What is “the gap”?

From SERI’s research into the supply of formal rental accommodation in the inner city, it is clear that there are no permanent options available to those earning below R3 200 per month. According to the 2011 Census, approximately 122 000 people (34 000 households) living in the inner city of Johannesburg earn below R3 200 per month. This figure constitutes almost 50% of all households in the inner city. These households can afford rent of R700 to R900 or less per month. In fact, this accommodation has never been available and, according to the Affordable Housing Company (AFHCO), a large rental housing provider operating in the inner city: “the only options for such earners remain RDP housing units which are outside the city, shacks in townships and hijacked buildings in the inner city, where they are often exploited by slumlords.” Indeed, many of those living in ‘bad’ buildings or overcrowded flats are earning below R3 200 per month working as car guards, domestic workers, cleaners, taxi drivers, informal traders, security guards, painters etc. Others choose to live in the inner city as there are opportunities for piecework, and transport costs are kept low. Minimum wage for formal employment in some of these sectors ranges from R1 750 to R3 300 per month.

SERI’s research has also shown that while there are a few institutions in the inner city providing state-subsidised social housing – including over 2 000 communal rooms and several hundred transitional housing beds – at lower rentals than the private suppliers, these institutions are extremely oversubscribed and there is almost no social housing actually available or affordable to people.

This is “the gap” to which SERI’s report refers. It should not be confused with “the gap market” which is the term government uses to refer to households earning between R3 500 and R15 000 per month. It is the real gap, deserving of the attention that state policy currently reserves for higher income earners. This gap is a crisis, repeatedly acknowledged by the City of Johannesburg, but one which has not been addressed over the years.

How has the City responded?

The City argues that poor and low-income residents can and should access informal accommodation in shared units at cheaper rentals. This despite taking action against people who do exactly that. Quite apart from such inconsistency, our research has found that even this informal accommodation is unaffordable to many people. For example, rooms to rent range from R800 to R1 400 per month while rooms to share, or portion of rooms, rent at a range of R100 to R800 per month per space. An enclosed balcony of a flat can go for around R600 or more per month. A bed-sharing arrangement of between R450 and R550 per month is probably the cheapest option available to people. These living arrangements are overcrowded with a lack of privacy and without security of tenure.
So why is the City so resistant to proactively deal with the crisis at hand? Perhaps the chief reason is a lack of political will. The City is focused on the people it wants to live in the inner city, not the people who already do. Furthermore, it focuses on so-called ‘bad’ buildings themselves, not on the needs of the people living in them. Another reason is an over reliance on “the market” to solve seemingly intractable problems like low-income housing. The reality is that people can often afford rentals in the range of R300 to R600 per month however, as both the municipality and private developers recognise, “the market” cannot currently deliver in this segment. A further reason for the lack of action around addressing the gap is that the City prefers to sell off its inner city property portfolio, rather than to explore a low-income rental housing strategy and to develop new models that address some of the historic shortcomings of public rental housing.

For example, the City’s flagship Inner City Property Scheme (ICPS) is driven by the private sector and involves the transfer of a large portion of the City’s own inner city property portfolio (including municipal-owned properties, expropriated properties, properties acquired through sales in execution and privately owned buildings) via a series of structured sale transactions. The City places a requirement on the appointed consortium to ensure that at least 30% of units developed are social housing. The first phase of the scheme has formally commenced with the earmarking of 30 buildings for development. Out of this a total of 309 social units will be developed, with rentals between R1 500 and R2 200 per month. Of this, less than 100 units will be aimed at the lower end of the low-income bracket. This is less than 10% of the total ICPS portfolio - a drop in the ocean and still too expensive for many people who earn below R1 500 per month.

The lack of affordable, permanent rental accommodation for poor and low-income households has recently come to the fore because of the large number of evictions taking place in the inner city by private developers. The City, in response to its obligations to provide temporary accommodation to those facing homelessness as a result of evictions (outlined in the Blue Moonlight judgment handed down by the Constitutional Court), has developed a policy to deal with people evicted from inner city buildings who face homelessness. However, to date no one has seen it. Referred to in court papers as the Special Process for the Relocation of Evictees (SPRE), the policy relies on a “managed care model” that sees people being placed in shelters run by a private service provider.

The policy is underpinned by the idea that people will “transition out” of poverty in a short space of time (6 to 12 months) and then be able to find affordable accommodation. However, more problematic than this flawed logic is the way in which people are treated in these shelters. The shelter rules, which are currently being challenged in court, include gender differentiation (families are not allowed to stay together), day time lock-out (everyone is locked out the shelter between 08:00 and 17:00) and eviction without a court order at the end of the short stay.

There have been a number of predecessors to this approach, which have not worked for various reasons. The City’s current model is destined to the same failure as earlier transitional housing schemes as it does not address the challenges faced with previous models. This is not a problem of dependency or laziness on the part of those living in the shelters. People cannot simply pull themselves together and get a job (or a better paid job) in a few months – the economy is not growing and the jobs market is shrinking. Without somewhere to transition into, people will be back on the streets or in another ‘bad’ building. This was the critique of earlier transitional housing schemes, and remains the case today.

What can be done?

The good news is that something can be done. Housing demand is not endless. It is finite, measurable and can be planned for. For example, there are about 34 000 households living in the inner city earning less than R3 200 per month. Assuming that each of the 34 000 households living in the inner city earning less than R3 200 per month requires a unit that costs R125 000 to build or refurbish (the maximum amount available under the national public rental housing subsidy), the capital costs of eliminating the inner city housing problem altogether is, at its highest, R4.250 billion. This is just less than the City’s current budget surplus, which is R4.9 billion and projected to increase over the next few years. Obviously the aim is not to solve the crisis overnight, but to at least put in place a plan and measures to progressively deal with the lack of supply of low-income rental housing for close to half of the households currently living in the inner city. Using a fraction of its budget surplus, the City could, in the next ten years, eliminate the inner city housing crisis. It does not need to do this alone and can, where necessary, utilise the skills of communities, NGOs and the private sector.

A radical programme of urban regeneration in the inner city is underway at present, as witnessed by the revival of precincts like Braamfontein and Newtown and the creation of Maboneng. Instead of carrying the social costs of a regeneration drive that is welcomed by wealthy groups, as a public authority should, the City launched its “Operation Clean Sweep” campaign which sought to remove all informal traders from the streets, and is currently pushing through a by-law to deal with people living in “problem properties.”

The most significant intervention the City should be making in the inner city is an affordable, accessible rental housing programme that responds to the needs of the majority of residents, not a short term, transitional one that is bound to fail.

We are used to hearing about the intractability of social problems, the endlessness of poverty and the inability of the state to do anything about it. What this report shows, on the basis of an analysis of data accessible to anyone, is that, in inner city Johannesburg at least, providing housing to every poor and low-income household living there is an achievable, affordable goal within the next few years. The City just has to want to do it.

• Read the full report on the SERI website
http://www.seri-sa.org/index.php/research-7/research-reports