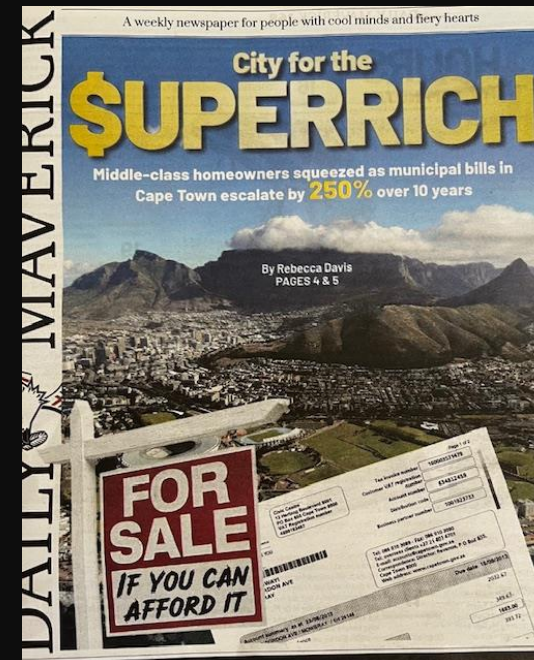


# A Vision for Affordable Urban Housing

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CHAIR IN  
CITY-REGION  
ECONOMIES




## ...nt Dead Following ...ding Collapse in ...monde, Johannesburg

NewsroomZA • 3 March 2026



# The argument

- The problem of unaffordable urban housing is getting worse, but the terrain offers considerable promise
  - The response is fragmented & incoherent, with huge inertia and incapacity in government housing policy
  - Reframing housing as an economic issue would generate interest & investment – from researchers, professionals, financial institutions & government
  - Recasting it as a core issue for cities would respond to diverse conditions, lend greater coherence, navigate trade-offs and create better outcomes
  - Requires devolving responsibilities & budgets to the metros and encouraging more diverse responses from new and different actors
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# A global crisis of housing affordability in cities

## **Supply-side obstacles**

- Limited land availability
- Slow & restrictive land-use planning & building regulations
- High construction costs
- Scarce government funding for top structures & infrastructure
- Poor coordination within & between government spheres

## **Demand-side constraints**

- Urban population growth
- High unemployment & slow employment growth
- Uneven income distribution & slow income growth
- Risk-averse financial institutions

# Its getting worse in SA

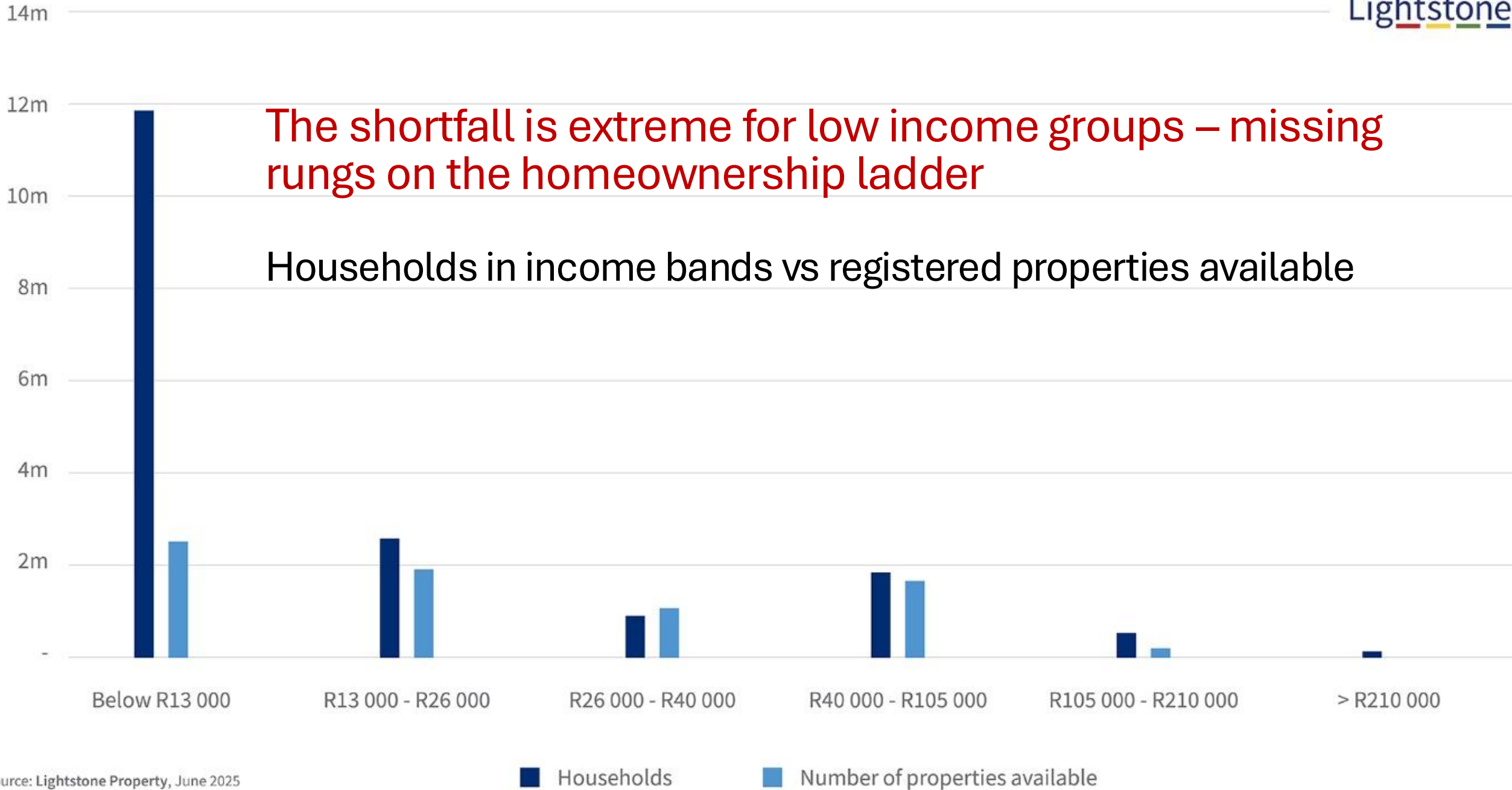
- Between 1.8 and 3.8 million households need adequate housing (various definitions and sources)
- 2.4 million households on the national housing needs register
- Growing by c.180,000 p.a.
- Driven by urban household growth ('need'), stagnant economy (weak 'effective demand') and falling supply of formal housing
- Also a decline in bank lending for home purchases
- Between 2-3 million households live in informal dwellings + more in derelict buildings, homelessness, overcrowding
- Many more lack clean water and basic sanitation

**The housing shortfall is concentrated in the big metros**  
(1.9m of the 2.4m on the national housing needs register)

<b>City</b>	<b>Estimates</b>
Johannesburg	400-500,000
Cape Town	600,000
eThekweni	350-400,000
Tshwane	200-250,000
Ekurhuleni	180-220,000

