

## **SHSUP EXECUTIVE SUMMARY**

### **WHY A SHSUP?**

During 2011/12 the City interacted extensively with the Department of National Treasury whilst developing the Built Environment Performance Plan (BEPP). The BEPP allows the City to access Urban Settlement Development Grant (USDG) funding. During these interactions, it was agreed that a more efficient utilisation of USDG funding needed to be explored due to the limitations of the “RDP type” housing model and the questionable sustainability of the urban form it has delivered.

The challenge of rapid urbanisation requires an immediate and longer term strategic response. This response would need to consider how the City will provide sustainable accommodation to incorporate future residential growth for all income groups through the use of various housing typologies in different locations across the City through specific institutional mechanisms.

### **WHAT ARE THE KEY OBJECTIVES OF THE SHSUP?**

The Sustainable Human Settlements Urbanisation Plan (SHSUP) was developed with the following key objectives and outcomes in mind:

- Confirm formal and informal accommodation backlogs and growth potential
- Identify strategic locations within GMS priority areas for residential growth
- Determine the desired urban form in these strategic locations
- Prioritise and phase the implementation of the highest and best strategic locations, noting implications for City
- Develop an accommodation model to assist in identifying and assessing demand and opportunities in future areas for delivery
- Recommend key levers and other planning, institutional and financial tools, policies, programmes, and strategies to resolve critical issues in unlocking access to accommodation in the formal and informal markets

### **WHAT ARE THE KEY HOUSING CHALLENGES FACING THE CITY?**

There are five broad categories of challenges experienced by the City, and in particular the Housing Department. These challenges include:

- Housing backlog in terms of various demand categories;
- Environmental degradation and health impacts;
- Poorly located housing and insufficient provision of services, security and socio-economic opportunities;
- Unemployment, poverty and inequalities;
- Cost and financial constraints; and
- Deficiencies in current housing practice in terms of the following:
  - Location of new public funded housing in remote sites;
  - Developer-focused delivery processes;
  - Lack of synergy with urban development priorities for Johannesburg;
  - Greenfield-focus with the 'matchbox', “RDP” house-type as the predominant model;
  - Over-centralised decision-making heavily dependent on the national capital subsidy;
  - Focus on ownership at the expense of alternatives such as social and rental housing;

- Focused on initial cost-saving and ignores life-cycle costs/savings for households and municipality;
- Provides no facilitation for alterations by households to suit changing needs; and
- Unresponsive to emerging needs such as sustainability through bio-physical (resource, environmental and health conservation), socio-cultural (cultural values of household and communities), socio-economic considerations (inequalities in income distribution and opportunities, income generation).

## **WHAT ARE THE KEY ISSUES AND ARGUMENTS CONSIDERED IN THE SHSUP?**

The key issues noted are grouped according to the development drivers as noted in the City's 2040 Growth and Development Strategy:

### **Human and Social Development**

- A significant proportion of the subsidy-eligible population has affordability to invest in their housing – just not enough to purchase a whole house therefore we need a diversity of housing products that match the affordability profile of the population.
- The provision of social facilities and infrastructure within new residential townships often lag far behind the construction of houses. The City is currently completing an assessment modelling the current backlog and future demand and supply of social amenities across the City. However, the same information is required for bulk infrastructure along with a costing or cost benefit analysis of infrastructure provision. The facilitation of public investment in bulk and social infrastructure and amenities needs to be aligned with new housing settlements and those existing areas currently in need of re-investment. The outcome of this investment will be an integrated environment improving the overall quality of life for the City's residents.
- The City is characterised by periodic migration patterns. The spatial and social needs of the target market need to be assessed and understood to be able to make appropriate decisions relating to affordability of housing products, financial instruments and others.

