “catering for the lowest earners, at R3 750, who will be accommodated at a R1 700 rent fee for a 20m\textsuperscript{2} studio flat.”\textsuperscript{165} According to the article, the refurbished building “will cater for domestic workers, security guards, gardeners and informal traders, whose accommodation alternative is slum and hijacked buildings.”

In reality, however, in order to afford a studio flat at a rental of R1 700 per month (excluding services), a person would need to earn at least R5 000 per month, and would also need to pay a deposit equal to one or two month’s rental. A household earning R3 750 per month can only afford about R1 125 in rent per month, not the R1 700 claimed by AFHCO. As outlined in section 4.1 almost half of all households in the inner city earn less than R3 200 per month and, in terms of Census 2011, there has been a sizeable increase over the past ten years in households with a monthly income between R1 601 and R3 200, which can probably only afford rental of between R300 and R800 per month. These households comprise cleaners, painters, informal traders, domestic workers, security guards, taxi drivers, car guards etc.

There are two other reasons why formal private rental accommodation is not practically available to low-income residents, thereby forcing people to live in ‘bad’ buildings. The first is that the demand for low-income rental accommodation in the inner city of

\textsuperscript{164} L Davie “Lowest rentals in Joburg first” \textit{Joburg News Agency} (26 November 2013).
\textsuperscript{165} Ibid.
Johannesburg is extremely high, with residential vacancy rates at 1%. Low-income rental housing units hardly ever become available in the inner city, and vacancy rates are often measured in hours. The second reason is that accommodation in the formal private rental sector normally requires a deposit equal to two or three months’ rental. Further, municipal services are often excluded from the rental and form a significant cost to the tenant, sometimes more than the rent itself. These are significant, and often prohibitive, expenses and conditions for low-income households “that inhibit access to these more formal rental options”, along with nationality.  

Inner city private rental providers and investors are aware of the limitations of the private sector to fill the gap in supply, and where the City is required to intervene. Many maintain that there is no need for poor residents of the inner city, who can afford some rental, to live in the conditions they are, and that the City has not done enough to improve the living conditions of people and prevent the proliferation of overcrowded ‘bad’ buildings. According to Brian Miller, chairperson of the Property Owners and Managers Association (POMA) and CEO of Ithemba Property, a large inner city housing provider, while the private rental market caters for a particular income group, “council must cater for the other part of the market, who will become part of our market in 5 years.” According to him, the JPC is “sitting on” 200 buildings, which are ideally suited for low-cost housing. Many of these buildings are empty and refurbishing them would be “no problem”. Chris Lund, CFO of Madulammho, posed a similar challenge to the municipality in 2007: “Is the City of Johannesburg going to intervene in pro-poor housing, or allow free market forces to operate? There should be some intervention now, since in 20 years time there will no longer be gaps for poor people to come into the city. What must the private sector do?” According to an inner city property investor:

\begin{quote}
\textit{The City is allowing gentrification through [the] abdication of responsibility. There is huge energy from the private sector in providing middle class housing. [This] will transform the city, but the council is not getting its act together to providing 20% of housing for the poor. The council should be holding onto condemned buildings for subsidised stock, rather than auctioning them off to developers.}
\end{quote}

The private sector has articulated the need for some kind of municipal rent subsidy to assist with the provision of low-income rental for poor households. According to Silverman and Zack, “it is highly unlikely that the free market system will service the poor, without state intervention.”

\begin{enumerate}
\item \textsuperscript{166} M Silverman and T Zack “Land Use Management in the City of Johannesburg Case Study: Hillbrow and Berea” Study prepared by Centre for Urbanism and Built Environment Studies (CUBES) and Planact (2007) p. 30.
\item \textsuperscript{167} Ibid. p. 29.
\item \textsuperscript{168} Ibid.
\item \textsuperscript{169} Ibid.
\item \textsuperscript{170} Ibid.
\item \textsuperscript{171} Ibid.
\end{enumerate}
Most rental accommodation in the inner city is built, owned and managed by large private rental providers. According to the City, a “significant” number of new housing opportunities have been created through the redevelopment of degraded buildings, and that a “cycle of renewal” has been established. It states that the private sector has been responsible for most of this development, primarily targeted at low- to middle-income households.\(^{172}\) According to Poulsen, while there have been some successful cases of private companies or SHIs refurbishing buildings into rental accommodation, “the high costs of management and maintenance make these ‘successful’ projects unaffordable to low income earners. These poorer residents are then driven to cheaper accommodation in abandoned buildings run by slumlords where the building is subdivided into rabbit warrens of rooms with inadequate ablution facilities.”\(^{173}\)

### 4.2.2. Social Housing

As outlined in section 2.2, there are a number of national subsidies and programmes available ostensibly to assist housing institutions deliver low-income rental accommodation. In Johannesburg’s inner city this has included transitional, communal and social housing units.

