CITY OF JOHANNESBURG
INCLUSIONARY HOUSING

Incentives, Regulations and Mechanisms

(Draft for public comment)

This document outlines the requirements, incentives, regulations and mechanisms for implementing inclusionary housing in the City of Johannesburg

This policy is not yet approved by Council

City of Johannesburg

Draft for Public Comment: 28 February 2018
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1. Definitions

**Inclusionary Housing:** A housing programme that requires private developers to dedicate a certain percentage of new housing developments to low income and low middle income households at affordable housing cost. This document includes only rental housing as inclusionary housing.

**Dwelling Unit:** As per the Johannesburg Town Planning Scheme.

**Market Units:** Dwelling units that will be sold or rented out on the free market.

**Affordable Housing:** Housing for which the monthly cost, for rental or purchase (including levees and municipal services) is 30% of the occupying household’s income.

**Low-Middle Income:** Households earning R7000 per month or less.

**Property:** As per the Johannesburg Town Planning Scheme.

**Township:** As defined in the City of Johannesburg Municipal Planning By-law, 2016.

**Development:** As defined in the City of Johannesburg Municipal Planning By-law, 2016.

**Rezoning:** As defined in the City of Johannesburg Municipal Planning By-law, 2016.

**Land Development Application:** As defined in the City of Johannesburg Municipal Planning By-law, 2016.

**Township Establishment:** As defined in the City of Johannesburg Municipal Planning By-law, 2016.

2. Requirements for Inclusionary Housing

The intention of this document is to define incentives, mechanisms and regulations for inclusionary housing in Johannesburg.

Inclusionary housing will be mandatory for any development in the city that includes 10 dwelling units or more. A minimum of 20% inclusionary housing units is required (as a percentage of all dwelling units across the development).

When inclusionary housing is required, it will be implemented as a condition for development (in land use/development approvals) by the City of Johannesburg. The City may take action against developers/owners who do not comply with the conditions for inclusionary housing outlined in land use/development approvals.

All conditions for inclusionary housing must be included in title deeds (only where new title deeds will be generated by the approved land development application). These title deed conditions are a real right of the City of Johannesburg and its residents.

All conditions for inclusionary housing will be in place for perpetuity, or until repealed by a council resolution.

3. Location of Inclusionary Housing

Inclusionary housing units must be built on the same site or in the same township (in the case of a township establishment) as the market units being provided.

Inclusionary housing requirements and incentives are applicable across the whole area of the City of Johannesburg Metropolitan Municipality. Developments including inclusionary housing are subject to
normal land development policy and processes in the City (including the Spatial Development Framework and the Municipal Planning By-Law).

Besides the incentives outlined in this document, no development concessions will be made for developments that contain inclusionary housing.

4. What the City will consider as Inclusionary Housing Units

This inclusionary housing policy is designed to provide rental accommodation at an affordable price, and not housing for ownership. It is intended for dwelling units, not residential buildings (as per the Johannesburg Town Planning Scheme/s).

Two types of management are promoted, that will be considered as inclusionary housing:

- Social Housing
- Private ownership and rental at a capped rental amount

4.1. Social Housing

Social housing that is managed by an accredited Social Housing Company (as per the Social Housing Act No. 16 of 2008) as a part of a development containing market units, will be considered inclusionary housing. Developers/owners may register a social housing company to manage the inclusionary housing units, or may sell/lease/contract the units to an accredited social housing company for management.

Once built, inclusionary housing units must remain inclusionary for perpetuity, or until repealed by a council resolution.

4.2. Private ownership and rental

Developers/owners of developments that include inclusionary housing units, may rent out the inclusionary housing units privately. In the case of sectional title developments, the inclusionary housing units must be owned, managed and rented out by the body corporate. Rentals, including levies but excluding utility bills, may not exceed R2100 a month\(^1\) (for 2018). Prices may be corrected for inflation using yearly consumer price inflation rates for housing in urban areas, published annually by Statistics South Africa.

In the case of private ownership and rentals, annual audited reports (with personal details of tenants excluded) must be provided to the Executive Director, Development Planning, City of Johannesburg, and made publically available, showing that the rental amounts charged (for inclusionary housing units) are in line with the price brackets defined above. Annual Reports must be published on the 1\(^{st}\) of July each year. These reports need only contain the inclusionary component of the development, and not market units. Documents that are publically available must be placed on an online repository that is openly accessible to any party who may be interested in the information.

Once built, inclusionary housing units must remain inclusionary for perpetuity, or until repealed by a council resolution.

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\(^1\) This is based on 30% of R7000 household income. This amount is from the Johannesburg Spatial Development Framework 2040, section 8.1.2.
5. Incentives

The incentives below will apply to a maximum of 50% of total dwelling units in a development, township establishment or on a property. Thus, even if the building may be defined as 100% inclusionary units, the incentives will only apply to 50% of those units.

Incentives apply proportionally (up to 50%) to the percentage of inclusionary housing units developed. A development containing 100 units, 20 of which are inclusionary, would receive a 20% bonus for example (as per the incentives below).

In order to qualify for these incentives, at least 20% of total units in the development should be for inclusionary housing, as defined in this document.

The incentives below only apply to the inclusionary housing units in a development. No Incentives, other than those relevant in other policies of the City, will be applied to market units.

Incentives or requirements for inclusionary housing may not be retrospectively applied to land use/development applications that were approved before the adoption of this policy by council.