### **Economic Growth**

- High levels of unemployment and the informal development of backyard shacks as an income generator could well be owed to the impact of the continuous spatial separateness of "RDP type housing" from job opportunities and social services.
- A "better spatial location" relative to others in the City will not address the issues of job availability and job creation per-se. This will require an upturn in economic activity matching skills levels available with the opportunities created in different parts of the City. A comprehensive strategy dealing with economic development, investment and job creation in the City is a critical step towards bridging the gap regarding this issue and to achieve a sustainable city in future.
- There is a need to assess the formal economic sectors targeted by the City for future growth in terms of land and infrastructure requirements. The identification of strategic land for growth will need to be assimilated with a land value capture strategy, which provides a menu of incentives to attract investment.
- The role of the informal economy must also be acknowledged and defined. In the face of global economic downturns due to fuel and resource shortages linked directly with the impacts of Climate Change globally, the informal sectors has made remarkable responses in terms of the need to reduce, reuse and recycle resources with significant spin offs in terms of income creation; in contrast to the formal economy.

## **Environment and Services**

- Whilst it is important for the City to assist and provide basic services to the poor, the increasing cost of the provision of bulk and social services infrastructure must also be acknowledged and understood. The financial sustainability of the City requires a cost recovery strategy to ensure that services and infrastructure can be provided in future. All households including informal and backyards will need to be charged for the services they use.
- Transportation corridors have a critical role to play in connecting different regions of the city and linking the housing, economic and social components of the SHSUP. The City will need to engage extensively with the Transport Department to consider and implement critical transport linkages to unlock development potential where lacking in identified strategic areas, and to enhance the functional integration between land use and transportation in the City.
- The SHSUP emphasise the need to develop a well-researched process of land banking in response to the Strategic Areas identified. It also highlighted the importance of expanding existing institutional structures such as the Joint Land Steering Committee in order to ensure that all public owned land in the City is optimally utilised for purposes of providing housing and/or social services and facilities, rather than making the land available to the private sector to develop for short term profit purposes.
- The SHS Development Indices have been used as a tool in the implementation process of the SHSUP as an enforcement, monitoring and design mechanism. The sustainability of all proposed development projects can be assessed by way of the newly developed Housing Demand and Opportunities Model in order for them to achieve sustainability at a settlement level.

## **Governance**

- Existing housing programmes and their associated funding mechanisms remain the key financial drivers of the SHSUP. The City will therefore need some financing arrangements that do not depend solely on the existence of a national housing subsidy programme will be key in shifting the focus and qualitative aspects of a SHSUP.
- To implement the SHSUP effectively the boundaries of current policy will need to be tested and will require a champion to support a new financing approach that draws in the participation of the state, private and household sectors.
- The City proposes the following adjustments to the current National Housing Subsidy Scheme in order increase the efficiency and effectiveness of sustainable settlement:
  - The affordability of the State and the affordability of the household should be bridged through an arrangement of appropriately structured financial products to deliver adequate housing.
  - The scale of delivery of backyard rentals is unmatched by the public sector. The state will need to financially or administratively support these efforts.
  - Redevelopment and regeneration in strategic locations attracts the private sector to invest in these areas. This requires the state's investment in terms of infrastructure and social amenities – resource strapped local government is unable to deliver at the scale and speed required.
  - Remove or otherwise address the resale restriction currently applying to subsidised housing - housing delivery occurs not only through the construction of new units, but also through subdivisions, home improvements and extensions, and critically, the resale market.

