

## Executive Summary:

The SHRA appointed Cadre Plan to develop a recommendation report to shape a National Inclusionary Housing Policy to be developed by the National Department of Human Settlements. This document provided an overview of the current reports and documents on inclusionary housing in South Africa and an analysis of relevant policy, legislation and international best practice. The study concluded with a section on lessons learned. These lessons can serve as guidelines for future discussions by the SHRA and stakeholders and contribute to future policy formulations.

For the purpose of this document, inclusionary housing is defined as:

**“a housing programme that, through conditions attached to land use rights approvals, requires private developers to dedicate a certain percentage of new housing developments to affordable housing”.**

### INCLUSIONARY HOUSING POLICY CONTEXT

- Discussions about inclusionary housing in South Africa peaked in 2005 at the Housing Indaba in Cape Town, which resulted in the drafting of a Social Contract for Rapid Housing Delivery.
- The contract stated that every commercial housing development not aimed at low-income groups would have to allocate a certain percentage of units to those who qualify for government housing subsidies.
- This notion led to the subsequent draft national policy and implementation guidelines in 2007/08, based on international reviews and engagement with the private sector.
- During this time, it was agreed that the Financial Sector Charter will be used to define affordability.
- The figure is to be updated annually by the Banking Association South Africa, and the latest available figures (2016) define the Affordable Housing market as households earning up to R20 800 per month.
- However, little progress on policy and legislation was made in subsequent years.
- Currently, no national policy or legislation on inclusionary housing exists.
- Although the dominant view is that local government should be the primary sphere for delivering inclusionary housing, it will require a national policy framework and enabling legislation.

### KEY ROLE PLAYERS

Like the social housing programme, an inclusionary housing programme will have two main goals:

- Promoting social and economic integration, urban restructuring, and
- Expanding affordable housing supply.

The Social Housing Regulatory Authority (SHRA) will be a key player in this process and is required to give leadership and direction to this debate by providing recommendations and inputs that would increase the delivery of social housing (SH) through inclusionary housing (IH).

The recommendations and inputs from SHRA will guide the

National Department of Human Settlements to draft a comprehensive policy on inclusionary housing and develop subsequent legislation.

### THE CURRENT STATE OF INCLUSIONARY HOUSING

Several recent developments have placed the issue of inclusionary housing firmly back on the national agenda:

- The report of the High-Level Panel on key legislation and the acceleration of fundamental changes (2017) made specific references to inclusive housing when they called for “more creative approaches to mixed-income (inclusionary) housing”.
- The Department of Human Settlements stated that government should integrate elements of spatial integration, housing and infrastructure into its comprehensive policy framework.
- The City of Johannesburg and the City of Cape Town are developing policies on inclusionary housing and publishing proposals for public comment.
- The Social Housing Regulatory Authority has taken the initiative to commission studies and highlight positions that will influence future policies, frameworks and legislation on inclusionary housing.

### THE PURPOSE OF THIS PROJECT

This document provided an overview of existing thinking, legislation and policies on inclusionary housing. It also cited examples of current initiatives in various international jurisdictions that might contribute to the policy formulation process and made several recommendations

### DEFINITION RECOMMENDATIONS:

- IH aims to create a ladder of affordability which requires the supply of affordable housing in well-located local government-designated areas.
- Inclusionary Housing will be targeted to the affordable housing market (households currently earning R3 501-R22 000 per month) to be adjusted annually by the Financial Sector Charter.

### SCOPING/FRAMING A NATIONAL IH PROGRAMME:

- Allow for ownership and rental in a national IHP, but place a minimum time-frame restriction (suggested as minimum five years) on affordable units.
- “Rent with an option to buy” over longer periods.

### A COMBINED MANDATORY AND VOLUNTARY SYSTEM:

- The National IHP must specify local government's obligation to have a mandatory IH component in their IH policy but should also cater for a voluntary component.
- The voluntary component should be defined as an ‘opt-in’ approach and not be vague when referring to general PPPs that do not require policy regulation.

### NATIONAL POLICY RECOMMENDATIONS:

- The national IH policy should provide a framework that defines IH (including the income threshold).
- The national policy should not be too prescriptive and allow local government to make strategic choices regarding IH.
- The national policy should set out conditions for monetary support in the form of social housing subsidies.



### CLIENT FEEDBACK

“The project concluded in March 2019 and we were satisfied with the performance of Cadre Plan. We can recommend them for human settlements' policy and planning projects.

- Ahmed Bokhari, Research Specialist  
SHRA

# Policy recommendation report on inclusionary housing

May 2021

## Key Information:

The literature review revealed an absence of a national policy on inclusionary housing, which should be rectified urgently. Such a policy will give clear policy directions to provincial and local governments

It was also found that an effective implementation of inclusionary housing policy in South Africa, specifically the mandatory aspect, will require sound legislative backing.



## Project Details:

<b>Location:</b>	National
<b>Time-frame:</b>	6 months
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**Client:** Social Housing  
Regulatory Authority