

Releasing Well-Located Public Land for Affordable Housing

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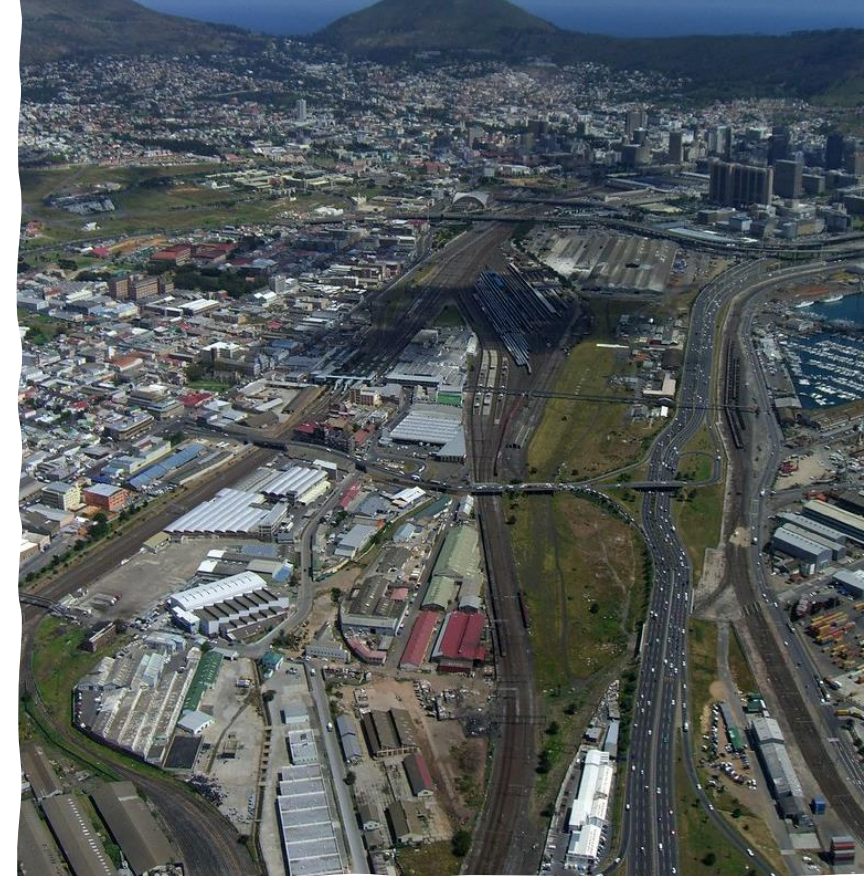




What do these properties have in common?

Transnet annual report 2022-23

- Property assets worth R35bn. Many are “under-performing & rundown”
- Level of rent collection down from 85% in 2022 to 62% in 2023
- We have left properties “undeveloped and underutilised”
- We lack the capabilities & resources to develop or prepare land for disposal





This is what can be achieved



Rationale

- ✓ promotes investment in construction & growth in jobs
- ✓ makes efficient use of land & infrastructure
- ✓ cuts wasteful speculation by SOEs
- ✓ generates sales & tax revenues
- ✓ urban densification & vibrancy
- ✓ improves access to opportunities
- ✓ promotes upward mobility
- ✓ demonstrates transformation
- ✓ creates hope

There is a mandate!

30 year Presidency Review (May 2024) recommended:

Increase strategic land availability for human settlement projects

“Address the blockages to the identification and release of appropriately located land for housing to advance spatial transformation”