According to the 2005 COHRE report there were very limited numbers of transitional housing, communal rental housing and social housing units available in the inner city as of 2004. There were 400 confirmed units of transitional housing at a rent of R200-R450 per month, defined in the report as subsidised housing comprising a single room with communal ablutions and cooking facilities, fixed term, non-renewable 18 month lease.\(^{174}\) There were 150 confirmed units of communal rental housing at between R300 and R800 per month, defined in the report as subsidised or unsubsidised housing similar to transitional housing except with an open-ended lease and more floor space. The Affordable Housing Company (AFHCO), a private rental housing company operating in the inner city, had 1,360 units with a small minority being communal housing units offered at R650 per month. In terms of social housing, at the time there were about 1,722 social housing units. Most of the buildings offering low rentals were transferred to the companies as part of the BBP (see section 3.1.3).

As described before, there are three institutions that provide low-income housing in the inner city: Madulammoho, Johannesburg Housing Company (JHC) and the City’s own social housing provider, Johannesburg Social Housing Company (JOSCHO). The City acknowledges that there are very few buildings providing this kind of accommodation and that “there is an urgent need for well-located, inner city housing for lower income groups and the indigent.”\(^{175}\) It also refers to the need for “suitable ‘decant’ facilities into which people can be temporarily moved whilst the buildings they occupy are renovated,

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\(^{172}\) City of Johannesburg “Inner City Transformation Roadmap” p. 25.

\(^{173}\) Poulsen “A Room in the City” p. 23.

\(^{174}\) COHRE “Any Room for the Poor?” p. 67.

\(^{175}\) City of Johannesburg “Inner City Transformation Roadmap” p. 13.
as well as the need for more transitional housing and integrated mixed use housing developments.”

During July and August 2013, SERI visited the websites and telephoned each of the three SHIs to enquire about the price and availability of accommodation from them. As Table 6 below shows, while the number of rental housing units in the inner city has increased since 2004, it is clear that these units are seldom available and the demand is extremely high.

Table 6: Social Housing Institutions (SHIs) in Inner City Johannesburg

<table>
<thead>
<tr>
<th>Social Housing Institution</th>
<th>Buildings / Number of units</th>
<th>Monthly Rentals for Cheapest Available Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madulammoho</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Europa House</td>
<td>58 communal units and 14 self-contained bachelor suites</td>
<td>Fully occupied</td>
</tr>
<tr>
<td>Cornelius House</td>
<td>67 transitional units and 14 communal units</td>
<td>Fully occupied</td>
</tr>
<tr>
<td>The New Regent</td>
<td>46 bachelor units and 54 communal units</td>
<td>Room for R1,200</td>
</tr>
<tr>
<td>New El kero</td>
<td>29 self-contained units and 141 communal units</td>
<td>Fully occupied</td>
</tr>
<tr>
<td>Resdoc</td>
<td>60 communal units, 4 self-contained bachelor units (used as transitional housing by MES)</td>
<td>Fully occupied</td>
</tr>
<tr>
<td>Allenby</td>
<td>119 communal units</td>
<td>Fully occupied</td>
</tr>
<tr>
<td>BG Alexander (joint venture with JOSHCO)</td>
<td>376 communal units, 6 bachelor units, 15 one-bedroom units, 12 two-bedroom units, and 81 emergency shelter beds</td>
<td>Fully occupied</td>
</tr>
</tbody>
</table>

