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AN URBAN LAND REFORM MODEL

UNLOCKING WELL-LOCATED PUBLICLY-OWNED
LAND TO DELIVER AFFORDABLE RENTAL HOUSING
IN SOUTH AFRICAN URBAN AREAS



Development Action Group

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A EXECUTIVE SUMMARY

In June 2019, the Development Action Group (DAG) submitted a paper on models of urban land reform to the Nelson Mandela Foundation (NMF). The paper was aimed at proposing a model that is immediately implementable to transform the urban landscape.

DAG proposed a model for urban land reform built on the government's intent to leverage publicly-owned land for the delivery of affordable well-located rental housing in South African urban areas¹. This requires that the state boldly and pro actively identify, pipeline and transfer under-utilised land and potentially buildings for affordable rental housing for low income and working class households earning below R15 000.

As a start, municipalities, national and provincial government departments and State-Owned Enterprises (SOE's) must identify publicly-owned land for affordable social housing, through land audits, the results of which must be published in national public land register. After identification, available land must be assessed for its appropriateness for various development objectives.

The Government must intervene in dysfunctional property markets through the release of publicly-owned land, either by selling the land – possibly at discounted rates, long-term lease or through Land Availability Agreements (LAA's). Land can be released through inter-governmental transfers (IGT) and when municipal land is made available to Social Housing Institutions (SHI's) through Smart Partnership Agreements and private developers through Joint Venture Agreements. Government departments, in the disposal of land, must consider whether any other department requires the land, if so, available land must be donated to a municipality in need of land for housing development. Alternatively, land might be disposed of at discounted rates. Once municipalities have acquired the land, they must publish the intention to construct affordable housing on the sites and invite suitable and accredited SHI's and appropriate private partnerships to bid for the housing development project, including management of the social housing stock. Municipalities must assess submitted proposals and select the SHI or private partners most suitable to implement the project. All parties must reach agreement of exactly how the project will be rolled out, which can be set out in Property Development Plans and Project Delivery Plans.

The following steps must be taken in terms of policy and budgetary amendments:

1. Municipalities must detail land acquisition and development plan/strategy in their Integrated Development Plans (IDPs) and Spatial Development Framework (SDF) plans. Although municipal strategic planning documents such as the IDPs and SDFs require that municipalities identify where they would like to see development happen, not enough emphasis is placed on ensuring that municipalities include a land acquisition and development plan/strategy in their planning documents.
2. Land use management by-laws and future provincial the Spatial Planning and Land Use Management Act (SPLUMA), Act No. 16 of 2013 legislation must explicitly require municipalities to include land acquisition and development plans/strategies. Section 21 for municipal SDF's, and sections 19, 17, and 14 for district, provincial and national SDF's respectively of SPLUMA must be amended to explicitly provide for the inclusion of land acquisition and development plans/strategies in municipal planning documents.
3. The Urban Settlement Development Grant (USDG) must be expanded, beyond its current use for infrastructure projects, to allow for land acquisition and development.
4. The government must create a separate funding stream, alongside the USDG, similar to the former Settlement/ Land Acquisition Grant, for the planning, for the acquisition and development of land for housing development.
5. The government must identify a single department primarily responsible and accountable for the planning, acquisition and development of land for human settlement purposes, and the management of funds allocated for this purpose.

The intended beneficiaries of the model are the urban poor who cannot afford land/and or housing in well-located areas in cities, but who desperately require secure tenure in such areas to enable them to be closer to employment and social amenities. It is envisaged that municipalities would either retain ownership of the land, or transfer ownership to SHI's or private partners – that would be responsible for the long term management and sustainability of the programme – while affording different options for tenure security to housing beneficiaries through long term lease agreements with

1. In 2017, DAG partnered with the City of Cape Town (CoCT), the National Association of Social Housing Organisations (NASHO) and others to implement the Woodstock-Salt River social housing programme. Elements of the proposed model are based on the practice implemented in giving effect to this programme. See Stone, C. (2019). Delivery Mechanisms to Support Affordable Rental Housing-Driven Urban Regeneration in Woodstock-Salt River: A Pathway to Implementation (Paper #3). NASHO/Equal Spaces Project Woodstock Salt River Precinct Planning [Unpublished Paper].

non-profit SHI's. Alternatively, they may choose to sell the land at a significantly discounted value on the condition that the housing opportunities remain affordable in perpetuity (via SHI's and/or private partners).

