

Spatial Justice Delayed?

Understanding the Obstacles to Social & Transitional Housing in Central Cape Town

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INTRODUCTION

Cape Town is one of the most unequal cities in the world, in terms of race and class.¹ Every day, hundreds of thousands of poor and working class families (most of whom are Black and Coloured) struggle to access land and decent, affordable housing in Cape Town. This is partially due to the legacy of colonial and apartheid spatial planning which forcibly removed Black, Coloured and Indian people from their land in order to reserve the best-quality, most well-located land for White people. The resulting pattern of unjust and unequal access to the opportunities of urban living has continued into the democratic era with a number of contemporary factors contributing to its perpetuation, including an exclusionary land and property market.

Social housing is a form of affordable rental housing that offers a unique opportunity for change, one that could fundamentally restructure South African cities and help to build a different future. Created in accordance with the Social Housing Act 16 of 2008, the social housing programme aims to develop government subsidised affordable rental apartments in well-located areas from which low- to middle-income families have previously been excluded. Social housing can only be delivered in designated areas that have good access to economic opportunities, public transport, and social amenities, such as schools, hospitals and clinics.² As such, social housing is one of our most powerful tools in the struggle

to overcome spatial apartheid and promote social, racial and economic inclusion. Yet despite the enormous potential of social housing, in the 27 years since the end of apartheid not a single social housing unit has been built in the central Cape Town suburbs from which Black, Coloured, and Indian people were historically removed.

On 18 July 2017, the City of Cape Town announced its commitment to develop social and affordable housing on eleven sites of public land in the inner-city, Woodstock and Salt River. In September of the same year, the City released a prospectus with details of the land parcels and the status of their development, calling for property developers and social housing institutions (SHIs) to make proposals on five of the sites that had not yet been allocated to an SHI or reserved for development by the City itself.³ This announcement was welcomed by land and housing activists throughout the city, who had campaigned for more social and transitional housing to be developed in well-located areas for years.

Four years after the City's commitment to release and develop affordable housing on the eleven sites, little progress has been made. The majority of the projects have either stalled or progress has been slow. In fact, only one of the affordable housing projects has been completed. This project, the Pickwick Road transitional

In our 2017 report - *I Used to Live There* - we called for transitional housing to be developed as an important housing intervention to prevent the displacement of poor and working-class people. These problems persist.

housing project, provides temporary housing for only nineteen families who were removed from City land to make way for the proposed Pine Road social housing development. Given the urgent and escalating need for affordable housing, many are concerned by the slow pace of progress on these promises.

This report looks at the progress made in developing social and affordable housing on the eleven sites identified by the City for release and development, and closely studies one of them - the Salt River Market site - as a case study in an attempt to understand the barriers and delays that have hampered the completion of affordable housing in central Cape Town. The development of the eleven sites are critically important for broadening access to well-located affordable housing and overcoming spatial apartheid, which is why a full understanding of the obstacles to the completion of these projects is essential. The Salt River Market case study reveals that key challenges include a lack of clarity about the release of public land, financial viability, time-consuming development processes, inadequate government resources and capacity, conflicting incentives for government officials and a lack of political will from local government and political leaders. With a better understanding of these factors in mind, the report concludes with a series of recommendations for unblocking progress on these sites to ensure the development of well-located and truly affordable housing in Cape Town.

PHRASES TO KNOW:

Affordable housing: This term covers a wide range of public and private housing models that aim to accommodate people whose total household income is between R1 500 to R22 000 per month. In other words, affordable housing can include various types of housing developed under a range of housing programmes by either government or the private sector.

Social housing: Social housing is a type of government subsidised rental housing provided by local government or non-profit organisations with affordable rents well below market level. Social housing aims to accommodate households who earn between R1 500 to R15 000 per month. The social housing programme prioritises social housing development in well-located areas that people have historically been excluded from, and aims to help restructure South African cities by redressing the legacy of spatial apartheid. Social housing projects are developed and managed by local government or social housing institutions (SHIs) (such as Communicare or Social Housing Company (SOHCO)).⁴

Transitional housing: Transitional housing is a form of temporary housing for families who need a stable housing solution for a relatively short period of time, before moving on to more permanent options. There is no formal housing programme designed to create this

type of housing, but various existing programmes can be used to fund it. The City of Cape Town's current approach to transitional housing has not included people who face displacement or homelessness as a result of eviction.⁵

GAP housing: GAP housing caters for people who earn too much to qualify for government subsidised housing and too little to afford housing on the open market.

Mixed-income developments: Housing developments that contain a mix of income groups within the same site. This facilitates the development of integrated communities, and allows for cross-subsidisation of lower-income groups by higher-income groups.⁶

Mixed-use developments: Developments that contain a mix of residential and complementary non-residential uses. This allows for the cross-subsidisation of affordable housing by the commercial element of the development. It also facilitates the creation of integrated human settlements through access to social, economic, and recreational opportunities.⁷

WHO'S WHO?

Social Housing Institutions (SHIs): SHIs are non-profit organisations or municipally-owned entities that develop and manage social housing. Development happens with the assistance of a capital subsidy from the government. To qualify for this subsidy, an SHI must be accredited by and regularly report to the Social Housing Regulatory Authority (SHRA). SHIs have to ensure that rental units remain affordable to the people they target and cannot sell housing developed with a social housing subsidy.⁸

Private developers: Businesses that aim to generate profits by developing real estate (land and buildings) for the private market. These companies generally acquire land or property in order to construct or renovate buildings that can then be rented or sold for more than they cost. Private developers get the money for their projects from their own funds or through investment from financial institutions like banks. Unlike the government - whose primary aims should be to achieve goals like equitable access to land and shelter for people - a private developer's main objective is to make money.

Social Housing Regulatory Authority (SHRA): The SHRA is a national agency of the Department of Human Settlements (DHS) which was established in 2010 in terms of the Social Housing Act 16 of 2008. Its main purpose is to invest in, enable and regulate the social housing sector.⁹

Other Delivery Agents (ODAs): ODAs are private companies that have been approved by the SHRA to deliver an aspect of social housing. These companies are different from SHIs (who are non-profit organisations or municipally-owned entities) and are very unusual in Cape Town.¹⁰

National Association of Social Housing Organisations (NASHO): NASHO is an independent membership-based association of social housing institutions (SHIs) and support organisations from across South Africa. Formed in 2002, NASHO works to ensure that the social housing sector is strong and sustainable by providing information, research, advocacy, capacity development, advisory and support services to its members.