176 Ibid.
<table>
<thead>
<tr>
<th><strong>Johannesburg Social Housing Company (JOSCHO)</strong></th>
<th><strong>Linatex</strong></th>
<th>Transitional/emergency housing. 160 emergency beds.</th>
<th>Already earmarked</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Raschers</strong></td>
<td>87 communal rooms (rentals range from R650 to R1 000 per month)</td>
<td>Fully occupied</td>
<td></td>
</tr>
<tr>
<td><strong>Casa Mia</strong></td>
<td>179 units ranging from rooms with shared facilities, bachelor units and a few 1- and 2-bedroom units. Will provide long-term housing for higher income households. Rentals range from R960 to R2 700 per month.</td>
<td>Currently being renovated. Waiting list for these units.</td>
<td></td>
</tr>
<tr>
<td><strong>Chelsea Communal Rooms</strong></td>
<td>80 communal rooms and shared facilities, currently being used to relocate tenants from other properties which are being refurbished. Rentals from R605 to R880 per month.</td>
<td>Already earmarked</td>
<td></td>
</tr>
<tr>
<td><strong>La Rosabel</strong></td>
<td>50 communal rooms</td>
<td>Fully occupied</td>
<td></td>
</tr>
<tr>
<td><strong>MBV Building Phase 2</strong></td>
<td>184 communal rooms</td>
<td>Fully occupied</td>
<td></td>
</tr>
<tr>
<td><strong>AA House</strong></td>
<td>Emergency accommodation, 30 communal units, 167 bachelor units, 12 1-bedroom units and 6 2-bedroom units</td>
<td>Earmarked for occupation by those on JOSHCO’s waiting list</td>
<td></td>
</tr>
<tr>
<td><strong>Europa House</strong></td>
<td>Will be used for emergency housing and is expected to yield a total of 152 rooms with shared facilities. Will be used for very short stays of 48-72 hours.</td>
<td>Being developed</td>
<td></td>
</tr>
<tr>
<td><strong>Vannin Court</strong></td>
<td>This property is earmarked to be refurbished. It will yield 106 units.</td>
<td>Currently occupied</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Johannesburg Housing Company (JHC)</strong></th>
<th><strong>Bonvista Mansions</strong></th>
<th>69 single rooms with shared facilities, 8 bachelor units, and 19 one-bedroom units</th>
<th>One room at R1 808. One bachelor unit at R2 652.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brickfields</strong></td>
<td>1 bachelor unit, 90 one-bedroom units, 243 two-bedroom units, 6 three-bedroom units and 5 Live and Work units</td>
<td>13 two-bedroom units for R4 198, R4 477 and R5 485.</td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>Description</td>
<td>Rent Range</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------------------------------------------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Carr Gardens</td>
<td>14 single rooms with shared facilities, 33 one-bedroom units, and 164 two-bedroom units</td>
<td>Fully occupied</td>
<td></td>
</tr>
<tr>
<td>Cresthill Mansions</td>
<td>5 single rooms with shared facilities, 130 bachelor units and 22 two-bedroom units</td>
<td>Eight bachelor units for between R1 751 and R2 471.</td>
<td></td>
</tr>
<tr>
<td>Dorchester Mansions</td>
<td>64 units in total: single rooms with shared facilities, bachelor units and one-bedroom units</td>
<td>Four bachelor units from R2 025, R2 087 and R2148.</td>
<td></td>
</tr>
<tr>
<td>Douglas Rooms</td>
<td>76 single rooms with shared facilities</td>
<td>One room from R1 036.</td>
<td></td>
</tr>
<tr>
<td>Elangeni Gardens</td>
<td>41 one-bedroom units, 115 two-bedroom units and 12 Live &amp; Work units</td>
<td>Four one-bedroom units for R3 154.</td>
<td></td>
</tr>
<tr>
<td>Gaelic Mansions</td>
<td>66 single rooms with shared facilities and 6 bachelor units</td>
<td>Three rooms for R1 885, R1 676 and R3 991.</td>
<td></td>
</tr>
<tr>
<td>Garden Mansions</td>
<td>20 bachelor units, 2 one-bedroom units and 1 two-bedroom unit</td>
<td>One bachelor unit for R1 955.</td>
<td></td>
</tr>
<tr>
<td>Jeppe Oval Gardens</td>
<td>72 one-bedroom units and 168 two-bedroom units</td>
<td>Two two-bedroom units for R3 420.</td>
<td></td>
</tr>
<tr>
<td>Lake Success</td>
<td>14 single rooms with shared facilities, 130 bachelor units and 1 three-bedroom unit</td>
<td>One bachelor flat from R2 055.</td>
<td></td>
</tr>
<tr>
<td>Landrost Mansions</td>
<td>132 bachelor units, 76 one-bedroom units and 32 two-bedroom units</td>
<td>6 bachelor units from R1 958 and R2 842.</td>
<td></td>
</tr>
<tr>
<td>Legae Gardens</td>