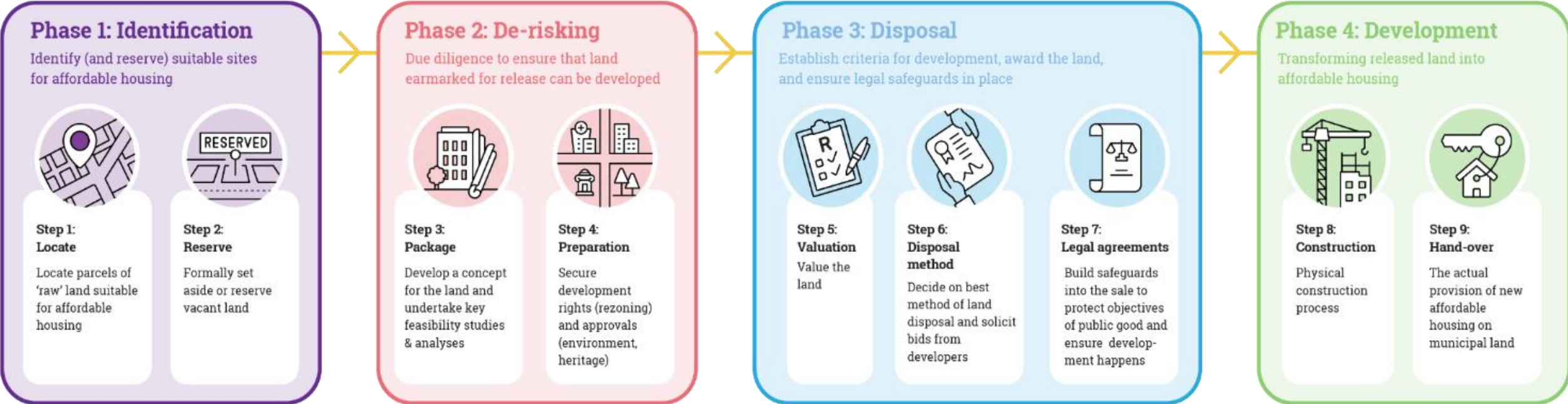
Releasing Municipal Land for Affordable Housing:

Documenting the experience of Cape Town, eThekweni, Johannesburg, and Tshwane



General Land Release Process – conceptual framework

Land Release Process



AT ALL STEPS:
Consultation: Internal (administrative/ political) and external (public) processes required for buy-in

The National Legal Framework that guides the Process



MFMA

The Municipal Financial Management Act

The main purpose of the MFMA is to ensure sound and sustainable management of the financial affairs of municipalities; i.e., they should not squander their assets and resources.

The MFMA sets the broad framework in which municipalities have to operate when disposing of land. In essence, municipalities cannot sell land that they (may) need for the minimum level of basic service delivery.

MATR

The Municipal Asset Transfer Regulations

This Act deals with the transfer (whether by freehold disposal or leasehold) of all municipal assets and was introduced to give effect to, and guide, the implementation of relevant sections of the MFMA.

The MATR explicitly allows for public land to be sold at a discount where various factors are considered, such as the interests of the state, the local community, the plight of the poor and whether selling land at a discount will yield benefits.

SCM regulations

The Municipal Supply Chain Management Regulations

These regulations guide municipal supply chain management practices and also give effect to the MFMA. Crucially, the SCM regulations explains that every municipality must have a disposal management system (DMS) for its assets.

In addition, the SCM regulations set out the broad process for bid specification and adjudication, both of which are important parts of the land release process.

Mapping the journey

Cape Town has been through a long learning process from ad hoc and unreliable land disposals towards a more systematic approach. This has been steered by a group of committed officials from several departments, actively supported by external experts and NGOs.

CHAPTER 1: FOUNDATIONS LAID

KEY FEATURES

- Officials in Human Settlements and external advisors provide technical support.
- Define criteria for identifying well-located land.
- Start a social housing land pipeline.
- Choose social housing partners through an agreed procurement system.
- Develop a provisional land release approach.
- Make use of the Institutional Subsidy.