- Controls are required to ensure that the funding for subsidised housing as well as necessary approvals from planning processes are obtained timeously.
- It is acknowledged that presently the current housing funding mechanism has limited the development of higher-density subsidised residential developments. In addition, development costs render high-density mixed developments / redevelopments extremely challenging from a financial perspective. Innovative financial mechanisms like extending the payback period for housing bonds from 20 to 25 years (which would reduce the monthly instalment fee), or the introduction of a tax break to projects which include medium to high density affordable housing units similar to the tax benefits provided to developers as part of the Urban Renewal Tax Incentive, could be introduced to make high density developments more affordable to the poor, and financially viable to the private sector.
- 70% to 80% of residents fail to leverage the full financial benefits associated with capital growth in house prices – and the associated downstream rateability benefits for the municipality.
- Historically, decisions relating to policy, strategy and delivery of housing have been mainly around the cost and capital spent of the top structure and infrastructure. Costs should be understood, defined and measured in terms of qualitative aspects relating to SHS in a broader sense.
- A need exists to establish an institutional environment that allows the resale market to work at the lower-end of the housing ladder which will assist in the “churn” and flow congruent with the middle and higher end of the market. The City will need to consider whether it could utilise the Sustainable Services Cluster as its institutional arm for the implementation of the SHSUP. This cluster should form an oversight mechanism and framework for the SHSUP, and be aligned with the GDS outcomes. In addition, the City’s Department of Human Settlements must continue the process to obtain housing accreditation level 3 in order to receive direct funding for the delivery of SHS.
- The City must ensure the establishment of well-defined roles and responsibilities and accountability in the delivery of SHS. Multi sectoral integration across the entities and agencies responsible for **policy formulation, planning and implementation** of sustainable human settlements would be required in this regard. Included is the need to manage spaces and places within the City. Decayed and decaying areas may offer infill opportunities for accommodation. There is still a need to understand the impact of higher densities within various parts of the City and also to set appropriate and applicable forms and standards for both the formal and informal sectors for a variety of land uses and buildings as well as infrastructure, besides residential accommodation.
- The effectiveness and efficiency of governance is greatly impacted on by the quality and accuracy of its data. Many gaps remain in terms of required research to make informed decisions regarding actions and future interventions. A key gap, which will determine the success of the City’s strategies and plans will depend on knowing and understanding what accommodation is required, by whom and for what purpose. A equally important gap involves

## **HOW DOES THE SHSUP LINK TO CURRENT CITY POLICIES?**

The SHSUP contributes towards Sustainable Human Settlements as identified in Outcome 2 of the GDS which notes the provision of a resilient, liveable, sustainable urban environment underpinned by infrastructure supportive of a low-carbon economy.

Further, in line with the State of the City Address (2012) by the Executive Mayor, the development of this plan will facilitate the implementation of IDP Key Flagship Programme 5: From Informal Settlements to Sustainable Human Settlements as indicated in the IDP (2011/12).

It is anticipated that the SHSUP will furthermore be aligned with strategies co-ordinated through the Sustainable Services Cluster which could include the following:

## **WHAT ARE THE LIMITATIONS AND/ OR ASSUMPTIONS OF THE SHSUP?**

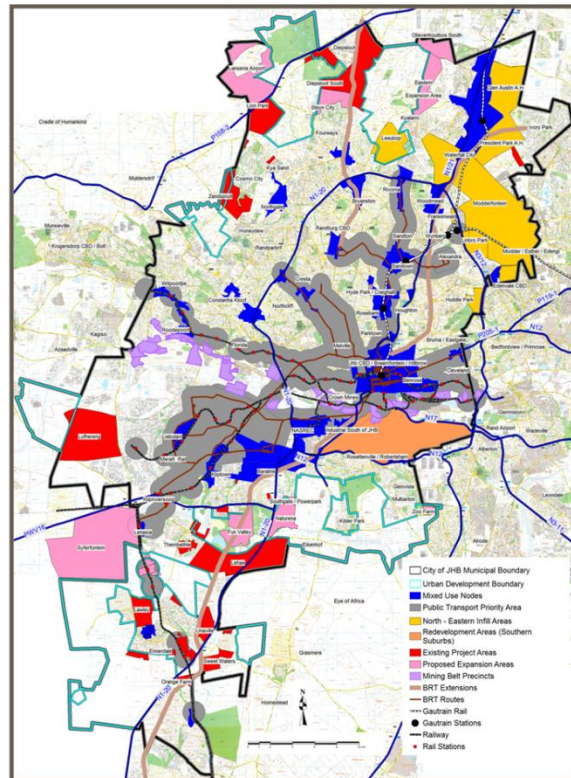
- SHSUP is one of the first plans in the City that not only acknowledges informality as part of the housing challenge and backlog, but also looks to informal accommodation as a possible solution and begins to segment informal settlements to better understand the target market for accommodation solutions.
- SHSUP cannot answer all the challenges relating to sustainability and sustainable development and therefore needs to fit within a bigger framework for sustainable development. This framework needs to consider issues of sustainability across all sectors, strategies, programmes, projects and plans.
- SHSUP does not provide a definition of SHS but acknowledges the distinction between Sustainable Human Settlement and sustainable development.
- The City's definition of sustainability and Sustainable Human Settlement is therefore premised on the GDS 2040 vision "...in which human and economic development will not destroy the natural ecological carrying capacity of the cities, regions, nations and interconnected global environment within which it occurs, and will not destroy the wider capacity for all to endure" (Joburg 2040 GDS, 2011: 25).
- In this context the City concept of SHS will be associated with secure, serviced shelter for its citizens.