<td>45 one-bedroom units, 142 two-bedroom and 5 three-bedroom units</td>
<td>Two three-bedroom units from R5 577.</td>
<td></td>
</tr>
<tr>
<td>New Hampstead Mansions</td>
<td>32 one-bedroom units</td>
<td>One two-bedroom unit from R2 890.</td>
<td></td>
</tr>
<tr>
<td>Op de Bergen</td>
<td>One room</td>
<td>Fully occupied</td>
<td></td>
</tr>
<tr>
<td>Parkzicht Mansions</td>
<td>7 single rooms with shared facilities, 10 bachelor units, 8 one-bedroom units and 1 two-bedroom unit</td>
<td>One two-bedroom unit from R3 476.</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>Details</td>
<td></td>
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</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Phumulani Gardens</strong></td>
<td>30 one-bedroom units, 144 two-bedroom units and 4 three-bedroom units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Three bachelor units from R2 529 and R 2434.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rondebosch</strong></td>
<td>51 single rooms with shared facilities and 27 bachelor units</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Six bachelor units from R2 185, R2 295, R2 304 and R2 519.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>San Martin</strong></td>
<td>7 single rooms with shared facilities, 12 bachelor units and 30 one-bedroom units</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Fully occupied</td>
<td></td>
<td></td>
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<tr>
<td><strong>Smitshof Ext</strong></td>
<td>54 units: bachelor and one-bedroom units</td>
<td></td>
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<tr>
<td></td>
<td>Four bachelor units from R2 430 and R 2 538.</td>
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<tr>
<td><strong>Smitshof Mansions</strong></td>
<td>3 single rooms with shared facilities, 38 bachelor units and 74 1-bedroom units</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>One room from R1 354.</td>
<td></td>
<td></td>
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<tr>
<td><strong>Stanhope Mansions</strong></td>
<td>31 single rooms with shared facilities, 42 bachelor units and 35 one-bedroom units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fully occupied</td>
<td></td>
<td></td>
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<tr>
<td><strong>Sylvadale Mansions</strong></td>
<td>100 single rooms with shared facilities and 7 bachelor units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>One room from R2 112.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tasnim Mansions</strong></td>
<td>12 1-bedroom units and 13 two-bedroom units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>One two-bedroom unit for R3 147</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taylors Mansions</strong></td>
<td>105 units: bachelor, one- and two-bedroom units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>One bachelor unit from R2 461.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Towerhill Mansions</strong></td>
<td>18 single rooms with shared facilities, 58 bachelor units, 35 one-bedroom units and 13 two-bedroom units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bachelor units from R2 319 and R2 439 and one-bedroom units from R2 729.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tribunal Gardens</strong></td>
<td>45 one-bedroom units and 129 two-bedroom units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fully occupied</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Uno Roseneath Mansions</strong></td>
<td>140 units: bachelor and one-bedroom units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bachelor units for R1 802, R1 987, R3 411 and R2 382. One-bedroom units for R2 722, R3 289 and R3 856.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Madulammoho only caters for incomes between R2 800 and R7 500 per month, with rentals ranging from R600 to R1 200 per month. At the time of SERI’s research, Madulammoho had 822 communal units (rentals ranging from R600 to R1 200 per month) and about 308 transitional units/beds. These were all occupied save for a room at R1 200 per month, which 2 adults and 2 children under the age of 16 could occupy. However, if service charges are factored in, the total amount for the room is about R1 700 per month, which would require an income of R5 100 per month.