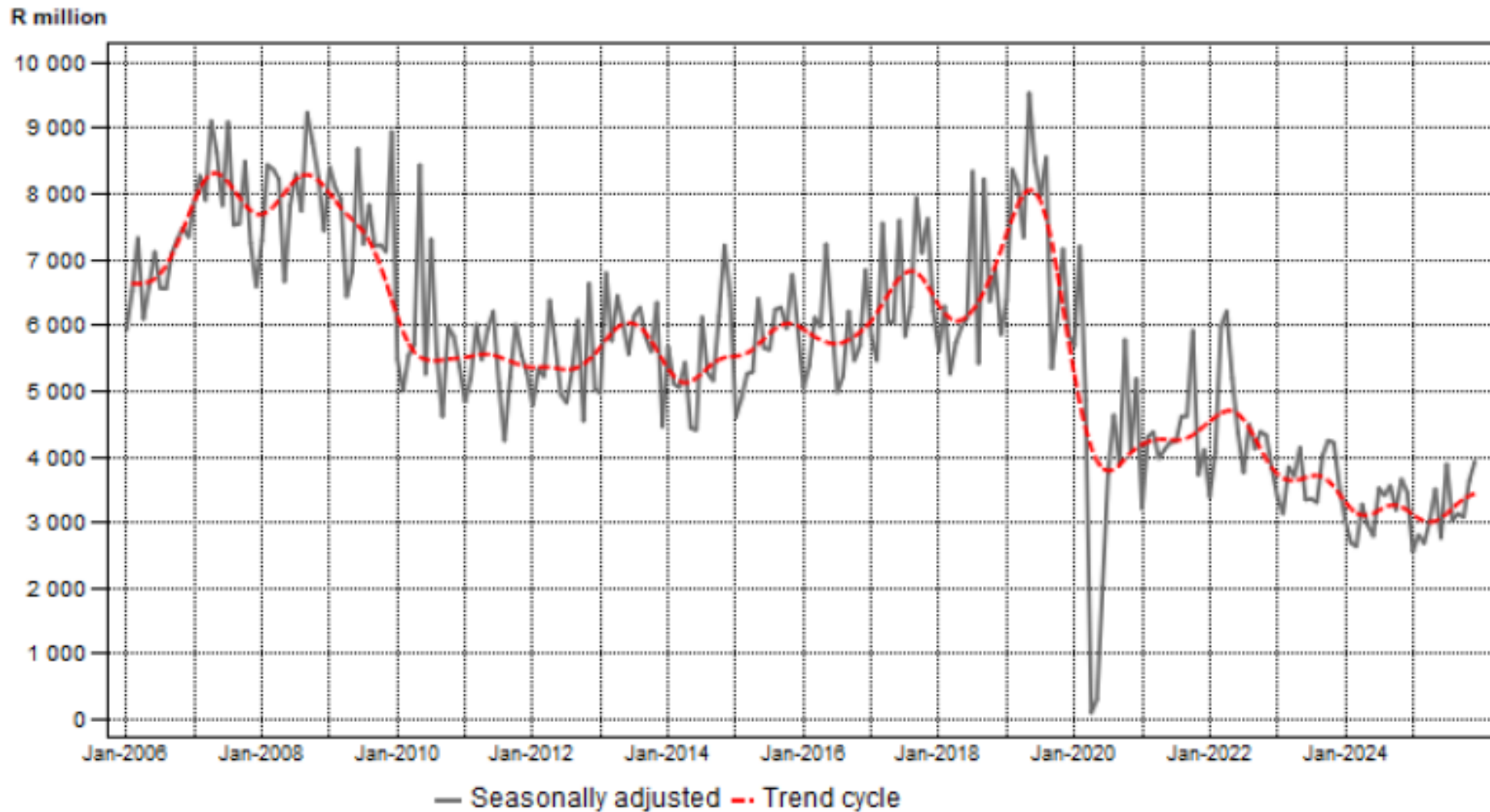
The shortfall is extreme for low income groups – missing rungs on the homeownership ladder

Households in income bands vs registered properties available

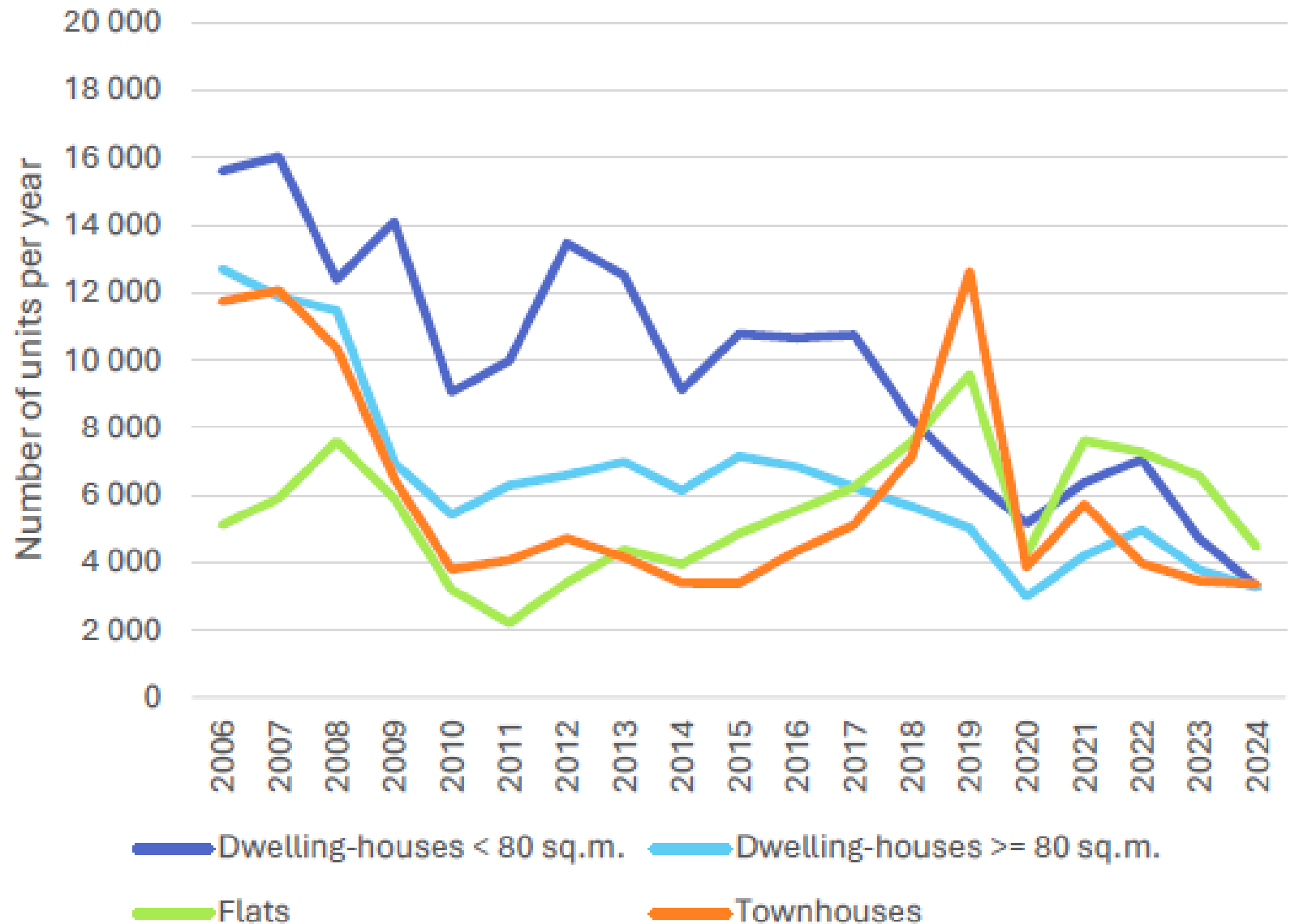


# Long-term decline in housing supply (StatsSA)

Figure 2 – Buildings reported as completed to larger municipalities at constant 2019 prices