National Treasury must support municipalities through capacity building and training in order to equip implementing agents/officials to give effect to the proposed model of urban land reform. Similarly, municipalities must support housing beneficiaries to understand the objectives of social housing, how it interlinks with the national housing programme and national spatial transformation objectives, how they stand to benefit, the tenure security arrangements and their financial responsibilities in relation to the payment of rentals.

Finally, a range of stakeholders must be involved in unlocking well-located public land for affordable social housing development purposes. Actors include, all spheres of government and SOE's, strategic partners, including SHI's, the National Housing Finance Corporation's (NHFC's), and sector investors and citizens.





Informal Settlement Khayelitsha – Thom Pierce.

1 INTRODUCTION

South African cities are characterised by urban sprawl and the exclusion of poor and marginalised people from inner city areas where they would have ready access to economic opportunities, services and amenities, and transport linkages. Cities today, still reflect apartheid spatial geography, a trend that is set to continue in the context of the current urban development trajectory. Similarly, the high cost of well-located urban land has resulted in most state-provided housing, including most affordable social housing being built on the urban periphery where land is cheap serving to further re-entrench spatial inequities inherited from the apartheid era. The laissez-faire approach to urban land management has also failed to ensure just distribution of land, particularly for the purpose of building sustainable human settlements. In accordance, the Integrated Urban Development Framework (IUDF) indicates that residential areas are still segregated based on race, social status or class while housing remains unaffordable due to a lack of well-located land and high property prices (COGTA, 2016: 60).

There is clear evidence that the state itself and State Owned Enterprises (SOE's) hold a significant number of strategically well-located land parcels (large and infill) and buildings which are under-utilised or lying vacant (SACN, 2014:3)¹. These land parcels have the potential to play an instrumental role in leveraging the much needed

call for urban land reform. At the State of the Nation Address (SONA), on the 20th June, the President rightly acknowledged the strategic role that these publicly-owned land parcels could play in kick starting the urban land reform programme, with immediate effect (The Presidency, 2019). This is an important initiative that gives expression to the government's Constitutional obligations.

This paper proposes a model for urban land reform built on the government's intent to leverage publicly-owned land for the delivery of affordable well-located rental housing in South African urban areas. To give effect to this, the state will need to boldly and proactively identify, pipeline and transfer under-utilised land and potentially buildings for affordable rental housing for low income and working class households earning below R15 000.

These households constitute the largest market housing segment facing the great shortage and who otherwise are relegated to the periphery of the city in backyards or informal settlements. By so doing the state will be giving effect to its core responsibility of enabling spatial transformation through urban land redistribution. Well-located land refers to land that is in close proximity to economic opportunities and social amenities, and that lends itself to mixed land use. Under-utilised land is property that is either un-used, lying vacant or under-developed.

¹In 2013, the surveyor general reported that the state owned approximately 17 061 882 hectares of land, representing about 14% of the country's service area. Another 7% was unaccounted for, which were expected to be state-owned pending administrative finalisation (De Wet, 2013). State land is defined as land held by national and provincial governments, but excluding local authority and SOE land while public land is land held by all levels of government and parastatals (either fully or partly owned by the state (DLA, 1997: 19).

This paper comprises four different sections:

1. Section 2 provides a background to the issues, contextualising the current proposal within debates around the “land question” and the government’s development imperative of ensuring spatial justice,
2. Section 3 describes the proposed model for urban land reform,
3. Section 4, summarises the major elements of the proposal, and
4. The final section provides a series of concluding remarks.





2 THE URBAN LAND CONTEXT

2.1. Setting the Scene: The State's Response to Housing and Spatial Transformation

The focus on urban land reform is paramount given rapid urbanisation, a trend which is set to continue for decades. The United Nations (UN) predicts that currently, just over half (55%) of the global population reside in cities and by 2050, this number is projected to have increased to 70% (United Nations, 2018). Similarly, the international body predicts that in South Africa, the urban population is set to increase from 60% (present) to 71.3% in 2030 and 80% in 2050 (ibid)². Moreover, youth make up 39% of the urban population compared to 35% of non-urban residents while corresponding numbers for children are 26% and 35% (ibid). Evidently, rapid urbanisation creates a desperate need for affordable accommodation within cities, and the availability of well-located land in urban areas on which to build affordable accommodation.