JOSHCO, which is mandated as the implementing agent for social and institutional housing developments in the city, caters predominantly for household incomes of between R1 500 and R7 500 per month. JOSHCO manages nine buildings in the inner city, which include 868 communal rooms and a number of emergency beds. These are either being refurbished, are earmarked for specific communities on a waiting list, or are fully occupied.177

JHC manages 29 buildings in the inner city of Johannesburg, providing a total of 3 462 rental units which include approximately 462 communal rooms. At the time of SERI’s research, there were only seven of these rooms available, with the cheapest one available renting for R1 036 per month. In theory this accommodation is available to two adults living together and earning a combined income of per month over R3 500 per month. The next cheapest available accommodation was a bachelor unit for R1 751 per month. This can have 2 adults and 1 child (under the age of 12) in occupation, but requires a combined income of over R5 000 per month.

From our survey of the three SHIs it is clear that they are extremely oversubscribed and there is very little available. The room described above was in practical terms the only affordable and available option.

4.2.3. Informal Small-Scale Private Rental

In terms of the supply of low-income rental accommodation, the reality - as acknowledged by the City, SHIs and private developers - is that informal small-scale private landlords have filled the gap and provide housing opportunities to poor households in the inner city and surrounding areas. This type of accommodation generally takes the form of rooms or spaces for rent with communal facilities, often in buildings or converted private houses planned for single family occupation.178 Some inner city property developers have provided some of this kind of accommodation, with bachelor flats being the most popular. However these are relatively expensive at upwards of R1 600 per month, excluding services. Many people are forced to sublet these flats in order to cover the rent per month, resulting in overcrowding and loss of security of tenure for sub-tenants.

177 The City of Johannesburg’s Housing Department also manages three buildings in the inner city of Johannesburg: MBV Building Phase 1, Old Perm Building and Moth Building. These include emergency housing, communal housing units and transitional housing units.

178 Poulsen “A Room in the City” p. 31. See also S Mayson “Learning from the Informal Rental Market: The Importance of Flexible, Communal Rental Options in Johannesburg’s Inner City” Yeoville Studio presentation (9 November 2011).
The small-scale private supply of rental accommodation is a significant form of accommodation for poor households; however it remains largely under-researched. In inner city Johannesburg, small scale private supply is particularly evident in Yeoville, as compared with larger scale or corporate supply in Hillbrow, Berea and the CBD. One study in this area - the Yeoville Studio research project conducted between 2010 and 2012 by researchers at the University of the Witwatersrand’s School of Architecture and Planning - sheds some light onto the nature of informal rental accommodation. According to surveys conducted as part of the project, rentals for entire flats range from R1 200 to R2 500 per month, rooms to rent range from R800 to R1 400 per month, rooms to share or portion of rooms rent at a range of R100 to R800 per month per space. An enclosed balcony of a flat can go for around R600 or more.179

The Yeoville Studio research highlights that people save costs by sharing space, including rooms or portions of rooms, with friends, families and, often, strangers. In some accommodation, the occupation density appears very high, overcrowded and of poor quality (suggesting potential problems with privacy, safety and health). Not all those living in this accommodation earn very low incomes, potentially indicating a high demand/shortfall in supply (a number of interviewees earned R5 000 or above) or other spending priorities such as sending money to family elsewhere. It also concludes that South African low-income housing policy has little to offer in response to the Yeoville housing conditions, most particularly in that it does not address the need for cheap rental accommodation, that social housing is too costly for many households, and that the policy is largely directed at South African citizens.180

During 2013 SERI also conducted some research into the supply of informal rental housing, as advertised in public spaces around the inner city. We chose a venue in Yeoville, known colloquially as “The Shoprite Wall”, which is a kind of informal market place for inner city private rental accommodation. We surveyed the adverts for inner city accommodation and ascertained that generally, a room rental is in the region of R1 600 per month, a shared space in a room is in the region of R900 per month, and that even beds to share are available at around R500 per month. According to the Shoprite Wall, there is one bedroom “space” available for two people, priced at R1 200 per month. The only accommodation actually available to low-income residents is a bed-sharing arrangement of between R450 and R550 per month. Even this is beyond the means of many low-income households. Our research into the supply of rooms and spaces to rent shows that even informal accommodation is priced beyond the means of the low-income residents. Indeed, it is clear that most of the informal rental accommodation involves subletting and depends heavily on people overcrowding already occupied rooms, resulting in questionable tenure security for residents.