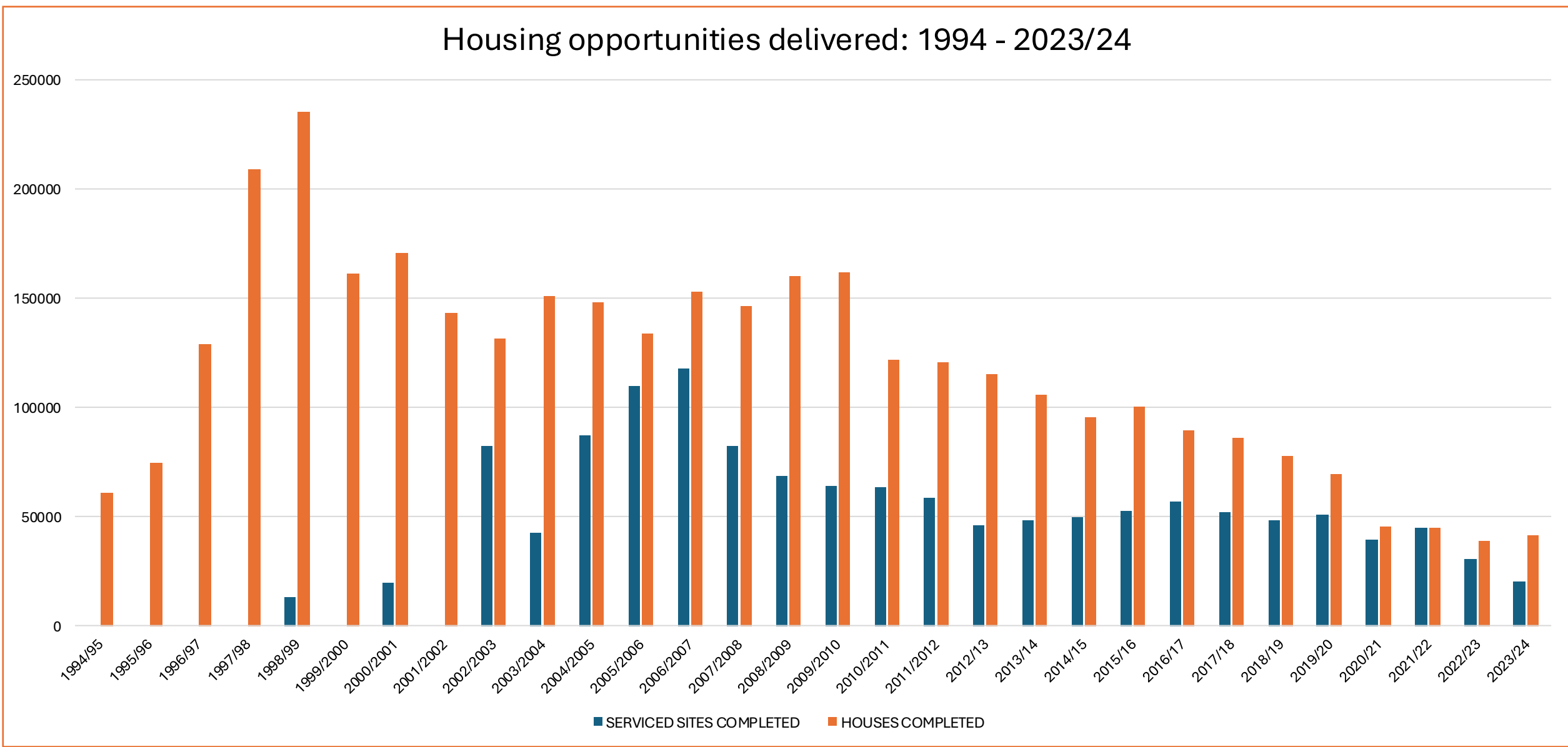


Private completions in the metros have declined sharply, esp. smaller, more affordable houses. Flats have gone from smallest to largest



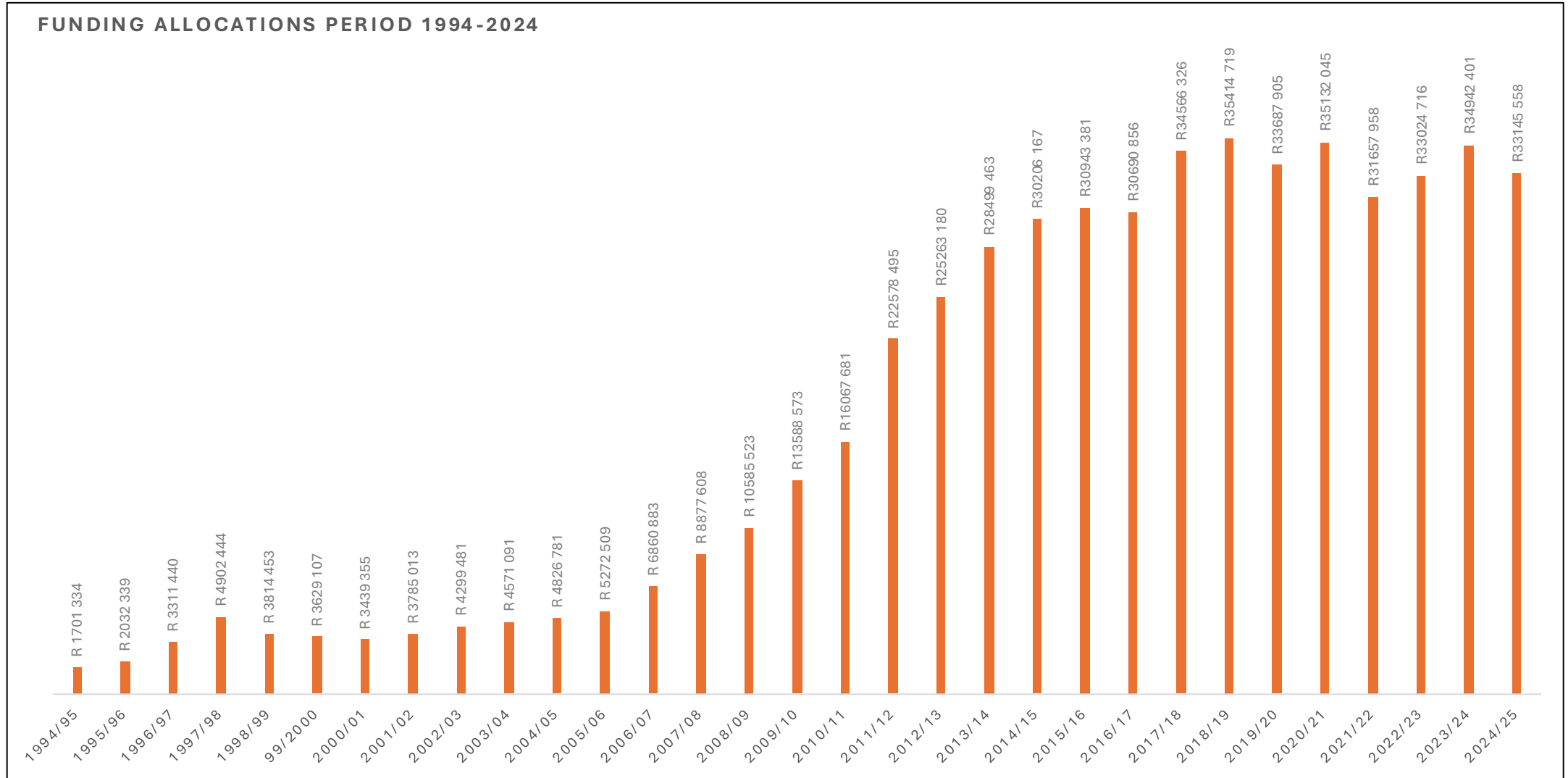
# RDP/BNG Housing completions (NDHS)

