POLICY DIALOGUES

Social Housing and Spatial Inequality in South African Cities

PITCH

Social housing can be a powerful tool for integrating socially divided cities by providing decent rental accommodation for low- and moderate-income working families in central urban areas. Yet as new research shows, over the last 26 years in democratic South Africa, there has been a 'spatial drift' of new social housing projects away from the inner cities towards outer urban areas – a process that runs contrary to stated policy objectives.

The study concludes that a renewed public commitment is required to locate social housing in increasingly dense areas with good access to jobs and amenities. Success depends on several enabling conditions: capable social housing agencies; viable subsidy levels; well-located land; support across government; private sector involvement; and determined implementation.

ISSUES

South Africa's cities are among the most unequal and segregated places in the world, reflecting a legacy of colonialism and apartheid. What's more, increasing urbanization is adding to population growth in the outlying areas of cities, far from economic and social opportunities.

Unfortunately, the South African government's free housing program has tended to reinforce the spatial divide by confining poor households to 'dormitory' settlements on the urban periphery. Rising property prices in some central areas are causing gentrification and displacing longstanding local residents to fringe locations.

Shortcomings in government policy and practice mean that progress in overcoming the inherited geography of apartheid has proved difficult and slow. Social housing is one of the few policy instruments with the explicit mandate and funding to disrupt prevailing patterns of urban development. It has the potential to build integrated communities in dense urban areas with plentiful opportunities, and to revitalize run-down inner cities.

Dedicated social housing organizations have been strengthening their capabilities to build affordable rental complexes for a wide spectrum of low- and moderate-income households. Yet only 30-40,000 social housing units have been built since the 1990s. This is far fewer than originally anticipated and budgeted for, because of many obstacles and bottlenecks. As a result, there is now renewed political pressure to accelerate delivery of social housing

METHODS

The broad objective of this study is to assess whether social housing has lived up to its promise to reduce social and spatial inequalities in the major cities through well-located rental accommodation. The authors begin with a detailed review of policies and

research evidence. They then create an original database of all social housing projects built since the 1990s in order to analyse their main characteristics and locations.

The focus is on the seven largest cities: Johannesburg; Cape Town; Ekurhuleni; Tshwane; eThekwini, Nelson Mandela Bay; and Buffalo City. The designated 'restructuring zones' in each city that are intended to focus investment on priority areas are mapped. A typology of six kinds of location is used to categorize each project: core city; inner suburbs; outer suburbs; grey zone; greenfield mega-project; and established township. Further analysis is undertaken of the pattern across each city and the locational trends over time.

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RESULTS

The decade between the late 1990s and the late 2000s was a period of trial and error, with no proper policy framework or oversight arrangements in place. There was limited capacity among social housing agencies to plan and manage robust projects. Schemes were started using government subsidies plus overseas donor funding and commercial loans. Converting run-down and abandoned buildings in the inner cities into affordable rental units proved popular, especially in Johannesburg.

Other projects experimented with rent-to-buy, in which households tried to obtain bank mortgages after four years of renting. But there were many problems with poor project design and mismanagement, resulting in failed schemes and decaying housing stock.

A new policy framework was put in place in the late 2000s, with clearer guidelines and regulations. The situation improved temporarily, but the government failed to update the subsidies in line with inflation, so production stalled and budgets were not spent. Lack of investment in

Figure 1 Social housing by location type across years
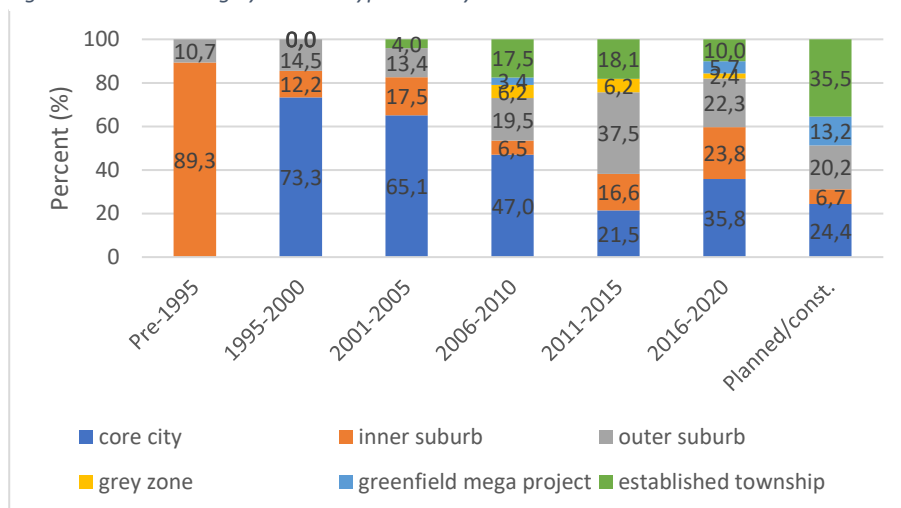
capacity-building and weak support across government continued to frustrate delivery. Changes in 2017 corrected some of these shortcomings, bringing renewed energy and investment to the sector.

Looking back, there has been a steady 'spatial drift' of new housing projects from inner cities towards outlying urban areas (see Figure 1). This goes against the fundamental policy objectives of urban restructuring and social integration. The dispersal trend has been driven by the high cost of well-located private land and the government's failure to make surplus public land available. The political

pressures to accelerate delivery have also encouraged building on greenfield sites, where procedures are simpler and quicker.

Expanded delivery is supported by co-funding from other government sources, without much private investment. Social housing providers are also becoming more diverse with the involvement of new commercial and municipal entities.

The proliferation of agencies and approaches benefits experimentation, but at the cost of coherence and coordination. It is striking that there has not been a single social housing project built in high-value inner city areas.

RECOMMENDATIONS

▸ Support for social housing from key government departments needs to be boosted by regularly updating subsidy levels, providing development finance, and making under-used public land available.

▸ It is essential to target well-located and inner urban areas in partnership with municipalities to ensure that social housing features strongly in neighbourhood regeneration strategies.

▸ Increase experimentation would help to make social housing viable in high-cost areas, including different mechanisms for cross-subsidization from private sector development.

▸ These efforts can be supported by strengthening the technical capacity and viability of social housing agencies, the sector regulator – the Social Housing Regulatory Authority – and stakeholder organizations, such as the National Association of Social Housing Organizations.