CAPE TOWN NEEDS WELL-LOCATED AFFORDABLE HOUSING

The legacy of apartheid and colonial spatial planning continues to shape how Cape Town is divided by race and class segregation. The effects of our history have been made worse by three main factors:

1 CAPE TOWN HAS A MASSIVE SHORTAGE OF AFFORDABLE HOUSING

The provision of government subsidised housing has done little to dismantle Cape Town's unequal spatial patterns, with housing delivery failing to keep pace with the considerable housing backlog. In 2019, the City's housing backlog stood at 365 000 households.¹¹ And these figures only refer to the families that qualify for fully government subsidised homes, approximately 75% of the population of Cape Town qualify for some form of housing assistance.¹² The overwhelming scale of the need means that the City itself believes it will take more than 70 years before it can eradicate the housing backlog.¹³ Quite simply, more homes need to be built, and at a faster rate, by both the government and the private sector.

2 CAPE TOWN HAS AN UNAFFORDABLE AND EXCLUSIVE HOUSING MARKET

Cape Town's affordable housing crisis has been exacerbated by the City's persistent failure to regulate land and property markets, resulting in stubbornly high rents and property prices that have excluded poor and working class families (and disproportionately affected Black and Coloured families). The average sale price for a home in Cape Town in 2019 was R1.5 million (the highest in South Africa), a price that less than 5% of households in the city are able to afford.¹⁴ Cape Town has the largest share of luxury residential properties, with 41% of the property market aimed at providing luxury properties valued at over R1.2 million.¹⁵

According to data published by Ndifuna Ukwazi (based on 2011 Census figures that have been adjusted for inflation), 75% of households in Cape Town earn less than R18 000 a month (the figure rises to 92% for Black households), and most people cannot afford to pay more than R3 000 a month in rent or R281 000 to own.¹⁶ This puts

rent and homeownership in well-located areas close to Cape Town's economic centres out of reach for most poor and working class families.

And housing could become even more unaffordable. Knight Frank projects that Cape Town is set to have the highest year-on-year property inflation in the world in 2021 (in line only with Shanghai)!¹⁷ The effect of property inflation is even more worrying when broken down by market share as property prices in middle- and lower-income markets continue to increase, pricing lower-income earning families out of the market.¹⁸ In practical terms, this means that the number of available affordable homes in Cape Town has actually *decreased* in recent years.¹⁹

The high cost of housing has forced many poor and working-class households out of well-located areas to the edge of the city, which has worsened unemployment, poverty and inequality.

3 THE DELIVERY OF GOVERNMENT SUBSIDISED HOUSING HAS REPRODUCED SPATIAL INEQUALITY

The City's main response to the lack of affordable housing has, in many ways, also exacerbated spatial inequality. This is due to the City's focus on building as many houses as possible - and sacrificing the location of

government subsidised housing in the process. In fact, most government subsidised housing has been developed in peripheral areas where land is usually cheaper. This failure to recognise the importance of *where* affordable houses are built has created 'poverty traps' on the outskirts of the city far from job opportunities, social amenities and decent, reliable transport.

Where a person lives in the city matters – it determines a person's access to opportunities and the quality of services. Many outlying areas in Cape Town have limited access to basic services, schools generally perform worse, gang violence is rife, substance abuse is more common, and social amenities are harder to access. Poor and working-class people spend a disproportionate component of their income and time on unreliable transport – the City itself has found that poor people in Cape Town spend up to 45% of their income on transport, well over the global average of 5-10%.²⁰ Critically, research shows that there is a direct relationship between where people live in South African cities and the chances that they will find employment.²¹ Living on the outskirts of South African cities therefore ends up trapping the poor and working-class in a cycle of structural poverty.²²

The outbreak of the COVID-19 pandemic has worsened existing inequalities and driven more people into homelessness as many lost their jobs and are struggling to access and pay for housing and other basic needs, including food.

SOCIAL HOUSING HAS THE POTENTIAL TO COMBAT SPATIAL INEQUALITY

Social housing is a powerful tool to dismantle spatial inequalities. One of the primary objectives of the social housing programme is to “promote urban restructuring” and “social, physical and economic integration” by developing decent, affordable rental housing for poor and working class families in well-located areas close to job opportunities, social amenities and public transport.²³ Social housing therefore has the potential to bring communities together. In fact, the social housing programme is the only form of government housing that is specifically aimed at addressing spatial inequality and restructuring our cities and towns.

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RACIAL SEGREGATION IN CAPE TOWN

HOUSEHOLDS BY RACE

- Black African
- Coloured
- Indian or Asian
- White
- This size equals approximately 100 People

Households by race in Cape Town showing persistent segregation and inverse density, taken from the 2011 Census. How much has changed since the end of Apartheid?

Source: Adapted from Adrian Firth, "Dot Map of South Africa" (2013).



EXISTING SOCIAL HOUSING HAS DONE LITTLE TO DISRUPT SPATIAL INEQUALITY

The existing social housing stock in Cape Town has done little to dismantle spatial inequality. This is due to three main reasons:

- existing social housing stock is insufficient to address the significant need for affordable housing,
- few of the existing social housing projects are well-located, and
- existing social housing stock is largely full or oversubscribed.