Housing opportunities delivered: 1994 - 2023/24



# Dept of Human Settlements Allocation 1994-2024

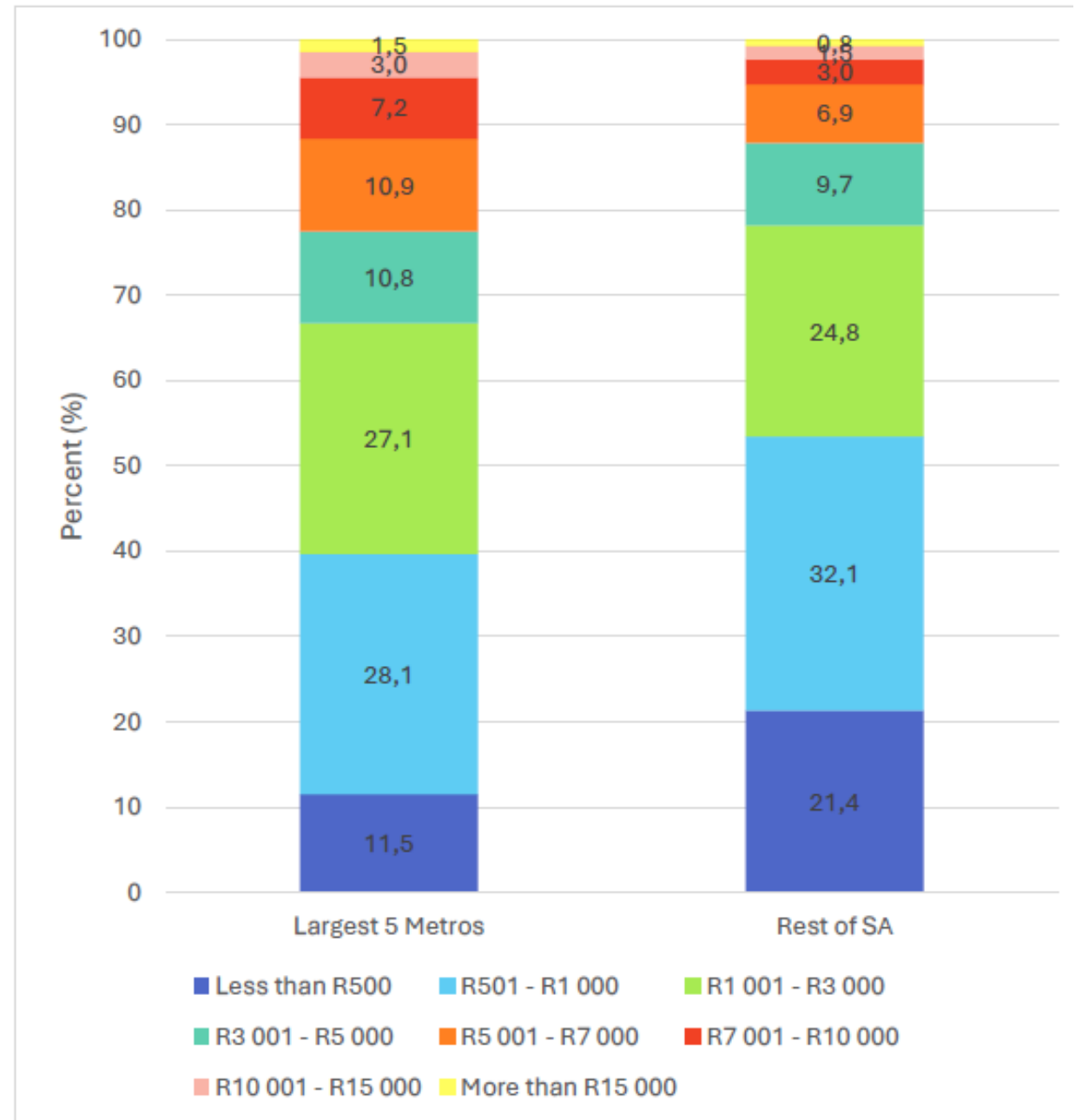
Housing subsidy: R12k -> R183k (nominal) Total spent R450bn



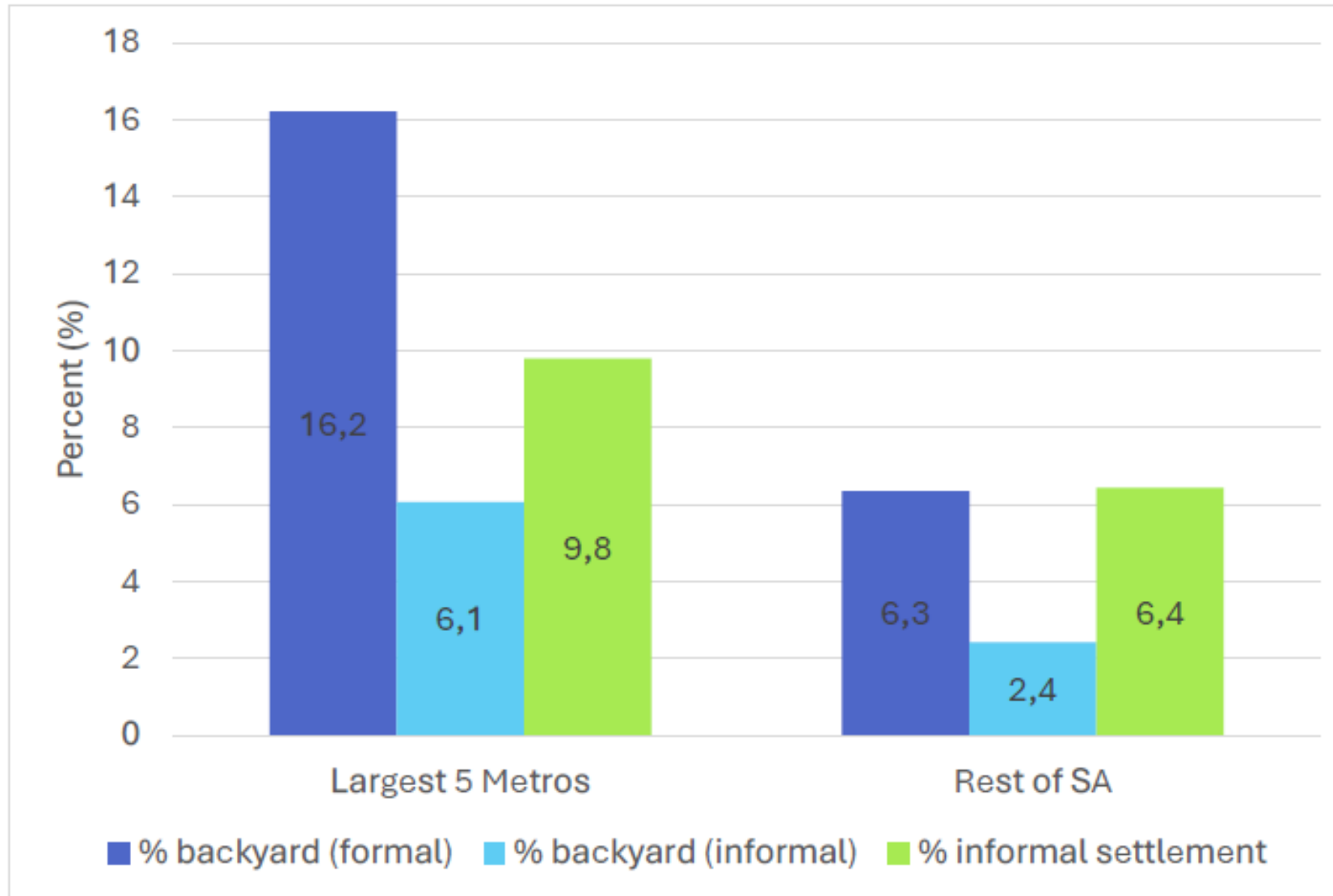
# Rental is sizeable in the cities, despite policy gap



Rents are relatively affordable (2/3 pay under R3000)



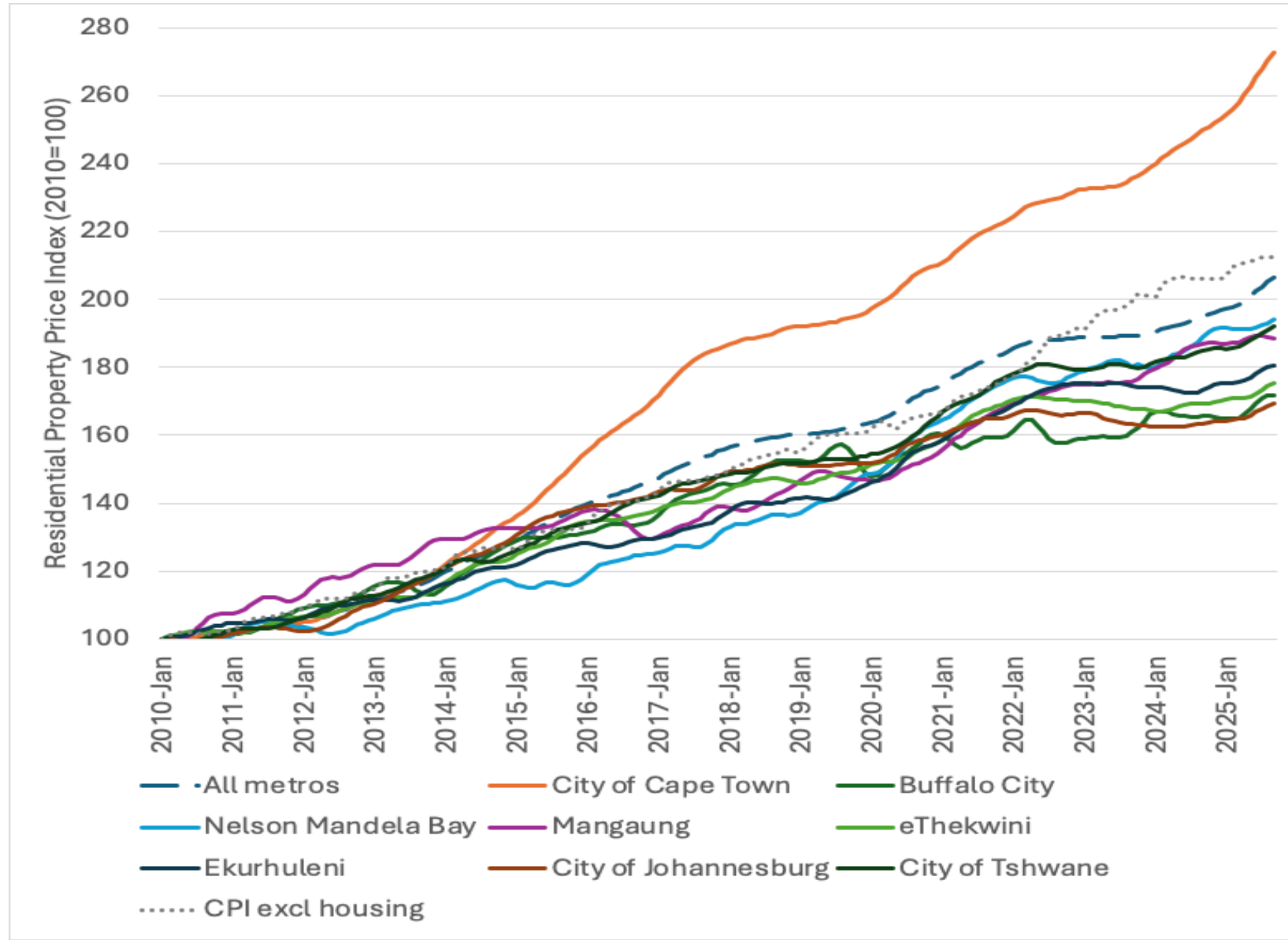
# About 1/3 metro households live in informal settlements & backyards