In other words, the informal letting sector is more often than not synonymous with slum properties that the City is committed to eliminating i.e. ‘bad’ buildings. References

to “space” are to informally partitioned spaces in rooms in buildings or houses. These subdivisions are illegal in terms of the City’s Accommodation Establishment Bylaws, and the City’s attempts to enforce its bylaws have in the past often resulted in the eviction of the occupants. The 2013 Draft By-Law on Problem Properties recently introduced by the City provides a long list of things, including overcrowding, that would deem a property a “problem” and allow for the City to intervene, and possibly compel the owner or landlord to remove people.181

Conclusion
This research report highlights the insufficient supply of both formal and informal rental accommodation to meet the needs of low-income and poor households in the inner city of Johannesburg. The City of Johannesburg’s push for inner city regeneration and a particular vision of a “world class African city” has led to the effective exclusion of a vast number of people. Through its various attempts at dealing with ‘bad’ buildings - the BBP, ICPS, and Bad Buildings Strategy etc - the City’s focus has always been on the housing stock and buildings, rather than on the people living in them, their socio-economic demographics and housing needs. The reality is that those living in ‘bad’ buildings or overcrowded conditions in formal or informal accommodation, are those people who service the city and make it function. They are the car guards, domestic workers, informal traders, waste collectors, security guards, taxi drivers, cleaners etc. Beyond this utilitarian reality, people will inevitably try to secure a place in a country’s largest cities, and have a right to do so.

Inner city regeneration has effectively led to the eviction of such people en masse, and has shown up the acute lack of affordable formal rental accommodation available. The City has in numerous policies, plans, strategies and programmes acknowledged the urgent need to assist these low-income groups; however very little has actually been done to address the gap in supply and demand. From our research into the supply of rental accommodation in the inner city - which examined the formal private sector, social housing and informal small-scale rental accommodation - it is clear that there are no permanent housing options available to those earning below R3 200 per month. This is a problem, given that 33 861 households - approximately 121 899 people - earn below R3 200 per month in the inner city. This constitutes 49% of households in the inner city. Further, it is clear that over the last 10 years the number of households earning a monthly income of between R1 601 and R3 200 has increased.

However, the City’s “housing strategy” in the inner city is directed towards people it wants to live there; not the people who currently do. The people that live in the inner city can afford rents of less than R900 per month, and mostly in the range R300-R600 per month. This has been corroborated by numerous surveys and by the City itself. However there is still an overreliance on the ‘market’ to provide accommodation despite the fact that both the City and private property developers have acknowledged that the market cannot and will not cater for low-income and poor groups.

The City’s “new” plan, contained in a policy which has not been made public and only referred to in court papers, is really a pared-down, more aggressive version of the Transitional Housing Programme it abandoned ten years ago. It moves people evicted from ‘bad’ buildings to shelters run by MES, where they are permitted to stay for between six and twelve months. At the end of this period, people are expected to become participants in the formal housing market. This shelter plan, referred to in court papers as “the managed care policy” requires people to be locked out of their homes during the day, separated from their spouses and children in gender-differentiated dormitories, and

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182 This policy is referred to by the City as the Special Process for the Relocation of Evictees (SPRE).
subjects them to eviction from the transitional shelter without a court order at the end of the period for which they are permitted to reside there. These conditions are no doubt imposed to create the kind of “discomfort” Poulson suggests is necessary to “encourage” people to “get their lives together” and move on.

To subject people living in shelters to these conditions is morally and constitutionally unsound. The constitutional rights to dignity, privacy, freedom and security of the person, family life and protection against arbitrary eviction are all obviously infringed by subjecting people to this sort of “discomfort”.

Beyond this, however, the “managed care” policy makes the same mistakes as its predecessors. It is simply unrealistic to suggest that the kind of economic transformation necessary to participate in the private rental housing market can be achieved in six or twelve months. There is no reason to believe that, however much a person is incentivised to move on through the “discomfort” created at the City’s “managed care” facilities, they will be able to increase their incomes by the factor of five or ten necessary to rent a room from a private landlord. The economy is not growing and the jobs market is stagnant, when it is not getting worse. It is wrong to assume that, against these structural obstacles, poor and low-income households can simply pull themselves together and get a job that is going to pay them several times what they currently earn. As early as 2000 research being conducted on transitional housing in the inner city knew this to be the case, highlighting that the initial six months period of stay was not long enough to get people on their feet and noting that this was extended to 18 months. A 2005 evaluation by the SHF found that “the majority of residents that leave transitional housing are
homeless again and are forced to return to the street dwelling. This defeats the purpose of trying to address homelessness in the cities”.183

The City’s “managed care” policy whether by omission or design, is doomed to the same predictable failure as earlier transitional housing schemes. Without somewhere to which a poor or low-income family can “transition” into, they will end up back on the streets, or in another ‘bad’ building.