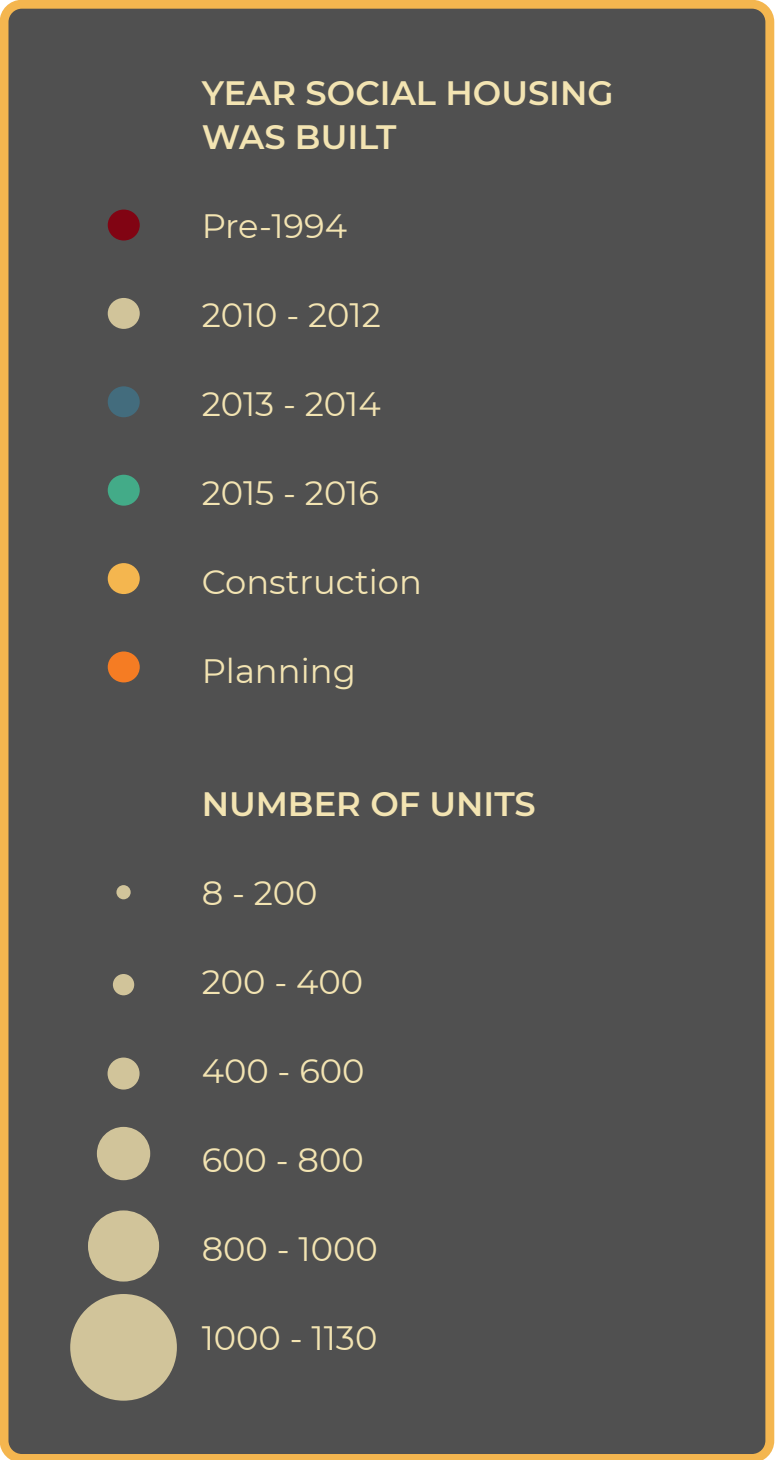
Cape Town is in desperate need of more social housing. Yet when compared to other cities in the country, Cape Town has few social housing projects and little housing stock. In fact, even though Cape Town makes up approximately 20% of the metropolitan population of South Africa and is the second largest metro, it only has 12% of the national social housing stock.²⁴ There are currently only 22 social housing projects in the broader

Cape Town area, which collectively make up 3 332 social housing units that are occupied by tenants.²⁵ Despite the need for social housing, the City and SHIs have also been slow to develop and implement new social housing projects. The majority of the social housing projects in Cape Town were developed before 1994 and are small in size. Since 1994, the three main SHIs in Cape Town - Communicare, Madulammoho and the Social Housing Company (SOHCO) - have developed and managed only five new social housing projects.²⁶ While there are other projects that are planned or under construction and various other factors that have hindered the development of social housing, this also suggests that the development of social housing has not been given the urgent attention and political support it deserves.

Few of Cape Town's existing social housing projects are in well-located areas. This contradicts the objectives of the social housing programme, which aims to disrupt the legacy of apartheid spatial planning and create

THE LOCATION OF SOCIAL HOUSING IN CAPE TOWN

CITY CENTRE



Source: Adapted from Scheba et al, "The Role of Social Housing" (2021).

mixed-income communities. Despite these aims, the vast majority of Cape Town's existing social housing projects are either located in the outer suburbs, townships or on the outskirts of the city.²⁷ In fact, Andreas Scheba, Ivan Turok and Justin Visagie, researchers at the Human Sciences Research Council (HSRC), estimate that as much as 75% of Cape Town's existing social housing is located in peripheral areas.²⁸

According to these scholars, there has been a steady “spatial drift” of social housing projects away from the inner urban areas of Cape Town towards outlying areas over the past decade.²⁹ In essence, this means that social housing projects are being built further and further away from the inner city (and therefore further and further away from access to job opportunities, social amenities and decent public transport). One suggested reason for the “spatial drift” of social housing projects is the high cost of private land in well-located areas and the failure of the state - at all levels - to make well-located public land available for the development of social housing, which lead SHIs to develop social housing in less well-located areas where land is cheaper.

Shockingly, not a single social housing project has been completed in the inner city or the most central neighbourhoods that were formerly reserved as White-only areas since 1994.³⁰ Central Cape Town is the most significant concentration of business and employment in the city and the region, with more than 200 000 people commuting

into the city every work day. Given the importance of central Cape Town as the primary economic node and the context of race-based dispossession and displacement from surrounding areas, it is difficult to see how any measures aimed at addressing spatial apartheid can exclude central Cape Town.

Cape Town's existing social housing stock is also in high demand, with many social housing projects being over-subscribed or having long waiting lists of potential tenants.³¹ Social housing units are therefore rarely available.

In the context of this urgent need for additional social housing in well-located areas, the City's commitment to release and develop the eleven parcels of public land into social and transitional housing, and the lack of progress on completing these projects becomes vitally important. If completed, the social and transitional housing projects envisioned for these sites will expand the social housing stock in the City - thereby contributing to social, racial and economic inclusion by giving thousands of poor and working class families access to economic opportunities and social amenities. The sites are also exceptionally well-located in the CBD, Woodstock and Salt River areas. However, despite the potential that these sites hold, in the four years since the City launched its prospectus, progress in relation to the development of these sites has been slow.

“Cape Town’s social housing pipeline leaves a gaping hole in and around the core city, including Sea Point and the Atlantic Seaboard. There are no plans for even a single project here...”

Andreas Scheba, Ivan Turok and Justin Visagie (HSRC researchers)³²



THE ELEVEN SITES: WHAT WAS PROMISED IN THE CITY'S PROSPECTUS?

In July 2017 the City published the *Woodstock, Salt River and Inner-City Precinct Affordable Housing Prospectus*,³³ in which it announced that eleven pieces of publicly-owned land would be released for development of affordable housing. The prospectus provided that:

- five of the sites were open to development proposals from the private sector for the development of mixed-income developments with affordable housing,
- three of the sites had been allocated to social housing institutions (SHIs) for the development of social housing,
- two of the sites would be developed as transitional housing by the City itself, and
- one of the sites was earmarked "for future housing development".³⁴

Four years after this announcement, progress in releasing these sites and developing affordable housing has been slow. In fact, only one of the projects - the Pickwick Road transitional housing project that offers temporary housing to just 19 families - has been completed; and none of the other sites has even broken ground. While some of the projects have shown signs of progress (including the Pine Road, Dillon Lane and Pickwick Road projects), most have stalled or made no apparent headway. In some cases, it is unclear how long it will take for the projects to be completed or if they will be completed at all.