# Cape Town example – scale of challenge

- 600,000 housing shortfall/backlog
- Private sector completions 10-12,000 p.a.
- RDP/BNG completions 2-3,000 p.a.
- **Will take 45-50 years to clear backlog!**
- But its also growing by over 10,000 p.a.!
- **Informal settlements doubled** in size over last 12 years to 278,000 (17% of CT's housing stock)
- 250,000 backyard dwellings & growing fast
- **CoCT estimates needs c.50,000 new housing units p.a.**

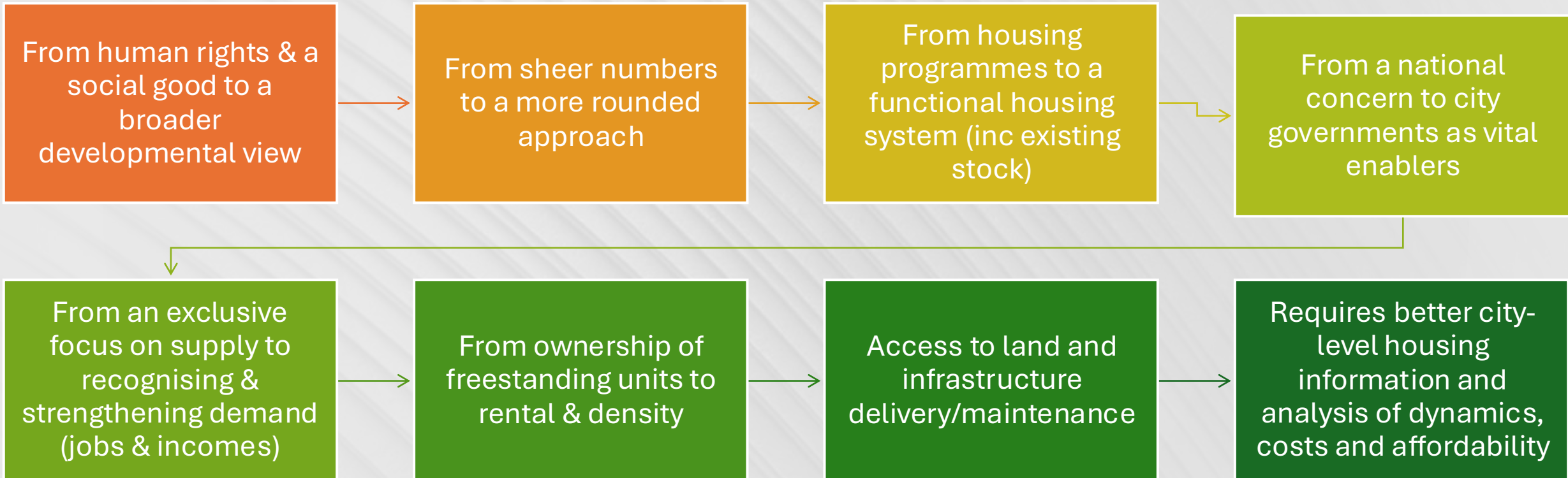
# House prices have risen fast in Cape Town, despite growing supply



# Cape Town's affordability problem

- Only 6.5% of households earn above R51,201 per month (CT Household Survey)
- Can get a bond of R1.5 million (assuming 30% payment)
- But average list price of a one-bed unit in CT is R2.2m and two-bed unit is R2.7m (Property 24)
- Need much more low income housing – especially rental