Over the last twenty-five years the state's priority response to urbanisation and in particular the provision of affordable housing has been on providing free government-subsidised housing in the form of single stands to previously disadvantaged households. In 2014, the Department of Human Settlements (DHS) reported that since 1994, it has provided more than 3.7 million houses and serviced sites (NDHS, 2014). However, challenges with the implementation of the strategy and the extent to which it is able to reach its policy objectives are legion. Notwithstanding tremendous efforts made

by the democratic government to address the need, the housing backlog increased from an estimated 1.2 million, in 1994, to 2.3 million houses, in 2018, and annually increases by around 178 000 houses, with most of this housing situated in poorly located areas (NDHS, 2014: 14 and Pretorius, 2019)³. Evidently, the provision of state-subsidised housing and social housing has failed to keep pace with the ever increasing need for it. Moreover, urbanisation and a growing population has rendered the state's current response – in the form of a single stand per household – to the urban land question unsustainable. Notwithstanding the lofty goals of the government's Breaking New Ground (BNG) strategy, spatial transformation and integration have not been achieved.

The extent to which the housing sector has succeeded in transforming urban land patterns and ensuring urban land reform is therefore highly questionable. In order to meet the needs of the population, the system needs a complete overhaul, geared towards the growing urbanised sectors of society.

In recognition of this challenge the state has recently enacted the Spatial Planning and Land Use Management Act (SPLUMA), Act No. 16 of 2013, as a means to create an enabling environment for municipalities to proactively initiate spatial transformation programmes and practice. The Act provides a compelling framework for the implementation of an urban land reform programme. SPLUMA also places an obligation on government to address spatial injustice and apartheid spatial planning. It seeks to establish "a uniform, recognisable, and comprehensive system of spatial planning and land use management...to maintain economic unity, equal opportunity and equal access to government services". SPLUMA therefore ultimately aims to "promote social

² In accordance, the Integrated Urban Development Framework (IUDF) further notes that South Africa's urban population are growing larger and younger, with 60% of youth and 54% of children living in cities (COGTA, 2016: 15).

³ In the case of Cape Town, the housing backlog is currently estimated at over 358 000 persons (based on those registered on the City's housing need database). Moreover, the housing supply in the affordable segment of the market has not kept pace with the increasing housing demand. Citing research conducted by the Centre for Affordable Housing Finance in Africa, the City reported that between 2010 and 2015, the number of houses considered unaffordable (above R1.2 million) for the lower market segment increased while the opposite trend was seen in the number of properties in the affordable market (CoT, 2018).

and economic inclusion”, through a coherent planning land use management system (SPLUMA, 2013). SPLUMA also obligates municipalities to develop by-laws and land-use schemes that include “provisions that “enable redress in access to land by disadvantaged communities”, “accommodate access to secure tenure and the incremental upgrading of informal areas”, promote affordable housing, and “permit the incremental introduction of land management and regulation in ... informal settlements, slums and areas not previously subject to a land use scheme,” (Cirolia and Clark, 2018).

Notwithstanding its potential to bring about extensive changes in the urban spatial development context, SPLUMA has not yet been implemented to its full extent. Questions around how one gives effect, in practice, to the normative principles of spatial equality and spatial justice remain. Nevertheless, the Act is potentially a powerful tool that municipalities can use to reform the urban human settlements landscape.

2.2. Well-Located Land: A Finite Resource

There is little or no doubt that the South African regulatory framework demonstrates the need to deliver access to housing opportunities in well-located areas – evident in the constitution, SPLUMA and local development plans. However, the challenge is in how these ideals and plans are implemented. In the Western Cape, there is much strategically well-located land under the custodianship of local, national and provincial departments and parastatals/ SOE’s, which can play a role in restructuring the city. However, there have been enormous challenges in accessing this land. According to the SACN, factors that hinder the identification and acquisition of publicly-owned land include “...the legal and policy framework, market-related pricing, the identification and management of land by municipalities, the identification of state and non-core SOE land, difficulties around negotiating the disposal of land by SOE’s, and weak IGR [intergovernmental relations] structures,” (SACN, 2014: 4).

In its 1993 study on vacant and well-located land, DAG identified Marconi Beam, Ysterplaat, Wingfield, Culemborg, and Youngsfield as available and under-utilised land, well-positioned for the construction of affordable housing for the City’s urban poor (Development Action Group, 1993: 29). In 2019, this description still applies to most of this land. In her 2018 State of the Province address, former Western Cape Premier, Helen Zille appealed to the national government to release the same properties that DAG identified as vacant well-located land that may be used for housing developments

to the municipality so that they may use the land to build affordable housing (Zille, 2018). The former premier listed the [five] very well-located mega-properties...”, as:

1. Culemborg – in the inner city across from the Harbour,
2. Ysterplaat – the sprawling military property adjacent to Century City,
3. Youngsfield – a military property ideally nestled in the southern suburb of Kenilworth,
4. Wingfield – located along the key transit artery of the Voortrekker Road corridor, and
5. Denel – another military property ideally situated along the coast linking Khayelitsha to Strand (Zille, 2018).