Of the 11 promised projects, only 1 has been completed.

CITY

WOODSTOCK

SALT RIVER

PINE ROAD

Promise: Assigned to SOHCO along with Dillon Lane as part of the multi-phase development of 240 social housing units

**LAND RELEASED BUT GROUND NOT
BROKEN**

NEW MARKET STREET

Promise: Mixed-income development by a private developer to include a minimum of 300 social housing units

LAND NOT YET RELEASED

FRUIT AND VEG

Promise: Mixed-income development by a private developer to include a minimum of 50 social housing units

LAND NOT YET RELEASED

UPPER CANTERBURY STREET

Promise: Future housing development

LAND NOT YET RELEASED

WOODSTOCK HOSPITAL PARK

Promise: Mixed-income development by a private developer to include a minimum of 200 social housing units

**INFORMALLY OCCUPIED (OCCUPIERS HAVE
CAMPAIGNED FOR COLLABORATIVE UPGRADING).
CITY HAS EMBARKED ON EVICTION**

WOODSTOCK HOSPITAL

Promise: Mixed-income development by a private developer to include a minimum of 700 social housing units

**INFORMALLY OCCUPIED (OCCUPIERS HAVE
CAMPAIGNED FOR COLLABORATIVE UPGRADING).
CITY HAS EMBARKED ON EVICTION**

JAMES STREET

Promise: The City will develop approximately 43 transitional housing units

LAND NOT YET RELEASED

DILLON LANE

Promise: Assigned to SOHCO along with Pine Road as part of the multi-phase development of 240 social housing units

**LAND RELEASED BUT GROUND NOT
BROKEN**

SALT RIVER MARKET

Promise: Assigned to Communicare for mixed use development including social and GAP housing

LAND NOT YET RELEASED

REMAINDER OF PICKWICK ROAD

Promise: Mixed-income development by a private developer to include a minimum of 600 social housing units

LAND NOT YET RELEASED

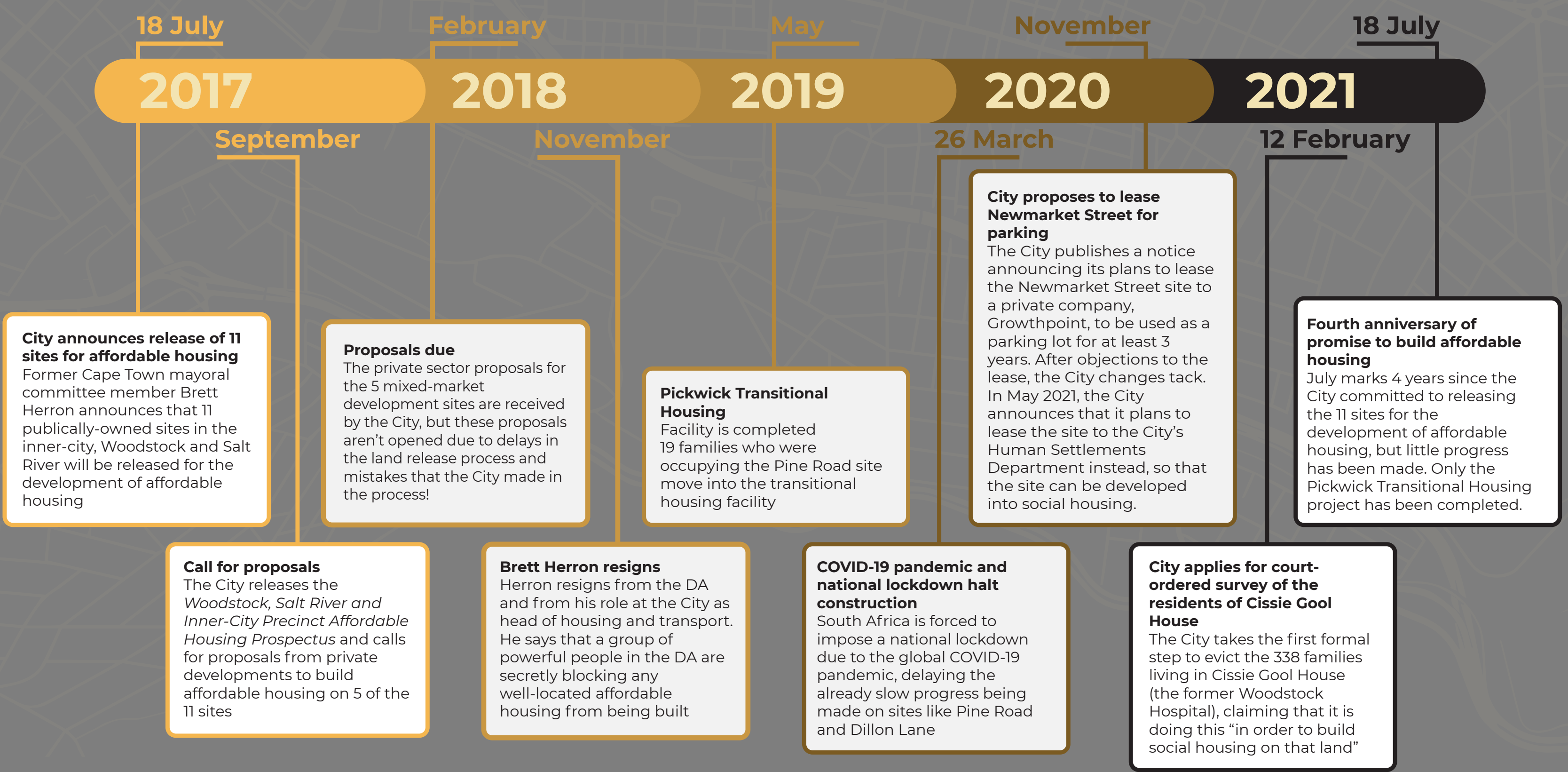
PICKWICK ROAD TRANSITIONAL HOUSING

Promise: The City will develop a minimum of 42 transitional housing units

COMPLETED IN MAY 2019
19 families have moved in

THE LONG ROAD TO AFFORDABLE HOUSING: A TIMELINE

In the past four years, small steps have been made on some of the sites, especially Pine Road, Dillon Lane and Pickwick Street. However this timeline shows that only the Pickwick Transitional Housing project has been completed and that none of the other projects have even broken ground!



THE ELEVEN SITES: WHAT PROGRESS HAS BEEN MADE?