## **HOW DOES SHSUP CONTRIBUTE TOWARDS SUSTAINABILITY AND THE TARGET OF MORE SUSTAINABLE HUMAN SETTLEMENTS?**

- **It Identifies strategic locations which will be prioritised for implementation**

The map below highlights the strategic development areas identified for the implementation of SHS. These areas are in line with the City's GMS policy. The City will need to undertake a prioritisation exercise as part of the validation of the base scenario results of the modelled future accommodation demand and supply which is one of the strategic interventions listed for implementation. These priorities need to filter through into the respective Regional Spatial Development Frameworks (RSDF's) in the City, and eventually into the IDP and budgeting processes of the City.

<b>Public Transport Priority Network</b>	
●	TOD Stations
●	BRT Routes
●	Mixed use Nodes
●	Mixed Use Nodes (Outside)
<b>Current Housing Project Areas</b>	
●	Existing Projects North
●	Existing Projects South
<b>Redevelopment Areas</b>	
●	Southern Suburbs
<b>Consolidation and Infill Areas</b>	
●	Mining Belt
●	North Eastern Suburbs
<b>Expansion Areas</b>	
●	Expansion Areas North
●	Expansion Areas South



**Map 1: Strategic Areas for Future Intervention**

- **The SHSUP provides a set of spatial criteria which are critical for “good” or “sustainable” urban form.**

The urban form criteria developed as part of the SUSUP may be used to assess any area to determine whether or not there are gaps in terms of the urban fabric and in so doing will provide a guide as to what necessary interventions are required to make an area more sustainable and a candidate for a SHS project. The City is already putting mechanisms into place to assess urban decay and what issues and areas require urban management interventions. However, the SHSUP assists through the urban form criteria to identify and evaluate future strategic development areas. These criteria are based on the following principles:

- Focus on public transport capacity / possibility
- Capitalise on existing service infrastructure
- Optimise use of existing social infrastructure
- Target areas with sound “urban fundamentals / structure”
- Consolidate around economic areas
- Focus on areas that would be responsive to economic stimulus
- Appropriate mix of typologies
- Target initiatives of a wider market sector
- Basic principles of environmental responsibility