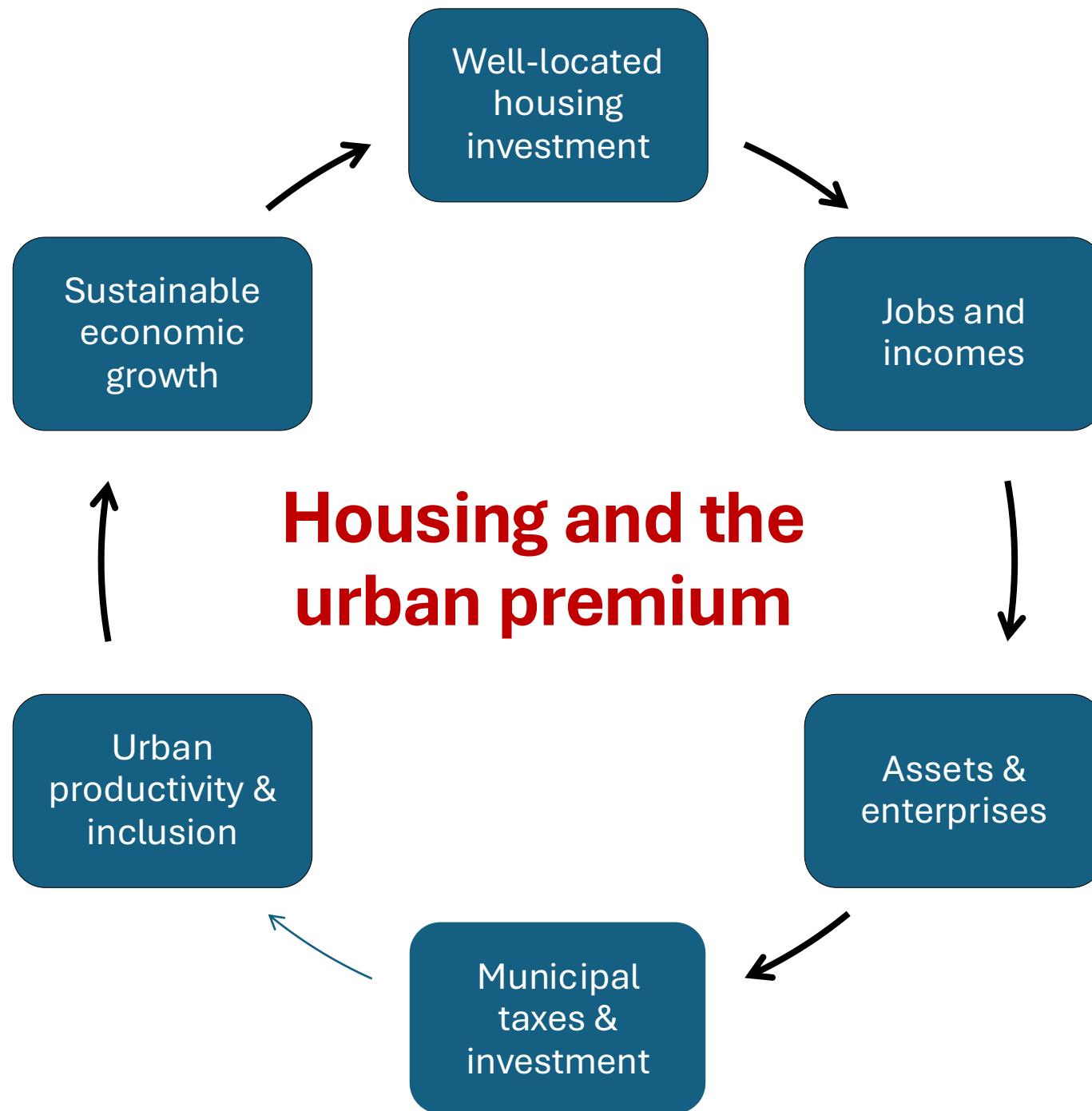
# Reframing the housing challenge





# Housing as an economic issue

- ❖ Traditionally seen as a consequence of economic change
- ❖ Housing is also a cause and contributor to economic development
  - Direct job creation in construction, building materials & property services
  - Multiplier effects via consumer durables & home improvements
  - A store of household wealth and equity used as collateral for business loans
  - Small-scale building contractors, property developers, home-based enterprises
  - Better health & education outcomes, workforce productivity, household safety & social stability
  - Broader participation in financial system via loans & savings products, insurance
  - Higher productivity via denser, well-located housing, lower transport costs & more integrated labour market
  - Wider municipal tax base, triggering investment in basic infrastructure & services