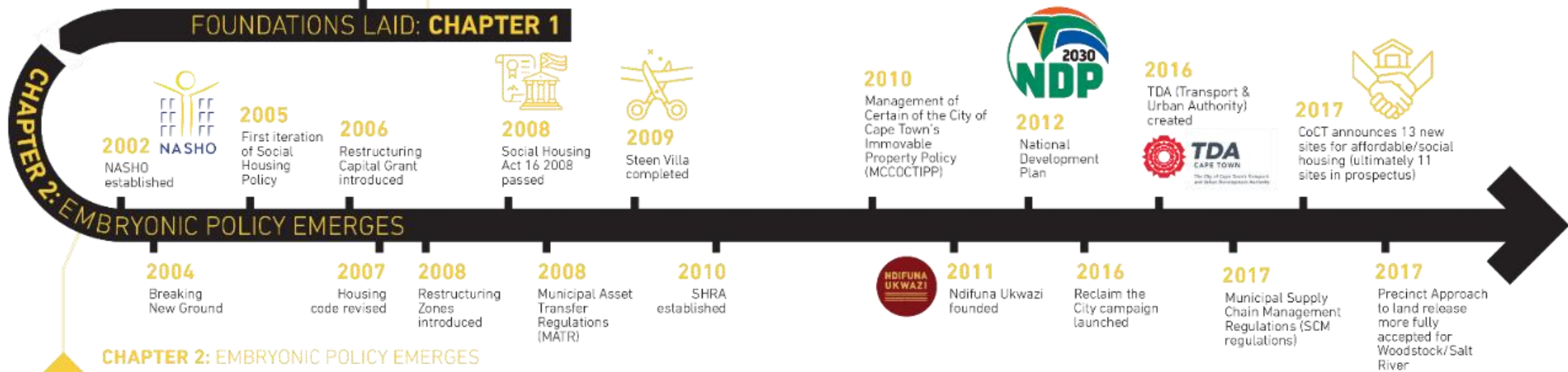
POSITIVES

- Use spatial targeting to identify key sites for social housing.
- Place social housing on the City's agenda.
- Set up first partnerships between the City and SHIs.
- Allocate a variety of sites to SHI partners.
- Attempt to use the Institutional Subsidy in a structured and sustainable way.

NEGATIVES

- No national social housing policy and regulatory framework exists.
- No sustainable financial mechanisms in place.
- Uncertainty within Human Settlements about the role that social housing can play.
- Piecemeal actions limited to small group of officials without institutionalised systems.
- Only one land parcel actually developed for social housing.

1999
SOHCO established



KEY FEATURES

- National social housing policy now in place.
- Social housing financing system also in place with Restructuring Zones and Capital Grant.
- Independent consultant, Rooftops Canada and Social Housing Foundation give technical support to the City.
- Social housing programme manager appointed in the City.
- Political support grows around first completed project – Steen Villa.
- Formal social housing land pipeline agreed.
- Woodstock-Salt River precinct approach progresses with a City-NGO Partnership.

POSITIVES

- Clear political mandate from Council, offset by inadequate understanding of social housing.
- Identification of a sizeable portfolio of sites for housing in general.
- Sales proceed by agreement not competition.
- Some prior feasibility analysis of sites.
- Some mixed market experimentation.
- Human Settlements directorate in control.
- Simpler legal environment means more flexibility.
- Large discounts on site disposals agreed.

NEGATIVES

- Still an informal, ad hoc process of land release.
- Poor interdepartmental coordination between Property Management and Human Settlements.
- Land release not focused on well-located sites.
- Slow physical development of released sites.
- High risk of failure to develop sites.
- Development vulnerable to infrastructure obstacles and community resistance.
- Lack of openness to new SH providers.



CHAPTER 3: PUSH TO ACCELERATE LAND RELEASE

KEY FEATURES

- Politically-driven process supported by the Mayor.
- Publication of Prospectus for 11 well-located sites in and around the Inner City.
- Expanded social housing team in Human Settlements.
- Support from NASHO-Rooftops Municipal Support Programme.
- Various processes in place for social housing.
- Research on incentives & preparation of approach to incentives policy.
- Preparation of legal documents to support Partnerships and Land Release.
- Consolidation of social housing land pipeline and tracking system.