She further noted that the Province could build more than 100 000 affordable housing units in a mixed-use development, if they had the land at their disposal. The failure on the part of government to release the land represents a failure to maximize use of its available resources, to provide access to the right to housing.

Further exacerbating the issue is that state entities have elected to dispose of well-located land at the highest market value, notwithstanding the desperate need thereof to construct housing for the urban poor.

Instead of utilising the land for development purposes, the government has opted to sell the land on the property market – for profit. One such example is the City of Cape Town's (CoT's) decision to dispose of 13 "high-value properties", including land in Green Point, Clifton, Century City, Foreshore, the city centre, and the Strand Street Quarry in the Bo-Kaap (Sendin, 2016), in 2015-16. Sendin (2016), points out that none of these sales resulted in affordable housing, whether on-site or in the surrounding areas. More worryingly, "...there is no holistic plan linking government-owned land to its socioeconomic objectives" (Sendin, 2016).

The above, necessitates questions around how the state creates an enabling environment that facilitates access to well-located publicly-owned land for affordable housing. The existing regulatory framework pertaining to the sale and disposal of publicly-owned land include the:

1. Constitution of the Republic of South Africa, Act No. 106 of 1996,
2. Public Finance Management Act (PFMA), Act No. 1 of 1999,
3. Treasury Regulations Issued in terms of the PFMA,
4. State Land Disposal Act, Act No. 48 of 1961,
5. Expropriation Act, Act No. 63 of 1975,
6. Government Immoveable Asset Management Act (GIAMA), Act No. 19 of 2007,
7. Companies Act, Act No. 71 of 2008, and
8. State-Owned Entities' policies regarding the disposal of non-core land (SACN, 2014: 3).

The Constitution applies in all instances while SOE's generally comply with the PFMA and National Treasury's Regulations thereto. With regards to government departments and applicable legislation in relation to the disposal of state land, the Constitution, the PFMA and its Regulations, GIAMA, and/or the State Land Disposal Act (1961) and the Expropriation Act applies.

One of the central questions in terms of the disposal of state land and how it relates to applicable legislation is around the value at which public or state land should be disposed of. The following legislation sets provisions for how publicly-owned land is valued and disposed for human settlements,

1. The Municipal Finance Management Act (MFMA), No. 56 of 2003 – which provides for the long term lease or sale at nominal value where public housing is developed.
2. GIAMA – does not require that land be acquired or disposed of at market related prices, but rather provides for a much more comprehensive and multi-dimensional approach, which is congruent

with the government's developmental objectives, specifically in relation to sustainable settlements (SACN, 2014: 14). SOE's argue that the provisions contained in GIAMA does not apply to them, although the Act refers to "organs of state", which includes national and provincial government departments, public entities and constitutional institutions, but excluding local government. Instead SOE's have elected to base their insistence on receiving market related prices for the disposal of land on the provisions of the Companies Act (2008) – Chapter 5, section 112 provides that land must be disposed of at fair market value⁴.

3. The Municipal Asset Transfer Register (MATR) of 2008 – requires that land made available for mixed-use settlements must be approved through a public participation process and that the Council must approve, in principle, the disposal of the land based on whether it is required to provide basic municipal services, what the fair market value is and what the economic and community value will be in exchange for the land (Stone, 2019: 20). The latter provision implies that the best value for money consideration is not limited to monetary terms, but also as it relates to the economic and social yield.

Given this legislative context, the interpretation of these various provisions outlined above raises a number of critical questions around publicly-owned urban land: How do we interpret market value? Does the municipality have a role to play in influencing and determining the market value? How do we deal with the issues of speculative value which impacts on the affordability of land?



⁴ The Companies Act (2008) does not apply to government departments.

3 STATE INTERVENTION: UNLOCKING PUBLICLY- OWNED WELL-LOCATED LAND FOR AFFORDABLE HOUSING

To give immediate effect to the state's intent to enable urban land reform and spatial transformation it is proposed that this is done through a comprehensive strategy for the pipelining and release of under-utilised, but well-located publicly-owned land and buildings for the provision of affordable social housing. Households that stand to benefit from such an intervention constitute the largest market housing segment facing the great shortage and who otherwise are relegated to the periphery of the city in backyards or informal settlements. Consequently, in implementing the proposed model the state will be giving effect to its core responsibility of enabling spatial transformation through urban land redistribution.