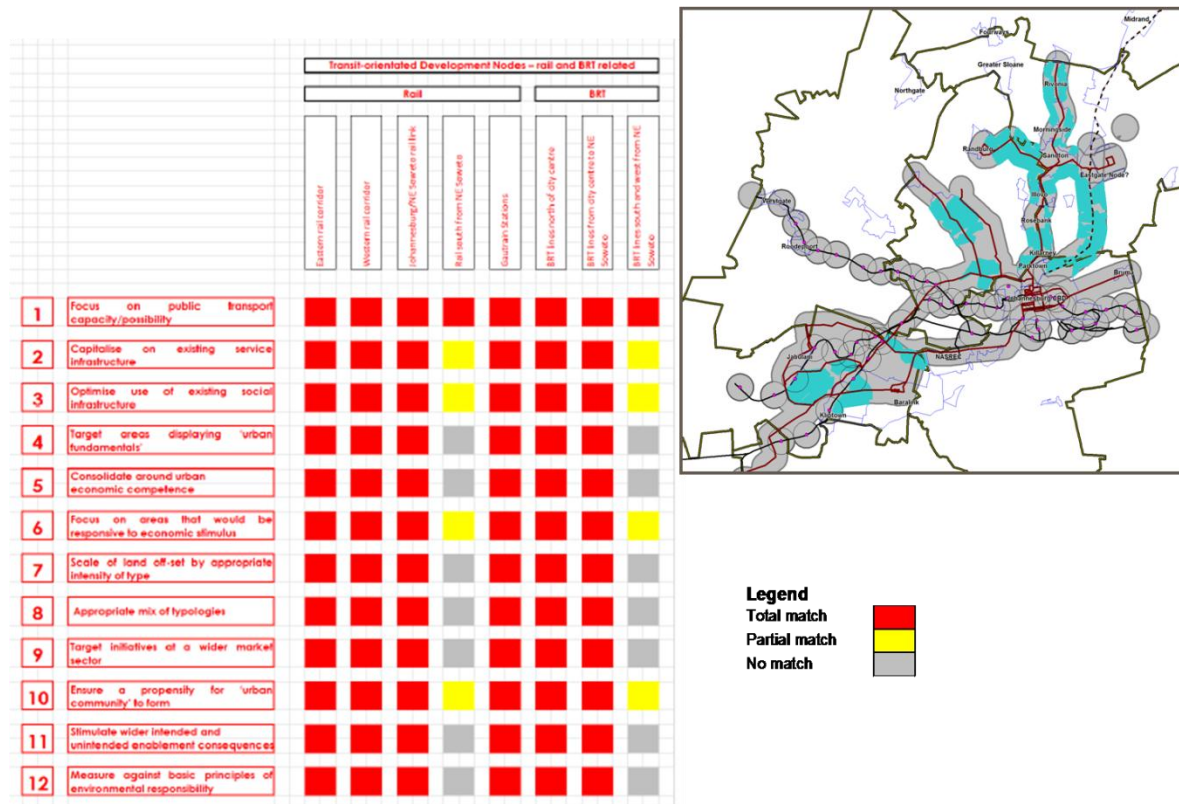


Diagram1: SHS Urban Form Evaluation Matrix

The diagram above illustrates how the urban form matrix may be used to evaluate a strategic area type to assess the level of sustainability in terms of urban form and whether it is a suitable candidate for SHS. The area above falls within the Transit Orientated (TOD) and Development Nodes (see map above). The left-hand side of the matrix lists the 12 critical urban form principles or criteria and compares them against the listed areas on the top right-hand corner.

- **Provides a Dynamic Model to provide guidelines on demand and supply opportunities**

The Accommodation Model includes the following variables per precinct area and consolidated for each strategic area type:

- Total number of housing units (with a breakdown by percentage for low, middle and high income groups);
- Desired mix of housing typologies;
- Expected mix of tenure options;
- Estimated development cost per unit per typology;
- Potential contribution/participation of the public and private sectors;
- Implications in terms of community facilities required.

The Model provides a set of results according to the different scenarios outlined below:

1. Option 1A: Highlights demand for all identified Strategic Areas of the City **including** backyard shacks

2. Option 1B: Highlights demand for all identified Strategic Areas of the City **excluding** backyard shacks
  3. Option 2A: Highlights demand for Strategic Areas and the Rest of the City **including** backyards
  4. Option 2B: Highlights demand for Strategic Areas and the Rest of the City **excluding** backyards
  5. Option 3A: Highlights demand for the Compact City and therefore infill development only (excludes Expansion areas) **including** backyard shacks
  6. Option 3B: Highlights demand for the Compact City and therefore infill development only (excludes Expansion areas) **excluding** backyard shacks
- The table below highlights the future demand and supply for each of the Scenario options discussed above. The table highlights the significant difference in terms of demand that the inclusion or exclusion of the backyards implies. It is for this reason that the SHSUP advocates for a conceptual shift towards supporting and facilitating backyard rental stock. The City will need to take a policy decision in this regard. If the City decides in principle to support and facilitate the increased provision of backyard rental stock, such strategy can be implemented by way of a proposed Rateable Property Affordable Rental Programme and an Informal Backyard Enablement Programme.