POSITIVES

- Selective political support offset by internal differences of opinion and resistance.
- Introduction of precinct approach.
- Focus on well-located sites – enabled by some of the preparatory work done by officials.
- Competition introduces new actors to social housing, including several reputable developers.
- After Prospectus is cancelled, valuable preparatory work and de-risking of sites goes on behind the scenes.

NEGATIVES

- High risk of failure because of rushed process.
- Inadequate preparatory work including feasibility studies, development rights and due diligence.
- Prospectus failed to comply with legal prescripts and was therefore cancelled, causing widespread frustration and disappointment.
- Continuing internal tensions between Property Management and Human Settlements around discounted sales for mixed-income projects.

2018

HSD prepares concept document on Inclusionary Housing Policy

2018

Maiden's Cove project abandoned



planning, monitoring and evaluation

Department: Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA

Medium Term Strategic Framework (MTSF)

2019-2024

2022

(April) Land Release Mayoral Priority Programme launched at Affordable Housing Indaba



2023

Maitland Mews construction completed (March)

2023

Voortrekker Road Corridor 7 sites (identified and reserved for social housing in 2016/17) put out to tender

CHAPTER 3: PUSH TO ACCELERATE LAND RELEASE

CHAPTER 4: MORE SYSTEMATIC APPROACH IS DEVELOPED

2018



'Pathways to Implementation' is published by DAG, NASHO, and ROOFTOP CANADA.

2018

Foreshore Freeway Precinct Project cancelled

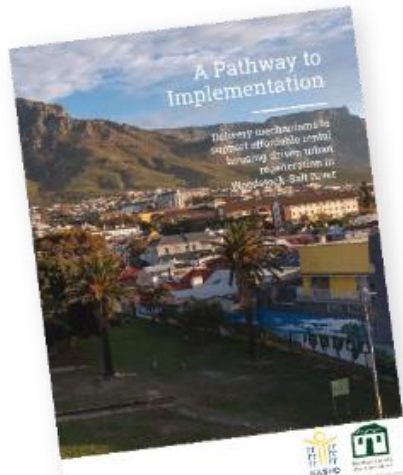
2019

11-site prospectus cancelled



2021

New Mayor elected (Nov)



KEY FEATURES

- Mayoral priority and IDP commitment to accelerate land release for affordable housing.
- Expansion of social housing unit in Human Settlements.
- Pro-active preparation of sites before release, including feasibility studies and land rezoning.
- Formal Guidelines agreed for discounted land release process incorporating SHIs and ODAs.
- Shift from a select panel of SHIs to a more open and competitive process of disposal.

POSITIVES

- Consistent political support for land release.
- More systematic approach emerging.
- Greater internal coordination and alignment, although tensions remain.
- More strategic preparatory work on sites to be released via land pipeline.
- More Human Settlements staff and resources for preparatory work and project management.
- More clarity on discounted sales, although some differences remain.
- Procurement system focuses on functionality and not just price.

NEGATIVES

- Human Settlements struggles to balance compliance requirements with the pressure to speed up land release.
- Discounts and some other aspects still not fully embedded.
- Continuing uncertainties about mixed-market model.
- City needs to rebuild credibility and trust among developers.
- Rezoning, SCM and other processes still take considerable time.
- Community objections and consultation via sub-councils can derail the process.
- City lacks various in-house capabilities.

What are the main blockages?

- Information – who owns the land
- Laws, regulations and procedures - onerous
- Technical skills – development – de-risking & disposal
- Financial – costs of feasibility studies, PPPs
- Political complications - NIMBYism
- Land market and price of land – discounting procedures & silos
- SOE balance sheets & speculation
- Funding for social & affordable housing – SHRA cuts & approach

What's the way forward?

- Information – land audit in big cities
- Laws, regulations and procedures – clarify, streamline & simplify
- Development skills – create cluster of technical expertise
- Financial – create a fund for feasibility studies etc
- NIMBYism – awareness raising & leadership support
- Price of land – clarify discounting procedures
- SOE mindsets – engage with Boards, apply conditions to NT loans ...
- Funding for affordable housing – engage SHRA & NDHS, support PPPs ...