PICKWICK ROAD TRANSITIONAL HOUSING (SALT RIVER)

The Pickwick Road Transitional Housing project is the only one of the eleven housing projects that has been completed. In May 2019, the transitional housing facility was occupied by 19 families who were displaced from other City land. The Pickwick facility offers these families temporary housing until they are able to access decent permanent homes.



Pickwick Transitional Housing

PINE ROAD SOCIAL HOUSING (SALT RIVER)

The Pine Road Social Housing project is in the final stages before construction begins, making it the most advanced of the other projects. The project, which is being developed by SOHCO, will consist of 243 social housing apartments targeted at families with a household income between R1 500 and R15 000 per month. Roughly 10% of the development will consist of large studio apartments outfitted for elderly couples that are dependent on state pensions. These units will be built in collaboration with the Neighbourhood Old Age Homes (NOAH) and will accommodate approximately 50 pensioners at rentals of R600 or R700 a month. The development is solely residential ranging from two to four storey walk-ups in a courtyard block style with a public square in the centre.

The City sold the land to SOHCO (along with the Dillon Lane land) in November 2019. SOHCO did not need to rezone the site and has received Heritage Western Cape approval. SOHCO initially aimed to begin construction on the site between June and August 2020, with an estimated construction period of fifteen to eighteen months and projected that the placement and accommodation of tenants in their new homes would take place in September 2021. However, by July 2021 this project hasn't even broken ground! The project appears to have been drastically delayed as a result of the global COVID-19 pandemic. In 2020, the project was delayed due to serious funding constraints. The SHRA made a new decision to cap the funding for geo-technical work, which means that SOHCO couldn't get all the money that it needed to start building on the site. The site is located on unstable soil and on a seismic zone, meaning that additional funding is required for construction (for example, to fund piling for the foundation of the buildings). The most recent projected timeframes still propose a minimum of six months of pre-construction planning.



Pine Road



Dillon Lane

DILLON LANE SOCIAL HOUSING (SALT RIVER)

The project, which is being developed by SOHCO, will consist of between 150 and 1 650 social housing apartments. The land was released to SOHCO in the same deed of sale as the Pine Road site in November 2019. After delays in obtaining planning approvals as a result of the COVID-19 pandemic, the City has recently secured the planning approvals needed to build the Dillon Lane Social Housing project. This comes after the Municipal Planning Tribunal heard the land use application for the project in May 2021. The City says that the project is “nearing construction phase” with the next step being “the submission of the Site Development Plan (SDP) to further prepare the site for the commencement of the construction.”³⁵

SALT RIVER MARKET (SALT RIVER)

As you will read in the next section, although the site was identified as early as 2008, the Salt River Market project has been delayed due to challenges around the disposal of the land. The City aims to finish the disposal by the end 2021. The City says that this project is also “nearing construction phase” for development, which includes 200 social housing units.



Salt River Market

REMAINDER OF PICKWICK ROAD (WOODSTOCK)

The Remainder of Pickwick Road project was conceived of as a mixed-use development including 600 social housing apartments. However, in a recent statement the City indicated that it has embarked on the process of obtaining land use management approvals for the project to include only 400 social housing apartments. The City has not yet appointed an SHI and/or developer to develop the site.

As of July 2021, the development consultants appointed by the City were packaging the site for the maximum density (this entails getting the land ready for development and includes conceptual design and massing of how much can be built on the site). As part of the process to get environmental approvals, the City published a Draft Environmental Basic Assessment Report for public comment (comments were to be submitted by 15 July) and the land use application process was underway at the time of writing. The draft report indicated that although the final design will depend on the proposals put forward to the City, the following parameters have been set for the development of the site: it will be developed for roughly 2 000 residential units of which approximately 30% will consist of social housing (600 units) and 70% will consist of commercial / student housing (1 400 units). The lack of clarity from the City about the exact number of social housing units that will be developed on the site (either 400 or 600) is concerning.



Pickwick Road

NEW MARKET STREET (WOODSTOCK)

In November 2020, after years of inaction, the City published a notice announcing its plans to lease the Newmarket Street site to a private company, Growthpoint, to be used as a parking lot for three years. After objections from Ndifuna Ukwazi and the City's Human Settlements Department, the City decided to abandon this lease. In May 2021, the City announced that it planned to lease the site to the City's Human Settlements Department instead, to enable the Department to develop social housing on the site. In terms of the City's notice, the land will be leased to the Department for 30 years at a nominal rental of R150 per year. The City embarked on a parallel rezoning process.

UPPER CANTERBURY STREET (INNER CITY)

The site on Upper Canterbury Street was earmarked "for future housing development" in the prospectus. To date there has been no progress on the development of the site. The existing building is currently being used as a panel beater and offering commercial and office spaces to let.



Upper Canterbury Street



New Market Street



Fruit and Veg

FRUIT AND VEG (INNER CITY)

In 2017 the City, in its prospectus, called on private developers to submit proposals for the development of the Fruit and Veg site for the development of affordable housing. After the City abandoned the process when it didn't open any of the proposals, there was uncertainty about the future of the site. The City claims that this site, which it estimates can accommodate approximately 150 units, is in "early feasibility stage".³⁶ However, since these commitments the City has renewed a lease of part of the land to Fruit and Veg (for the Food Lover's Market), has leased another part of the land to Streetscapes (for a food garden and employment project), and recently erected a sign on the site that reads "City of Cape Town: Construction of new and rehabilitation of existing non-motorised transport facilities". The rest of the site is being used as a parking lot. This suggests that if this land is going to be used for affordable housing, it will not be any time soon.

JAMES STREET (SALT RIVER)

In the City's prospectus, the James Street site is earmarked for the development of transitional housing for the residents of an informal settlement on the Salt River Market site. To date there has been no progress on the site.



James Street

CISSIE GOOL HOUSE (FORMERLY WOODSTOCK HOSPITAL PARK AND WOODSTOCK HOSPITAL)

Reclaim the City (RTC), a social movement made up of tenants, housing activists, evictees and working-class people, occupied the abandoned Woodstock Hospital and Woodstock Hospital Park sites in 2017. The residents renamed the sites Cissie Gool House, in honour of anti-apartheid activist Zainunnisa “Cissie” Gool. For almost four years, Cissie Gool House has offered a refuge and safehouse to poor and working-class families that would otherwise have faced homelessness and displacement as a result of rampant gentrification and evictions in the Woodstock and Salt River areas.

However, in February 2021 the Cape Town sheriff served court papers on the occupiers of Cissie Gool House. The City has applied for a court ordered survey of the families living in Cissie Gool House, but the ultimate goal of its application is to evict the occupiers to make way for the development of social housing on the site. The City has embarked on the eviction process despite a national eviction moratorium, imposed as a result of the global COVID-19 pandemic.