Towards solutions

# Core objectives of affordable rental housing

Scalability

Location

Affordability

Quality

Neighbourhood  
liveability

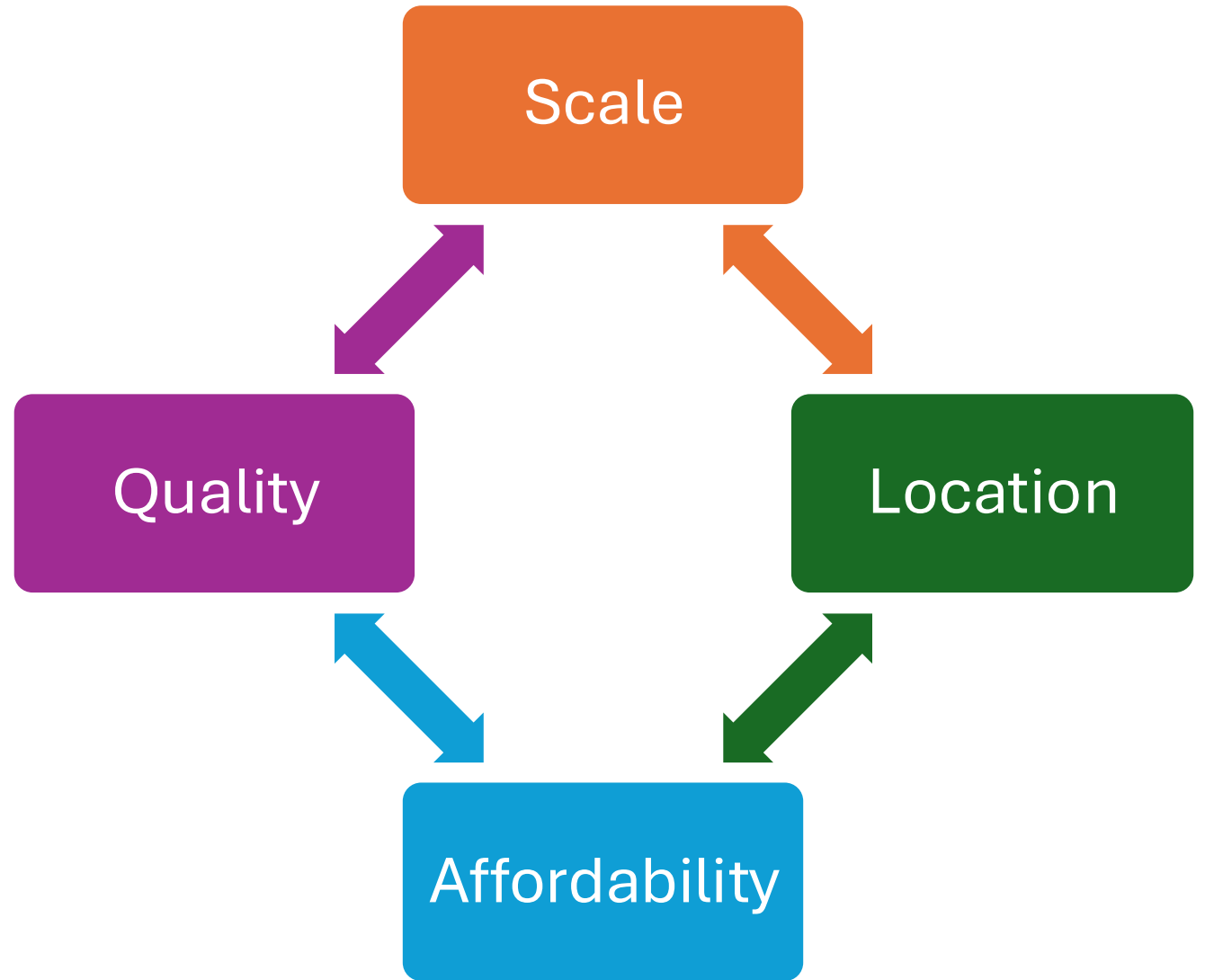
Jobs and  
enterprise

Public sector  
cost

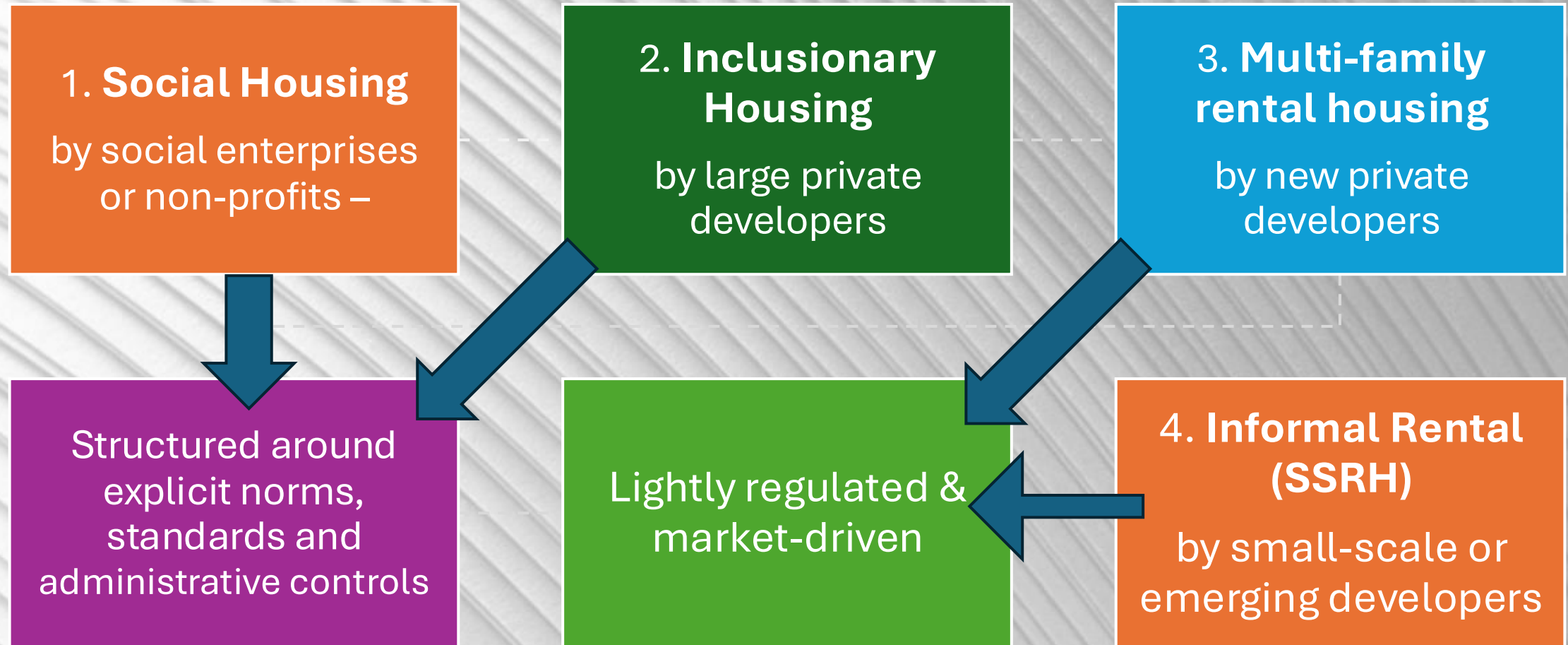
# Trade-offs and choices

for households and for governments

hence need clarity of purpose



# Emerging approaches to affordable rental housing



# 1. Social Housing Model

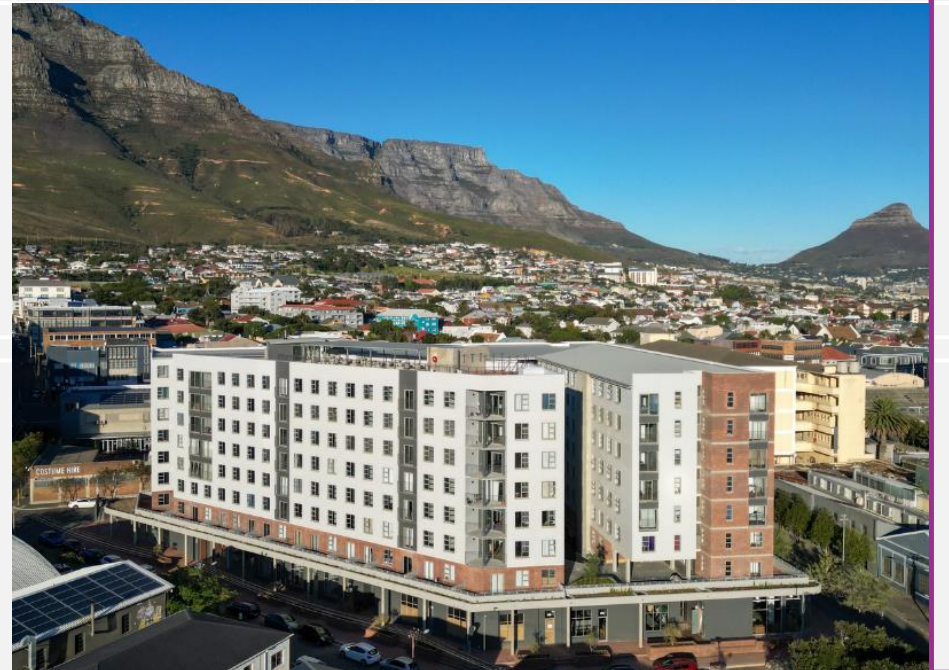
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- Clear mandate - spatial transformation - well managed, medium density rental apartments in good locations
- State capital subsidies control key parameters - scale, quality, location and rentals in perpetuity. Rents cover operational costs
- But problems with implementation
- **First phase** – insufficient oversight
- 2/3 of the 30,000 units built were in financial distress by mid-2000s
- **Second phase** - creation of SHRA – excessive prescription -> spatial drift
- About 3,000 units p.a.
- But potentially very valuable in high cost urban environments
- Funds should be transferred to the metros



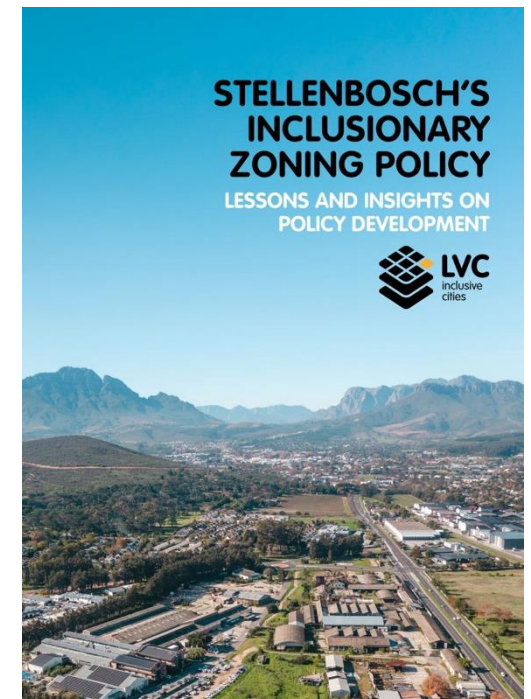
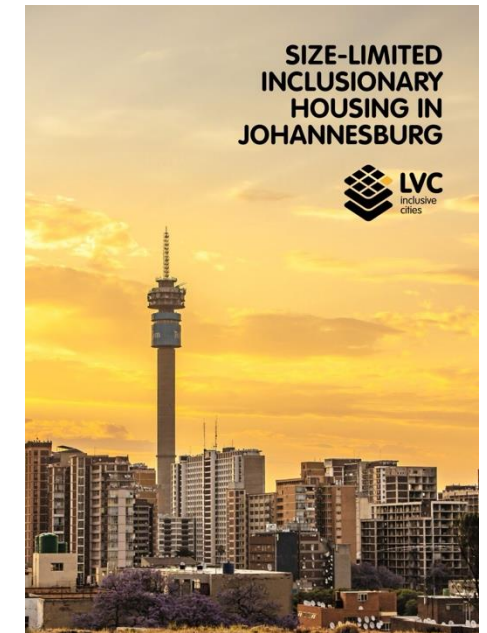
# 2. Private Multi-Family Rental Housing

- Private sector driven, high density apartments in favourable locations with various social amenities
- **First wave** refurbishments, esp Joburg inner city
- Rents were affordable because buildings were bought cheaply
- Some competition with SH, esp in Joburg
- **Second wave** of new developers & investors
- No state subsidies means market-related rentals.
- Scale of growth unknown
- SAMRRA claims 75,000+ apartments
- Attractive to financial institutions – steady long-term returns
- Necessarily opportunity-driven – suitable sites & old buildings
- Lots of uncertainties re future
- Clearly need more hands-on role from municipalities



# 3. Inclusionary Housing

- Cities offer incentives to private developers in return for AH commitments
  - extra development rights, infrastructure, quicker approvals or relaxed car parking
- Negotiated approach gives some assurance re scale and affordability
- And hopefully mixed-income communities in favourable locations
- Modest public influence over key parameters
- Long history of failed attempts – developer resistance (national & CoCT)
- **Johannesburg pioneer 2019** - principle that developers include a range of unit types
- But compromise is affordability = small not cheap units
- **Stellenbosch 2023** – large new growth area Adam Tas Corridor
- Major development rights - at least 30% of units to be affordable on price
- Some Q just how affordable and how to ensure this into the future