3.1. Intent and Purpose

The proposal is aimed at demonstrating best practise in urban land reform by unlocking under-utilised well-located state land as part of the fulfilment of the commitment made by the President at SONA 2019 (The Presidency, 2019). This will require a comprehensive strategy to identify well located publicly-owned land and package a portfolio of sites for use by Social Housing Institutions to deliver affordable social housing. Based on the Social Housing Regulatory Authority's (SHRAs) 2016 report, around 320 000 rental units are needed across the country, 235 000 of which are needed in bigger city centres⁵. It is envisaged that municipalities would either retain ownership of the land, or transfer ownership to Social Housing Institutions (SHI's) that would be responsible for the long term management and sustainability of the programme.

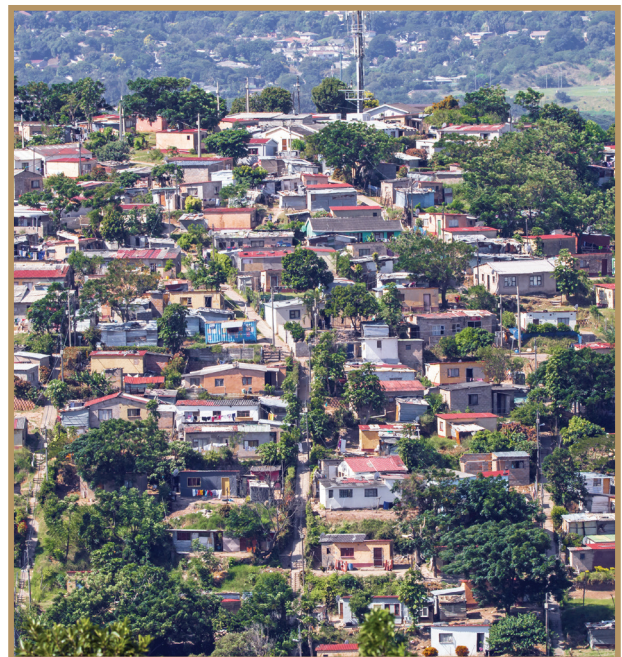
3.2. Beneficiaries

The intended beneficiaries of the model are individuals currently residing in precarious human settlements, far away from the economic centres of urban areas. In essence, it is the urban poor who cannot afford land in well-located areas in cities, but who desperately require secure tenure in such areas to enable them to be closer to work opportunities. In terms of affordability, the Social Housing Act, No. 16 of 2008 states that social housing

is targeted at low and medium income households, as determined by the Minister of Human Settlements. In this respect, a distinction is made between the gap market, including households with a combined monthly income of between R3 501 and R22 000 (R15 000 in rental market and R22 000 for buyers) and the target market, including households with a monthly income of between R1 500 and R15 000. Households within the gap market or "the missing middle" are unable to benefit from free state-subsidised housing yet earn too little to attain housing financing from mainstream financial institutions. According to the NHFC's estimates, approximately 40% (about 6.4 million) of South African households is categorised as the gap market (NHFC, 2018: 22).

The beneficiaries of affordable social housing constructed on well-located land made available by the state for this purpose (i.e. through this model) will include households in both the primary and secondary markets. It is also critical that society's most vulnerable, women and children and persons with disabilities are prioritised as well as those who are previously disadvantaged.

Rental fees are necessary to finance the ongoing maintenance and operational costs of SHI's and private partners managing rental accommodation. It is therefore paramount that intended beneficiaries are able to afford rental payments, on a monthly basis. The general rule of thumb is that a reasonable amount to spend on accommodation ranges from 20% and 30% of a household's monthly income. At the lowest end of this spectrum, affordable rentals would range between R300 and R450 (20-30% of R1 500) and R3 000 to R4 500 (20%-30% of R15 000).



⁵ Exact statistics about the need for social housing is unclear. For instance, Reuters (2018) reported that in 2018, approximately 350 000 households were on a waiting list for government-owned rental housing in Cape Town, despite a supply of about 15 000 units per annum.