**Table 1: Model Results by Scenario**

	POPULATION PROJECTIONS			INCREMENT																			
	2010	2030	2010 - 2030																				
BASE	3 710 295	4 300 882	590 588																				
DWELLING UNITS PROJECTIONS					INCREMENT																		
2010				2030				2010 - 2030															
High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total												
BASE	250 392	399 373	629 048	1 278 813	436 220	575 811	732 850	1 744 881	185 829	176 437	103 802	466 068											
OPTION 1A: STRATEGIC AREAS																							
INCREMENTAL DU	EXISTING BACKLOG 2011			TOTAL DEMAND 2030	SUPPLY												SURPLUS /DEFICIT						
2010 - 2030	Informal	Backyard	Total		In Situ Upgrading	Nodes within PPTN	Nodes outside PPTN	TOD	BRT	Short Term North	Short Term South	Cons. & Infill North East	Cons. & Infill Mining Belt	Redev. Southern Suburbs	Expansion North	Expansion South		Rest of City	Total				
466 068	164 939	320 652	485 591	951 658	26 500	75 500	30 585	74 117	84 482	56 929	91 497	157 539	70 461	23 775	78 662	72 138		842 185	-109 473				
OPTION 1B: STRATEGIC AREAS (without backyard)																							
INCREMENTAL DU	EXISTING BACKLOG 2011			TOTAL DEMAND 2030	SUPPLY												SURPLUS /DEFICIT						
2010 - 2030	Informal	Backyard	Total		In Situ Upgrading	Nodes within PPTN	Nodes outside PPTN	TOD	BRT	Short Term North	Short Term South	Cons. & Infill North East	Cons. & Infill Mining Belt	Redev. Southern Suburbs	Expansion North	Expansion South		Rest of City	Total				
466 068	164 939		164 939	631 006	26 500	75 500	30 585	74 117	84 482	56 929	91 497	157 539	70 461	23 775	78 662	72 138		842 185	211 179				
OPTION 2A: STRATEGIC AREAS AND REST OF CITY																							
INCREMENTAL DU	EXISTING BACKLOG 2011			TOTAL DEMAND 2030	SUPPLY												SURPLUS /DEFICIT						
2010 - 2030	Informal	Backyard	Total		In Situ Upgrading	Nodes within PPTN	Nodes outside PPTN	TOD	BRT	Short Term North	Short Term South	Cons. & Infill North East	Cons. & Infill Mining Belt	Redev. Southern Suburbs	Expansion North	Expansion South		Rest of City	Total				
466 068	164 939	320 652	485 591	951 658	26 500	75 500	30 585	74 117	84 482	56 929	91 497	157 539	70 461	23 775	78 662	72 138	293 970	1 136 155	184 497				
OPTION 2B: STRATEGIC AREAS AND REST OF CITY (without backyard)																							
INCREMENTAL DU	EXISTING BACKLOG 2011			TOTAL DEMAND 2030	SUPPLY												SURPLUS /DEFICIT						
2010 - 2030	Informal	Backyard	Total		In Situ Upgrading	Nodes within PPTN	Nodes outside PPTN	TOD	BRT	Short Term North	Short Term South	Cons. & Infill North East	Cons. & Infill Mining Belt	Redev. Southern Suburbs	Expansion North	Expansion South		Rest of City	Total				
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OPTION 3A: COMPACT CITY																							
INCREMENTAL DU	EXISTING BACKLOG 2011			TOTAL DEMAND 2030	SUPPLY												SURPLUS /DEFICIT						
2010 - 2030	Informal	Backyard	Total		In Situ Upgrading	Nodes within PPTN	Nodes outside PPTN	TOD	BRT	Short Term North	Short Term South	Cons. & Infill North East	Cons. & Infill Mining Belt	Redev. Southern Suburbs	Expansion North	Expansion South		Rest of City	Total				
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OPTION 3B: COMPACT CITY (without backyard)																							
INCREMENTAL DU	EXISTING BACKLOG 2011			TOTAL DEMAND 2030	SUPPLY												SURPLUS /DEFICIT						
2010 - 2030	Informal	Backyard	Total		In Situ Upgrading	Nodes within PPTN	Nodes outside PPTN	TOD	BRT	Short Term North	Short Term South	Cons. & Infill North East	Cons. & Infill Mining Belt	Redev. Southern Suburbs	Expansion North	Expansion South		Rest of City	Total				
466 068	164 939	0	164 939	631 006	26 500	75 500	30 585	74 117	84 482	56 929	91 497	157 539	70 461	23 775				691 385	60 379				