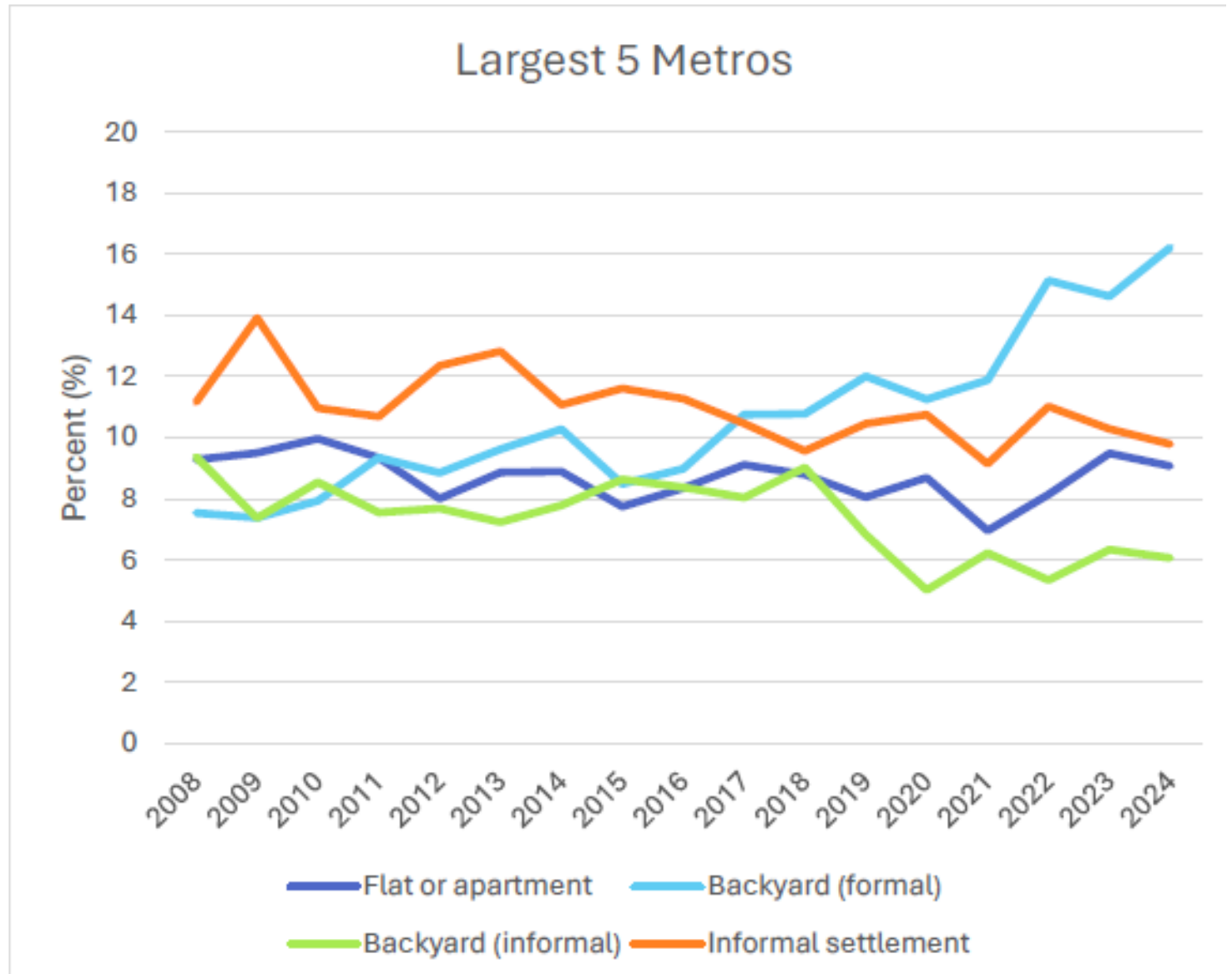
## 4. Small-Scale Rental Housing

- Most dynamic, fastest-growing form of housing in SA: c.15-20%
- Bottom-up driven by cash-poor homeowners needing income & emerging developers seeing opportunities
- Meeting huge latent demand for easy access, low-cost accommodation
- Using existing land & infrastructure saves costs
- Wide spectrum of price, quality, location, with upgrading over time – adaptive & responsive
- But informal & unauthorised, hence risk to property values, neighbourhood liveability + ...
- Larger developments could afford to pay rates & charges
- Government indifference, except for a few municipalities now trying to enable & shape its growth – simpler regulations, technical advice and infrastructure

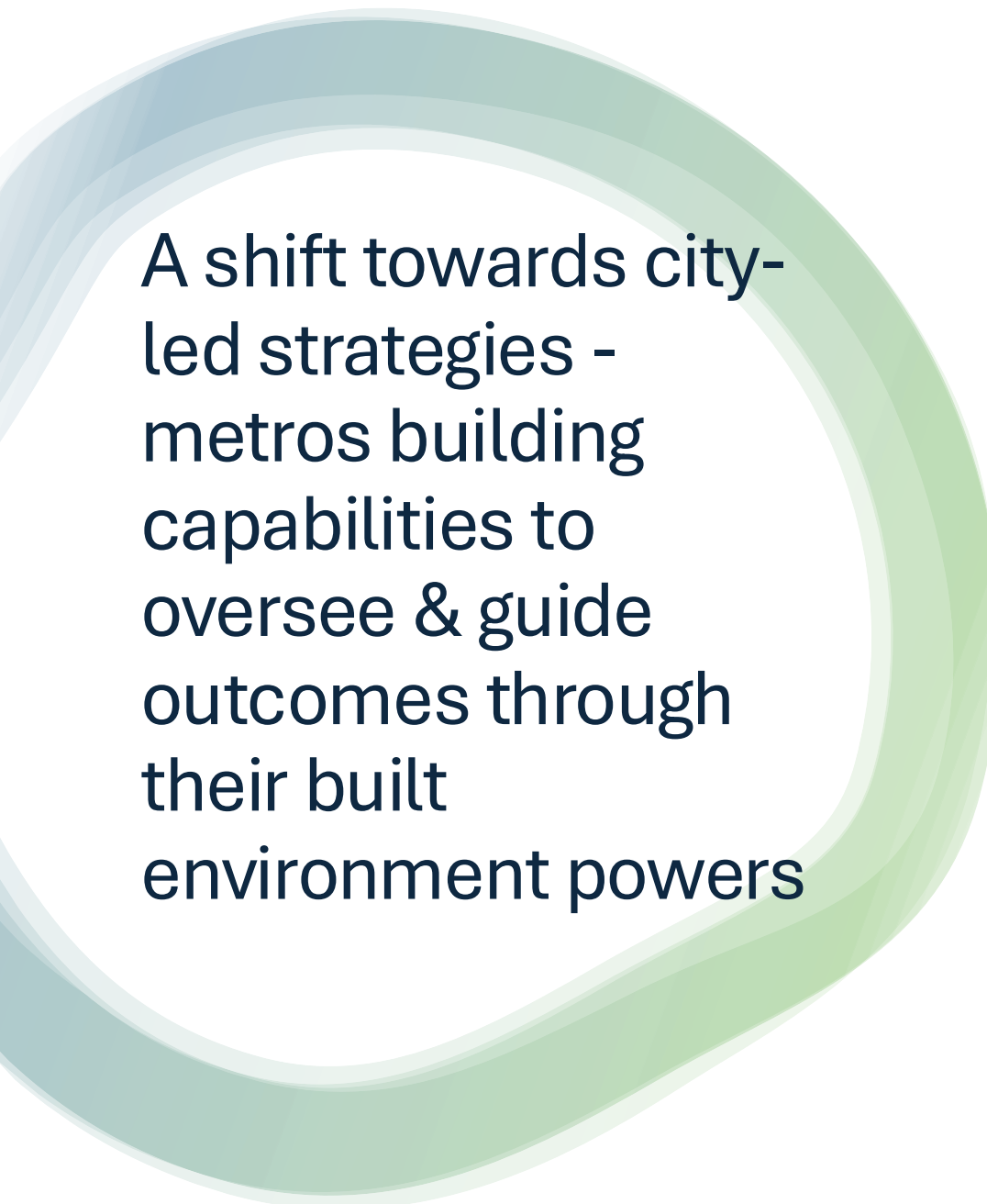


Strong growth  
of backyard  
formal (GHS)

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	Social housing	Multi-family rental housing	Inclusionary housing	SSRH - Informal Rental
Scale	*	**	*	***
Location	***	**	***	*
Affordability	***	*	**	***
Quality	***	***	***	variable
Neighbourhood liveability	**	***	***	*
Local jobs & enterprise	*	*	*	***
Public sector cost	*	***	***	***
Binding constraint	Public funding	Institutional finance & land	Financial feasibility	Public infrastructure



A shift towards city-led strategies - metros building capabilities to oversee & guide outcomes through their built environment powers

Metros as the custodians of the urban housing system enabling other actors to deliver. Core responsibilities:

- Information, analysis, intelligence & long-term planning
- Land banking, release & enabling access
- Land-use regulation & building standards
- Providing public infrastructure & services
- Collecting rates and service charges
- Managing public spaces

# Conclusions

- A challenging but also promising terrain
- No perfect single solution – can't have it all
- Need to recognise that people are making choices – & get behind them
- Need diverse providers & learn from experience - mixed economy of provision
- Need to capacitate the metros to oversee & guide outcomes through their local knowledge and built environment powers
- Bridge the gulf between the formal and informal provision for a more integrated housing system
- Devolve national housing budgets (including informal settlements upgrading)
- Alternative is adapting national programmes (e.g. a demand subsidy)

# SONA 2026

“We are introducing a new model for housing, where people are given subsidies for ownership and rental in areas that are suitable for them. We are shifting from building houses for people to supporting them to build, buy or rent their own housing”