3.3. Tenure Security in Perpetuity for the Previously Excluded

The proposal is aimed at ensuring tenure security for the intended beneficiaries of affordable social housing. It is envisaged that municipalities may opt to retain ownership of the land, while affording different options for tenure security to housing beneficiaries through long term lease agreements with non-profit social housing companies. Alternatively, they may choose to sell the land at a significantly discounted value on the condition that the housing opportunities remain affordable in perpetuity (via SHI's and/or private partners).

3.4. Process

3.4.1. Land Pipeline

As a start, municipalities have an important role to play in identifying and prioritising state owned land for affordable social housing using the statutory provision outlined in SPLUMA, as the basis for such an intervention. This would include conducting a comprehensive audit of publicly-owned land to identify under-utilised well-located land that would be suitable for the construction of affordable housing. Municipalities must also consider unused available land which it owns, and the extent to which such land may be utilised for housing developments, before it considers disposing of the land.

Although municipal strategic planning documents such as the Integrated Development Plans (IDPs) and Spatial Development Framework (SDF) plans require that municipalities identify where they would like to see development happen, not enough emphasis is placed on ensuring that municipalities include a land acquisition and development plan/strategy in their planning documents. Moreover, municipal housing development plans tend to be project specific and do not include a broader programmatic plan in terms of how land will be identified, acquired and developed in the housing delivery process. Once the land management systems of municipalities are driven by the developmental objectives of the local government and so expressed in their strategic planning documents, it will be much easier to advocate for surplus or non-core land to be transferred from one government department to another, without market related price being the primary consideration.

Similarly, national and provincial government departments and SOE's must also ensure that they account for all land under their custodianship, specifically by matching land to title, which must be published in national public land register. Should a state entity decide to dispose of their land, the first port of call must be municipalities and whether the land can be better utilised by municipalities or another department

to meet their socio-economic needs, i.e. housing of communities. Given competing developmental needs within communities, once identified, available land must be assessed for its appropriateness for various development objectives. At site level, assessment may be conducted based on measurable objectives such as density targets, built form, building heights, desired land use mix and affordable-housing components, in addition to the targeted income groups (Stone, 2019: 15)

3.4.2. Land Release

Land release of publicly-owned land can be achieved either by selling the land – possibly at discounted rates, long-term lease or through Land Availability Agreements (LAA's) – guided by the provisions in the MFMA, MATR and National Treasury's Supply Chain Management (SCM) Regulations (2005). Public land for affordable housing developments may be released via two streams, firstly through inter-governmental transfers (IGT) and secondly, when municipal land is made available to SHIs through Smart Partnership Agreements and private developers through Joint Venture (JV) Agreements. IGT's concerns the transfer of un-used (non-core) and vacant land from one department to another, possibly below market value, for the construction of affordable housing in well-located urban areas. As noted earlier, GIAMA requires that government departments, in the disposal of land, must consider whether any other department requires the land, if so, available land may be donated to a municipality in need of land for housing development. Alternatively, a state entity might dispose of the land based on its potential economic and social return – at discounted rates.

Once municipalities have acquired the land, they must publish the intention to construct affordable housing on the sites and invite suitable and accredited SHI's and appropriate private partners to bid for the housing development project, including management of the social housing stock. Proposals must be appropriately assessed and a decision made on which SHI or private partner developers would be most suitable to implement the project. Stone (2019: 20) proposes that land made available may be done so in the following ways:

1. Long term (35 or more years) leasehold (notarial deed of lease) applicable to social housing components of the development, made available at a nominal rate of approximately R150 per annum.
2. Land sale, based on a nominal value calculated at 10% of the current market valuation for the social housing component.

As part of the land release process, municipalities must sign a LAA with the selected partners. LAA's confirm both parties' commitment to seeing the project through, on the one hand, holding the land during the process of project

packaging and planning and on the hand, committing municipalities to seeing that the socio-economic objectives are met. Finally, parties involved must come to an agreement of exactly how the project will be rolled out, which can be set out in Property Development Plans and Project Delivery Plans (Stone, 2019: 16).

3.5. Policy

The existing regulatory framework makes provision for disposal and transfer of publicly-owned land. However, additional adjustments could be made to facilitate a more efficient and targeted approach to land use management, as it relates to housing developments.

Municipalities must include a clear and specific land acquisition and development plan/strategy in their strategic planning documents (IDP's and SDF's) and where land use management by-laws and future provincial SPLUMA legislation are not yet finalised, such legislation must explicitly require municipalities to include land acquisition and development plans/strategies. Additionally, SPLUMA (section 21 for municipal SDF's, and sections 19, 17, and 14 for district, provincial and national SDF's respectively) can be amended to explicitly provide for the inclusion of land acquisition and development plan/strategy in municipal planning documents (Eglin, 2017).