While there is clearly a lack of political will within the City to implement at scale the kind of rental accommodation that matches affordability levels and caters to the demand, there is also a lack of national policy and subsidy instruments that cater for the demand. There is no incentive for SHIs to develop more than 30% of units for low-income households. While there are vast amounts of money earmarked for capital expenditure to housing institutions, nothing is available for ongoing operational costs like management and maintenance. Rents are set at cost-recovery levels which mean they are too expensive for many households. While there are a handful of hostels being redeveloped in Soweto and City Deep using the CRU subsidy, the City would prefer to transfer its public housing stock to residents or sell off its property portfolio (à la ICPS), rather than explore creative and sustainable solutions for the lower end of the rental market or develop a clear and constitutionally sound low-income rental housing strategy.

It seems the private sector is willing to assist in developing low-income rental accommodation, but they will not do this without government subsidies to keep rentals low. Where the market fails, the state must step in – not as a stop-gap measure in the vain hope that the poor will somehow be able to overcome the massive structural obstacles which prevent them from accessing decent accommodation, but as a player in the housing market itself, catering for the needs that cannot be addressed by profit-making companies or SHIs.

Beginning to address the gap between supply and demand in the inner city needs at least two fundamental changes to take place –

- First, national government must look beyond capital subsidies to providing ongoing management and administration subsidies for public rental housing. The CRU policy is a step in the right direction, but it does not address the ongoing need for publically-owned stock to be managed and maintained. Nor does it provide for recruiting and employing personnel with the kinds of skills necessary for the state to start operating as a landlord, ensuring sound landlord/tenant relationships, collecting rent, and keeping rent default levels to a minimum.

- Second, the City must recognise that its role goes beyond facilitating free enterprise, and develop the political will and institutional capacity necessary to become a provider of rental housing. It has a constitutionally-ordained role as a provider of welfare, and an alleviator of poverty. As even private property developers now acknowledge, it must retain and refurbish ‘bad’ buildings for itself

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183 SHF “Exploring Transitional and Communal Housing” p. 18.
to provide affordable rental housing to those who cannot obtain this from SHIs or the private sector. It has not done so. Instead, as one High Court judge recently remarked, the City prefers to sit back and “throw up its hands in horror” each time there is an eviction where people are made homeless and it is required to provide temporary accommodation.\(^{184}\) But there is no need for “horror”. Housing demand in the inner city is not endless; it is finite, measurable and can be planned for. The City does not have to do it all now. Progressively eliminating homelessness in its urban core over the next ten years would be achievable at a fraction of its budget surplus – even without national government support – and leave it with property holdings in the inner city worth far more than it will initially have paid for them. For example, there are just over 33 000 households living in the inner city earning less than R3 500 per month. Assuming that each of these households requires a unit that costs R125 000 to build or refurbish (the maximum amount available under the CRU subsidy), the capital costs of eliminating the inner city housing problem altogether is, at its highest, R4.125 billion. This is just less than the City’s current budget surplus, which is R4.9 billion and projected to increase over the next few years.\(^{185}\)

It has to be accepted that the inner city of Johannesburg is not the only site of poverty within the City’s jurisdiction. There is a range of competing needs it must address. The point, however, is that the City has chosen to target the inner city for “regeneration” or, more recently, a “clean sweep”. If the City wishes to embark upon a radical programme of urban redesign and beautification, as it clearly does in the inner city, it is morally and legally obliged to pick up the social costs of doing so. The sooner the City acknowledges this, the quicker the gap identified in this report can be filled with safe, decent and humane housing.

We are used to hearing about the intractability of social problems, the endlessness of poverty and the inability of the state to do anything about it. What this report has shown, on the basis of an analysis of data accessible to anyone, is that, in inner city Johannesburg at least, providing housing to every poor and low-income household living there is an achievable, affordable goal within the next few years. The City just has to want to do it.

\(^{184}\) *Hlophe and Others v City of Johannesburg and Others* 2013 (4) SA 212 (GSJ) para 26

\(^{185}\) *Fin24* “R40bn budget to sell Joburg” (22 May 2013).
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