The court papers make it clear that the City is prioritising the development of social housing on the site. However,



its decision to pursue an eviction is worrying as the City's own development consultants, Stedone Developments (Pty) Ltd, proposed various alternative development options that would ensure that social housing development at Cissie Gool House could include the existing occupiers and prevent evictions or displacement.

The alternative development plans stem from a co-design process undertaken in 2019 between the occupiers, various non-profits, the City and its consultants. The co-design process, which occupiers actively participated in, consisted of a detailed assessment of the structural challenges of existing buildings and the co-production of an alternative vision for the site. However, towards the end of 2019, the City seemed to abandon the co-design process. The co-design process and the Stedone report raise important questions about the future of the site. In particular, if it is possible to build social housing without evicting roughly 338 poor and working-class families into homelessness, why hasn't the City embraced these options?

In the four years since people started occupying Cissie Gool House, the occupiers have worked hard to transform an abandoned and run down building into a home for poor and working-class families who have struggled for dignified and affordable well-located housing. The families living in Cissie Gool House have kept the buildings





clean, safe and well-maintained (often using what little money and skills they have to clean and maintain the buildings). They have also initiated various social programmes for residents, including women's wellness circles and men's meetings to combat gender-based violence, crèches, social support projects for the elderly and skills-based training (like permaculture gardening). Throughout the national lockdown imposed as a result of the COVID-19 outbreak, the occupiers worked to sustain soup kitchens with support from surrounding communities and Community Action Networks (CANs) and started up gardens as an on-site source of nutrition.

In many ways, Cissie Gool House is serving the exact purpose that the City seeks to achieve by building social housing on the site. It provides necessary and affordable housing to the same set of people that would otherwise qualify for social and affordable housing, and has enabled families to remain in well-located areas close to employment opportunities, schools and social amenities. However, instead of developing this land in a way that would incorporate and build on the community-driven developments of the occupiers, the City is using the promise of social housing as a way to evict hundreds of poor and working-class families (most of whom are Black and Coloured) from Cissie Gool House.

WHAT'S THE HOLD UP?



There are various factors that have hindered the development of well-located affordable housing in Cape Town. While the development of affordable housing is always intricate and time-consuming, there are certain major barriers that have resulted in the slow pace of progress on the development of the eleven sites - and well-located affordable housing more broadly. These barriers are:

- **Release of public land** - The failure of government (at all levels) to release well-located public land is one of the primary obstacles that has undermined the development of affordable housing in Cape Town. The successful implementation of social housing development relies, in part, on the City releasing or selling well-located public land to SHIs at discounted prices. However, a lack of clear obligations and processes to release public land has prevented the implementation of affordable housing on some of the eleven sites.³⁷
- **Financial viability** - SHIs rely on a combination of government subsidies and their own equity to fund the development of affordable housing projects. However, the government has failed to link the value of social housing subsidies to inflation and the cost of development.³⁸ The effect has been that the value of the subsidy has consistently fallen

behind the growing costs of development, as the price of building materials and services goes up but the subsidy amount remains the same. This causes a particular challenge for SHIs that try to build densities of higher than four storeys. In fact, social housing delivery virtually ground to a halt a couple of years ago after a decade of falling subsidies.³⁹ A once-off inflation based adjustment of the subsidy was made in 2017, which spurred on new investment by SHIs. However, if similar adjustments are not made every year SHIs may soon find the grant insufficient (even if they are not building higher density developments) and increasingly depend on additional funding or cross-subsidisation through profit-earning developments to ensure financial viability.

- **Time-consuming and bureaucratic development processes** - Some of the slow rate of progress on the development of the eleven sites can be attributed to intricate and time-consuming urban development processes, such as project preparation, land packaging, and environmental, rezoning, land use and planning approvals. In addition, the general public must be consulted and community participation should be meaningful. The complexity of the development processes for well-located

“There is sometimes a perception that if there is no construction on a site, nothing is being done. This could not be further from the truth. Due processes are being followed and much planning and development management processes are under way, which form integral parts of ensuring that these complex social and affordable housing projects are realised.”

Malusi Booi (City of Cape Town Mayoral Committee Member for Human Settlements).⁴⁸

affordable housing means that many housing officials prefer to focus on the development of simpler housing projects, such as greenfields projects on vacant land in less well-located areas. The development of well-located affordable housing therefore requires dedicated and competent government officials with sufficient capacity, support and a strong commitment to see each project through the development process. It also requires the City to find ways to expedite and fast-track development processes.

- **Lack of sustained support from local government and political leaders** - The development of well-located affordable housing relies heavily on active local government and political support. The City has a number of important tools at its disposal that can assist SHIs in developing well-located affordable housing projects, including making public land available at discounted prices, providing financial incentives, simplifying administrative procedures, and stream-lining approvals to reduce delays and costs.⁴⁰ The Social Housing Act also requires the City to help establish SHIs, assist SHIs to access bridging finance and create an enabling environment for affordable housing development by coordinating spatial plans and infrastructure investment.⁴¹

These factors have all contributed to delays in the development of the eleven affordable housing projects that the City committed to in its *Woodstock, Salt River and Inner City Affordable Housing Precinct Prospectus*. The Salt River Market housing project, one of the eleven sites, offers an interesting case study that illustrates how these obstacles play out in practice.