In addition to the above, policy reform of the Urban Settlement Development Grant (USDG), which is specifically targeted at Metropolitan Municipalities to plan for and acquire land for human settlements, may be required. In this regard, the USDG could be broadened beyond its current use for infrastructure projects, i.e. projects related to roads, storm water, water and sanitation, to allow for land acquisition and development. In addition, the state must create a separate funding stream, alongside the USDG, similar to the former Settlement/Land Acquisition Grant, for the planning, acquisition and development of land for housing development (ibid). Further to this, the government must provide clarity as to which department is responsible for the planning, acquisition and development of land for human settlement purposes, and the management of funds allocated for this purpose. Currently, this responsibility is spread over several departments, leading to fragmentation in implementation and the slow pace of accessing land for this purpose.

3.6. Beneficiary Support

Municipalities must be capacitated on how to identify strategic parcels of under-utilised land owned by national and provincial government and SOE's, and empowered through (policy, legislative, regulations, etc.) to acquire

the land (purchase at nominal values or discounted value, expropriation, etc.) Municipal officials must also be assisted (through building their capacity) by National Treasury, in the development of land acquisition and development plans as part of their IDP's and SDF's. Municipal officials managing the land pipelining process must be trained on how to effectively negotiate complex contracts around the acquisition of land with SOE's and other government departments.

In order to ensure successful implementation of this policy, municipalities must drive an awareness campaign. In the South African context, most households aspire to formal ownership in low density housing. However, the emphasis now shifts to medium to high density housing units, to which tenure security in perpetuity is ensured, whereas ownership/titling may not always be possible. As such, relevant authorities will need to drive a process through which they inform potential beneficiaries of the necessity, within the context of urban sprawl and well-located land as a finite resource, of alternatives to the existing housing programmes. Housing beneficiaries must be assisted to understand objectives of social housing, how it interlinks with national housing programme and national spatial transformation objectives, how they stand to benefit, the tenure security arrangements and their financial responsibilities in relation to the payment of rentals.



Pickwick Facility - DAG



3.7. Stakeholders

A range of stakeholders must be involved in unlocking well-located public land for affordable social housing development purposes. Actors include, all spheres of government and SOEs, strategic partners, including SHI's, the NHFC, and sector investors and citizens. The roles each stakeholder may potentially play include,

1. Government: National government must provide clarity in terms of the regulatory framework, as it relates to the disposal of publicly-owned land. For instance, legal clarity on whether GIAMA applies to SOE's is required, and if this is found to be the case, the necessary checks and balances must be established to ensure that SOE's are held accountable in its application of GIAMA. Moreover, government departments must be made to realise that a broader application of the provisions of GIAMA is needed to ensure that the disposal of state-land is in accordance with the country's developmental goals. Secondly, where they do own well-located land that is vacant and un-used, national and provincial departments must release the land, giving primacy to the social value of, rather than the financial gain it may receive from selling the land, so that it can be used for affordable housing development.
2. Municipalities: must provide, both in programmatic and budgetary terms, for the pipelining, including identification and packaging and release of publicly-owned land in their strategic planning documents, i.e IDP and SDF's. Furthermore, local government will have to facilitate implementation, provide incentives, release government subsidies for affordable housing provision, source additional funding and provide bulk infrastructure (SACN, 2016). 34 -35).
3. SHI's and private partners: will be responsible for the construction of social housing units, utilising state subsidies for the construction and development of affordable social housing. SHI's and private partners will also be responsible for the operational management and maintenance of the rental housing stock. An important aspect of this management is rent collections, which may become rather difficult to do in instances of very low to no household income. In this regard, cross-subsidisation through a mixed market model could be considered key towards ensuring the financial viability and long term sustainability of social housing. The NHFC administers state-subsidies for social housing transferred to SHI's.
4. Citizens: the urban poor (i.e. backyarders, informal settlement residents, occupants of land/inner city buildings, etc.) benefitting from social housing must ensure that rentals are paid, as agreed, so that the rental stock would remain sustainable.

4 SUMMARY TABLE

The table below summarises DAG's model for urban development.