If any density or development control bonus is awarded that was not included in the initial land development application and advertisement, then re-advertisement will be required. All inclusionary housing land development applications (and any accompanying technical report and advertisement) should thus include the full development controls and densities (including bonuses and the inclusionary housing component).
5.1. **Development Controls**

5.1.1. Inclusionary housing units will be subject to half of the parking requirements indicated by the applicable town planning/land use scheme or applicable, approved spatial policy for the area.

5.1.2. A density bonus will be applied where inclusionary housing is supplied, as per the Spatial Development Framework 2040, or subsequent SDF if applicable. This bonus will be proportional to the percentage of inclusionary housing provided. This density bonus must be included in the advertisement and accompanying land development application.

5.1.3. The density bonus also applies to development controls, such as height, floor area ratio and coverage. If, for example, 20% inclusionary housing is provided, a 20% bonus in these controls will be granted. This must be included in the advertisement and land development application submitted to council.

5.1.4. Street building lines are relaxable to 1m if at least 20% of units across the development may be defined as inclusionary housing, and if buildings are designed so as to interact with the street, with no perimeter walls on street boundaries.

5.2. **Parks Contributions**

5.2.1. Market units will be liable for the full Parks Contribution, as per the prevailing contributions policy at the time of calculation

5.2.2. Inclusionary housing units (which are part of a rezoning scheme, as opposed to a new township establishment) will be liable for 50% of parks contributions as per the prevailing contributions policy at the time of calculation

5.2.3. Inclusionary housing units (which are part of a new township establishment as opposed to a rezoning scheme) will be liable for 80% of parks contributions as per the prevailing contributions policy at the time of calculation

5.3. **Engineering Services Contributions**

5.3.1. Market units will be liable for the full engineering services contribution, as per the prevailing contributions policy at the time of calculation

5.3.2. Inclusionary housing units (which are part of a rezoning scheme, as opposed to a new township establishment) will be liable for 50% of engineering services contributions as per the prevailing contributions policy at the time of calculation

5.3.3. Inclusionary housing units (which are part of a new township establishment as opposed to a rezoning scheme) will be liable for 80% of engineering services contributions as per the prevailing contributions policy at the time of calculation

5.4. **Property Rates**

Inclusionary housing units will be rated as per the City’s Property Rates Policy rebate for inclusionary housing. If no such rebate is included in the rates policy, inclusionary housing units will be rated as social housing units in the rates policy at the time of rating. In other words, the social housing rebate will apply to the percentage of the building/property (in terms of units) that are defined as inclusionary housing. In the case of sectional title or separate ownership of the market and inclusionary components, the rates rebates will apply to inclusionary housing units, and not to market units. Rates rebates must be applied for and approved in writing by the City, in terms of the prevailing rates policy.
6. Minimum Design Requirements

6.1. Inclusionary housing units:

6.1.1. Must include a private bathroom (within the unit, with access only from within that unit) with a minimum of a toilet, shower and basin.

6.1.2. Must meet the size requirements in the Consolidated Town Planning Scheme (7 square metres of habitable space per person) and be a minimum of 15 square metres per unit.

6.1.3. Must have the same outward appearance as market units on the same property, or in the same development.

6.1.4. Must share common spaces, such as entrances, lifts, communal spaces, shared amenities, with market units in the same development or property. Access to these common facilities must be unconstrained for all residents.
Annexure 1: Summary of Public Participation to Date

Throughout the process of drafting the City’s Inclusionary Housing policy, various stakeholders have been consulted to solicit inputs. The annexure below gives detail of the process to date. It will be updated to include any further public participation as the process continues. The broad components of the stakeholder engagements are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Summary</th>
<th>Dates</th>
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<tbody>
<tr>
<td>1. Internal consultation with COJ Housing.</td>
<td>Consultation with COJ Housing to discuss the process moving forward in drafting the policy and to collectively share ideas.</td>
<td>07 September 2016</td>
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<td></td>
<td></td>
<td>24 October 2016</td>
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<tr>
<td>2. Meeting with Developers</td>
<td>Consultation with developers As a starting point we invite you to attend a dialogue on the subject</td>
<td>04 November 2016</td>
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<td>3. Consultation with SAPOA</td>
<td>SAPOA stakeholder engagement, to plan for the second engagement and to discuss the first reference group meeting.</td>
<td>15 August 2016</td>
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<td>04 November 2016</td>
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<td>23 November 2016</td>
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<td>03 March 2017</td>
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<td>4. Academia</td>
<td>Consulted as part of the SAPOA meeting</td>
<td>04 November 2016</td>
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<td>5. Consultation with AFCHO</td>
<td>Consultation with AFCHO’s to solicit comments regarding the financial modelling behind AFCHO’s housing developments.</td>
<td>20 January 2017</td>
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<td>6. JOSCHO</td>
<td>An engagement with JOSCHO to solicit inputs on financial modelling for low income housing and to further discuss the financial feasibility of inclusionary housing.</td>
<td>03 February 2017</td>
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<td>7. Section 79</td>
<td>Engagement to advice and present the draft policy to the Committee.</td>
<td>16 November 2017</td>
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<td>8. Advertise the policy for public comment</td>
<td>A call for public comments and suggestions will be advertised by the 28th February 2018.</td>
<td>28th of February 2018, with a deadline for submissions on the 30th April 2018</td>
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<td>9. Collation of public inputs</td>
<td>All of the written inputs received from the public will be summarised into a table.</td>
<td>TBC</td>
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<td>10. Public Participation meetings on Draft Inclusionary Housing Policy</td>
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<td>TBC</td>
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