CASE STUDY: THE SALT RIVER MARKET PROJECT

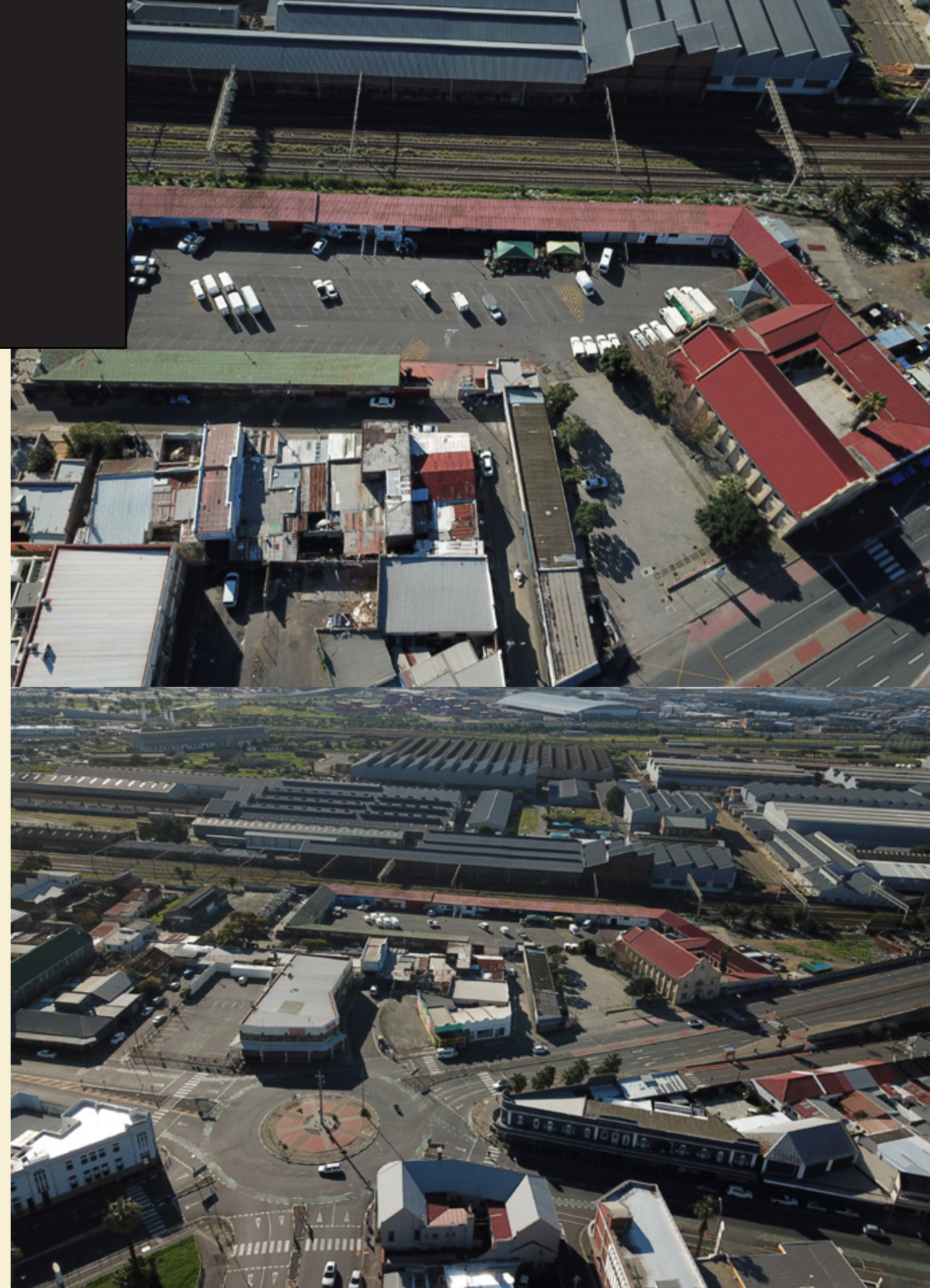
Salt River Market is an exceptionally well-located piece of City-owned land near central Cape Town, close to job opportunities, schools, hospitals, and public services. The site lies in an area that managed to resist apartheid era forced removals, but the diverse working class community living in the area (who are predominantly Black and Coloured) have found themselves on the losing end of a battle with gentrification as rising rents and property prices has displaced many to outlying areas of the city.⁴² The site has been proposed as a site for affordable housing since 2008, when forward-looking City officials took the initiative to start packaging the land and investigate the feasibility of affordable housing. However, more than a decade later none of these plans have come to fruition.

In 2017, when the City released its prospectus, it announced that it would partner with Communicare to develop the site using a mixed-income model containing social housing, GAP housing and market-rate housing. While some initial progress was made, Salt River Market still hasn't broken ground. In fact, plans for the project have stalled and it is unclear how long it will take for the site to be developed or if it will be developed at all.⁴³

Research conducted by Nick Budlender, an urban policy researcher and Sheffield University urban planning graduate, sheds some light on the challenges this affordable housing development faced.⁴⁴ The three main challenges are discussed below:

1 THE LAND

The viability of social housing is dependent on municipalities making well-located public land available to SHIs. It is common practice for the City to release public land at discounted prices to encourage and increase the financial feasibility of affordable housing development.⁴⁵ However, the Social Housing Act doesn't explicitly place an obligation on municipalities to release well-located public land and there are no clear processes for how it should be done when it happens. When it comes to Salt River Market, Communicare had been under the impression that they would be able to receive the land at 10% of the R18 million market value (as is common practice when the City disposes of land for social housing





projects). But shortly before the site was transferred, the City revised the value of Salt River Market up by 530% to R114 million. This meant that Communicare had to fork out R12 million to purchase the site, much more than the R1.8 million they expected to pay.

The main reason for this was resistance from local politicians in a Democratic Alliance (DA) caucus meeting, who were concerned about the land being sold for such a low price and that the land was being disposed of to a developer rather than an SHI. However, this was simply untrue as Communicare is an SHI and was only developing a mixed-income development to ensure that the development of social housing was financially viable. The fact that doubt was used to block the development also suggests a lack of political will to understand the importance of this proposed project or see it completed. This suggestion is supported by unfounded and factually incorrect claims made by caucus members regarding instability in Communicare in the same meeting. It also reveals that there was inadequate internal education and consultation to ensure that politicians and officials were on the same page and in possession of proper information, both before and during that caucus meeting. Given how critical these potential housing solutions are, that cannot be good enough.

2 THE MONEY

Politicians' concerns about how little the land would be sold for stemmed from the fact that Communicare was pursuing a mixed-use development that would incorporate both social housing and for-profit spaces such as business or market-rate rentals. However, Communicare was doing this to comply with the City's own policy to densify neighbourhoods like Salt River (the City's own planners encouraged a mixed-income model) and to keep the cost of development financially viable. Densifying well-located areas makes huge environmental and social sense, however it costs more to build at higher densities. The ordinary capital grant that's available to SHIs usually covers a three or four storey walk-up of social housing. The subsidy amount is insufficient to build higher than this, which limits an SHI's ability to develop dense housing unless they incorporate for-profit elements that help subsidise the development.

3 THE DEVELOPMENT PROCESS

The development process includes many steps. As City of Cape Town Mayoral Committee Member for Human Settlements Malusi Booï recently stated, a lot of work must happen behind the scenes before we see bricks being laid on the ground.⁴⁶ While this is true of all developments, various aspects of the development process for social housing renders progress slower than it needs

to be. First, there is insufficient municipal funding and capacity directed towards the essential process of preparing and packaging land for development. City officials are also not properly incentivised to undertake these more complex - but potentially more beneficial - projects because their "key performance indicators" (KPIs) still emphasise the *number* of housing units delivered rather than the *quality and location* of the housing units delivered. If officials do tackle the challenge of social housing, they're likely to come up against serious delays pursuing tricky processes like securing environmental approval, obtaining water licences and gaining public support. These rely on intergovernmental collaboration - between local, provincial and national government - which our politicians and officials aren't very good at. As a result, officials might feel the need to prioritise other forms of housing, delivering more units with fewer obstacles instead of taking on the difficult process of developing social housing in a well-located area, where resistance might arise and fewer homes would ultimately be built.