Summary Table: Proposed Urban Land Reform Model	
Purpose	<ul style="list-style-type: none"> The proposal is aimed at demonstrating best practise in urban land reform by unlocking under-utilised well-located publicly-owned land, and to package a portfolio of sites for use by SHI's and private partners to deliver affordable social housing.
Beneficiaries	<ul style="list-style-type: none"> Beneficiaries include households earning between R1 500 and R15 000 per month.
Source of land	<ul style="list-style-type: none"> Publicly-owned land, including suitable well-located, un-used and vacant land owned by government departments and SOE's
Land rights	<ul style="list-style-type: none"> Tenure security in perpetuity for persons benefitting from social housing: the proposal allows for different options for tenure security to housing beneficiaries through long term lease agreements with non-profit social housing companies.
Process	<p>Land pipeline:</p> <ul style="list-style-type: none"> Municipalities must identify and prioritise publicly-owned land for affordable social housing, using the statutory provision outlined in SPLUMA, as the basis for such an intervention. This includes conducting a comprehensive audit of publicly-owned land to identify under-utilised well-located land that would be suitable for the construction of affordable housing. Municipalities must also consider unused available land which it owns, and whether such land may be used for housing developments National and provincial government departments and SOE's must also conduct land audits, which must be published in national public land register. After identification, available land must be assessed for its appropriateness for various development objectives. <p>Land release</p> <ul style="list-style-type: none"> The Government must intervene in dysfunctional property markets through the release of publicly-owned land, either by selling the land – possibly at discounted rates, long-term lease or through LAA's. Land can be released through IGT and when municipal land is made available to SHIs through Smart Partnership Agreements and private developers through JV Agreements. Government departments, in the disposal of land, must consider whether any other department requires the land, if so, available land must be donated to a municipality in need of land for housing development. Alternatively, land might be disposed of at discounted rates. Once municipalities have acquired the land, they must publish the intention to construct affordable housing on the sites and invite suitable and accredited SHI's and appropriate private partnerships to bid for the housing development project, including management of the social housing stock. Municipalities must assess submitted proposals and select the SHI or private partners most suitable to implement the project. All parties must reach agreement of exactly how the project will be rolled out, which can be set out in Property Development Plans and Project Delivery Plans.

Summary Table: Proposed Urban Land Reform Model

Policy	<ul style="list-style-type: none"> • Municipalities must detail land acquisition and development plan/strategy in their IDP's and SDF's • Land use management by-laws and future provincial SPLUMA legislation must explicitly require municipalities to include land acquisition and development plans/strategies. • Section 21 for municipal SDF's, and sections 19, 17, and 14 for district, provincial and national SDF's respectively of SPLUMA must be amended to explicitly provide for the inclusion of land acquisition and development plans/strategies in municipal planning documents. • The USDG must be expanded, beyond its current use for infrastructure projects, to allow for land acquisition and development. • The government must create a separate funding stream, alongside the USDG, similar to the former Settlement/ Land Acquisition Grant, for the planning, for the acquisition and development of land for housing development • The government must identify a single department primarily responsible and accountable for the planning, acquisition and development of land for human settlement purposes, and the management of funds allocated for this purpose.
Beneficiary support	<ul style="list-style-type: none"> • Municipalities must be capacitated on the identification of strategic publicly-owned land owned. • Municipalities must be empowered through the regulatory framework to acquire the land (purchase at nominal values or discounted value, expropriation, etc.) • National Treasury must capacitate municipal officials to create land acquisition and development plans, as part of their IDP's and SDF's. • Municipal officials must be capacitated on how to effectively negotiate complex land acquisition and development contracts. • Municipalities must drive an awareness campaign, aimed at changing mind-sets around ownership and the advantages and necessity of rental accommodation.
Stakeholders	<ul style="list-style-type: none"> • Government departments (national and provincial), municipalities, SHI's and private developers, citizens

5 CONCLUDING REMARKS

More than 20 years following the end of apartheid, South African cities still reflect the unjust spatial patterns of the past, a factor exacerbated by current housing programmes that continue to locate poor and marginalised urban residents on the peripheries of cities. The option to access well-located under-utilised publicly-owned land presents an immediate opportunity for the government, and particularly municipalities' ability to change to status quo.

As a response to this challenge, and to address national spatial justice and spatial equality objectives, this paper sought to propose a model of urban land reform. The proposed model was based on bold and decisive state intervention in the land market, through efforts aimed at making well-located unused vacant publicly-owned land available for human settlements development.

In this regard, the state must pro-actively identify, pipeline and transfer under-utilised land and potentially buildings for affordable rental housing for low income and working class households earning below R15 000. By so doing the state will be giving effect to its core responsibility of enabling spatial transformation through urban land redistribution.



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