- **Provides a series of clear Strategic Interventions and Key Actions**

The SHSUP furthermore provides a set of Strategic Interventions and Key Actions critical for the Implementation of the SHSUP. These Interventions are outlined in the table below:

<b>STRATEGIC INTERVENTION 1: UTILISE HOUSING DEMAND AND OPPORTUNITIES MODEL TO INFORM STRATEGIC PLANS AND POLICIES</b>
Action 1.1: Validate and Refine Housing Demand and Opportunities Model Base Scenario per Region
Action 1.2: Development Plans for newly identified Strategic Areas
<b>STRATEGIC INTERVENTION 2: IDENTIFYING AND SECURING PUBLIC OWNED LAND WITHIN STRATEGIC AREAS</b>
Action 2.1: Initiate New Typology Housing Projects on Identified Priority Council Owned Land
Action 2.2: Expand Existing Public Owned Land Database to all Strategic Areas
Action 2.3: Expansion of Joint Land Steering Committee to include other spheres of Government
Action 2.4: Establishment of a partnership with the Housing Development Agency
<b>STRATEGIC INTERVENTION 3: IDENTIFICATION AND IMPLEMENTATION OF STATE SPONSORED HOUSING PROJECTS</b>
Action 3.1: Complete Existing State Sponsored RDP Housing Projects
Action 3.2: Initiate Alternative Housing Typologies and Delivery Mechanisms
Action 3.3: Support and Implement Pilot Projects
<b>STRATEGIC INTERVENTION 4: EARMARK PUBLIC OWNED LAND TO ACCOMMODATE EXISTING SOCIAL FACILITIES BACKLOGS AND FUTURE DEMANDS</b>
Action 4.1: Determine Social Facilities Required and Earmark Appropriate Public Owned Land
Action 4.2: Develop/Enhance the Multi Purpose Community Centre Concept
Action 4.3: Community Facilities Co-ordination and Alignment Committee
<b>STRATEGIC INTERVENTION 5: FACILITATE SECONDARY ACCOMMODATION MARKET</b>
Action 5.1: Rateable Property Affordable Rental Programme (RPARP)
Action 5.2: Informal Backyard Enablement Programme (IBEP)
Action 5.3: Establishment of Technical Advisory Resource Service Centre (TARSC)
<b>STRATEGIC INTERVENTION 6: INCENTIVES TO ENHANCE PRIVATE SECTOR INVOLVEMENT</b>
Action 6.1: Promote Development Incentives to Stakeholders

**STRATEGIC INTERVENTION 7: CREATE APPROPRIATE INSTITUTIONAL MODEL TO IMPLEMENT SHSUP**

Action 7.1: Short Term SHSUP Co-ordination Institutional Arrangements

Action 7.2: Assess Capacity and Institutional Arrangements of Delivery Agents

Action 7.3: Re-direct and channel flow of financial resources

**STRATEGIC INTERVENTION 8: PROJECTION AND ASSESSMENT OF ECONOMIC SECTORS AND DEVELOPMENT SCENARIOS**

Action 8.1: Formal economic sector assessment and projections

Action 8.2: Informal economic Sector assessment and projections

Action 8.3: Financial Sustainability and Rates Approach – short/ medium/ long term

Action 8.4: Impacts on Affordability of Services and Transport Networks

**STRATEGIC INTERVENTION 9: MANAGEMENT OF CITY SPACES AND PLACES**

Action 9.1: Initiate Strategic response to Land Invasions

Action 9.2: Develop approach to Management of decaying/ Decayed Areas

Action 9.3: Impact of High Densities and Defining Norms and Standards for Formal and Informal Sector

Action 9.4: Detailed Design Codes

**STRATEGIC INTERVENTION 10: RESEARCH AREAS**

Action 10.1: Understanding the spatial locations and accommodation choices made by migrants

Action 10.2 Understanding the dynamics and changing role of the Inner City as a commercial node and residential hub (for both the formal and informal sectors)