The challenges faced during the Salt River Market development helps us understand the obstacles and delays involved in the development of well-located affordable housing in Cape Town. But what does all this mean?

QUESTIONS TO CONSIDER FROM THE CASE STUDY:

- How has doubt and error affected progress on the eleven sites?
- Are sufficient resources and capacity directed towards driving the development of well-located affordable housing and are officials incentivised to see these projects completed?

- Is there sustained support for the development of well-located affordable housing from local government and political leaders?
- How can other levels of government speed up or support the development of well-located affordable housing at local level?

“Cape Town’s housing crisis is growing in scale and intensity every year. More and more people are being forced into precarious housing and many people die while waiting for a home. If we want to build a city that truly works for everyone, it is time that [affordable housing] projects like Salt River Market get the attention and support they deserve.”

Nick Budlender (urban policy researcher).⁴⁹

RECOMMENDATIONS



Cape Town's affordable housing crisis has exposed a dire need for well-located affordable housing to address the enduring legacy of spatial inequality and promote social, racial and economic inclusion. Social housing is a form of affordable rental housing that, along with other housing interventions, offers a unique opportunity for change - one that could fundamentally restructure South African cities and help to build a different future. As the only government housing programme that explicitly aims to create mixed-income communities and bring poor and working class families into well-located areas close to job opportunities, transport and social amenities, social housing has a crucial role to play in creating a more just and equal city.

However, four years after the City of Cape Town committed to releasing and developing eleven well-located pieces of public land into social and transitional housing, progress on these affordable housing projects have been slow. In fact, only one of these projects - the Pickwick Road transitional housing project that offers temporary housing to just nineteen families - has been completed; and none of the other sites has even broken ground. While some of the projects have shown signs of progress (including the Pine Road, Dillon Lane and Pickwick Road projects), most have stalled or made no apparent

headway, and, in some cases, it is unclear how long it will take for the projects to be completed or if they will be completed at all.

If we are to disrupt the replication of spatial apartheid and build a dense, inclusive and spatially just city, we need a radical new approach that meaningfully supports and fast-tracks the development of well-located affordable housing.

It is for this reason that this report set out to investigate some of the common challenges that have plagued the development of the eleven sites - and well-located affordable housing more broadly. These common challenges and the in-depth look at the obstacles faced in the development of the Salt River Market project show that there are various concrete ways in which the government can encourage, drive and support the development of well-located affordable housing in Cape Town. These are some of the recommendations of how government could do this:

RELEASE WELL-LOCATED PUBLIC LAND FOR THE DEVELOPMENT OF AFFORDABLE HOUSING

Releasing well-located public land for the development of affordable housing is the single greatest contribution that the government - at national, provincial and local level - can make to ensure that well-located social and transitional housing becomes a reality. The development of social housing is heavily reliant on SHIs being able to access well-located land at discounted prices. However, there is no explicit obligation or clear process that offers guidance to the government on how to release well-located public land for the development of social and affordable housing. We therefore recommend that national legislation be developed that clarifies municipal obligations to release public land and that a standard land release process be drafted. The latter should be researched and developed collectively by SHRA, the national Department of Human Settlements, and National Treasury.

FINANCING MECHANISMS

As a first step, the standard income band and subsidy available to SHIs need to be linked to inflation and regularly adjusted to make the social housing programme more sustainable. Additionally, to align practice more closely with policy, the funding model for social housing should be updated to include a density grant that SHIs can apply for when building in particularly well-located areas. This would allow SHIs to build higher density projects without needing to include for-profit units that make development financially viable. Exploring the potential of mixed-income and mixed-use developments to ensure the financial viability of social and affordable housing projects remains worthwhile, however, SHIs should actively guard against these development models diverting them from their core mandate. We recommend that the financial mechanisms used for mixed-income and mixed-use developments be clarified and normalised within government.

CITY SPECIFIC INTERVENTIONS

The City has a number of important tools at its disposal that can assist SHIs in developing well-located affordable housing projects, including providing financial incentives to encourage the development of affordable housing, simplifying administrative procedures, and stream-lining approvals to reduce delays and costs. The Social Housing Act also requires the City to help establish SHIs, assist SHIs to access bridging finance and create an enabling environment for affordable housing development by coordinating spatial plans and infrastructure investment.⁴⁷

FAST TRACKING OF DEVELOPMENT PROCESSES

The processes involved in public sector housing development can be slow and involve significant intergovernmental collaboration. Where possible, the City should streamline public sector processes to reduce the amount of time it takes to comply with procurement legislation, acquire water licences, and receive environmental authorisation. The development of well-located affordable housing also requires dedicated and competent government officials with sufficient capacity, support and a strong commitment to see each project through the development process. This could involve devolving approval powers to municipalities. Redressing spatial apartheid and addressing the housing crisis are urgent aims justifying that exemptions and expedited processes should be considered for social housing.

SUSTAINED SUPPORT FROM LOCAL GOVERNMENT AND POLITICAL LEADERS

The development of well-located affordable housing relies heavily on active local government and political support. Local politicians need to prioritise the development of well-located affordable housing and build popular support among their constituencies. The public also has a role to play in holding local government and political leaders accountable for their promises by applying sustained political pressure through formal public participatory mechanisms.

IMPROVING INSTITUTIONAL CAPACITY AND RESOURCES

If we are serious about developing well-located affordable housing, more capacity and resources must be dedicated to development planning and land packaging to ensure that each project is ready for development within the City. Land packaging involves significant work, requiring competent officials and sufficient funding. Key Performance Indicators (KPIs) for municipal officials also need to be reformed so that they are motivated to pursue the often complex challenges involved in developing well-located social housing. KPIs currently emphasise the numbers of homes delivered, rather than taking into account other important factors such as the location or quality of the homes developed. This narrow quantitative focus of performance management contradicts national, provincial, and municipal housing policy which prioritises the quality, location, and range of housing types of settlements.



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Ndifuna Ukwazi is an activist organisation and law centre that combines community organising, research, advocacy and litigation in campaigns to advance urban land justice in Cape Town. Our primary mission is to expand and protect access to affordable housing towards building a more just and equal city.

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