

CHAPTER SIX: THE INFORMAL BACKYARD RENTAL SECTOR IN SOUTH AFRICA

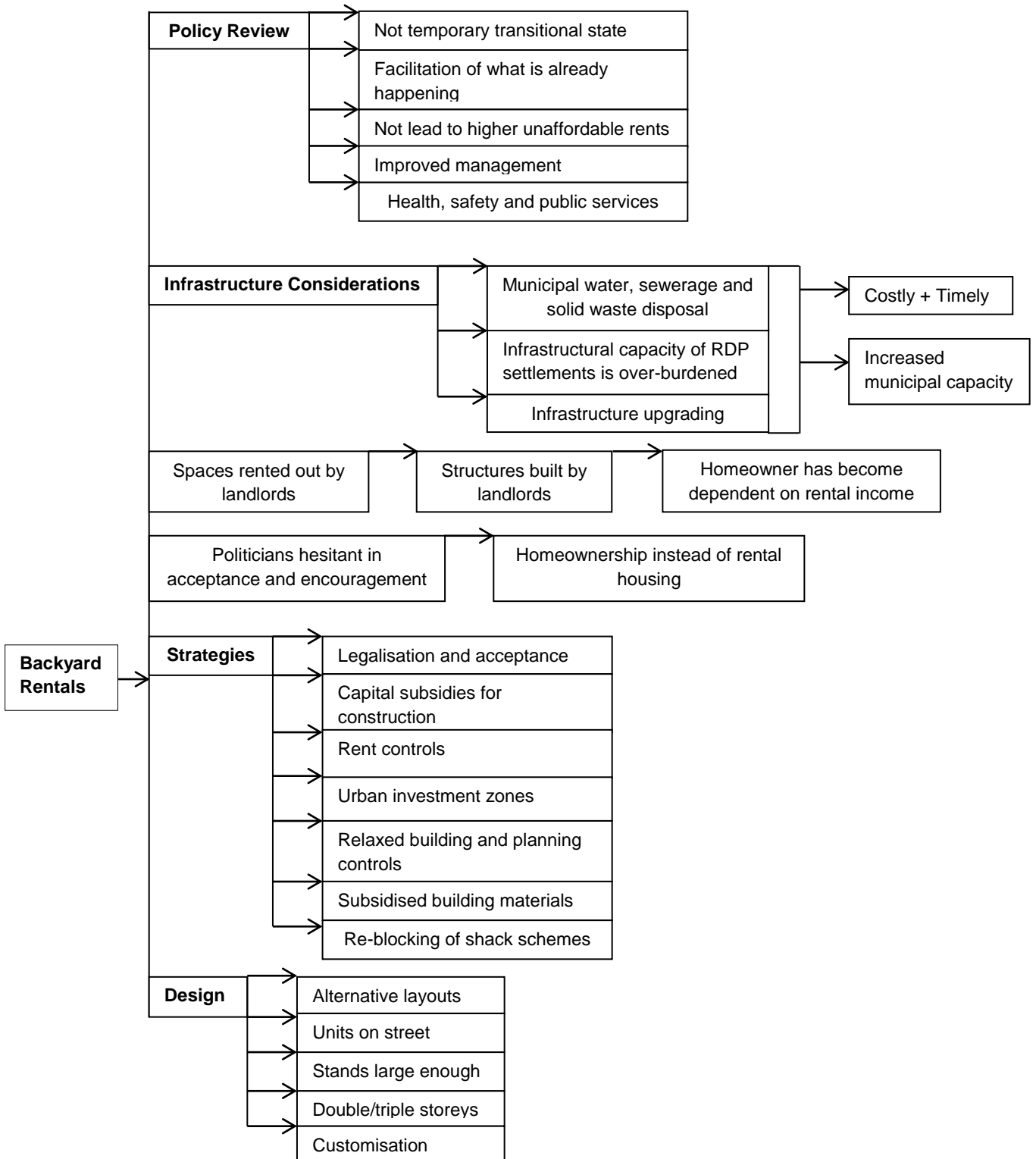


Figure 14: Summary of Chapter 6: The informal backyard rental sector in South Africa

Source: Own construction (2012)

Chapter 5 discussed the relevance of low-cost housing delivery in local economic development and how certain strategy approaches may be implemented to provide sustainable economic growth. In the quest for sustainability the following chapter will address South Africa's backyard rental sector which currently provides illegal, unsafe and unhealthy living conditions. This chapter will discuss some of the underlying factors and components related to the sector.

6.1 Introduction to the backyard sector

A backyard dwelling differs from other forms of informal housing as it is situated on a demarcated stand within a formal housing area which is fully serviced. (Lemanski, 2009:474). According to Watson (2009:3) two types of backyard rentals can be distinguished. Referring firstly to structures built by the landlord with intent to rent to tenants. Secondly referring to structures built by tenants on spaces rented from landlords, mainly in the informal sector (see Figure 15). According to Crankshaw et al. (2001:1) a backyard rental market which makes provision for construction by tenants on rented land is a uniquely South African occurrence, which distinguishes the local backyard sector from others in developing countries. Silverman (2012) states that backyard rooms are rightly receiving amplified attention from policy makers and design professional as a prospective solution to some of South Africa's housing problems.

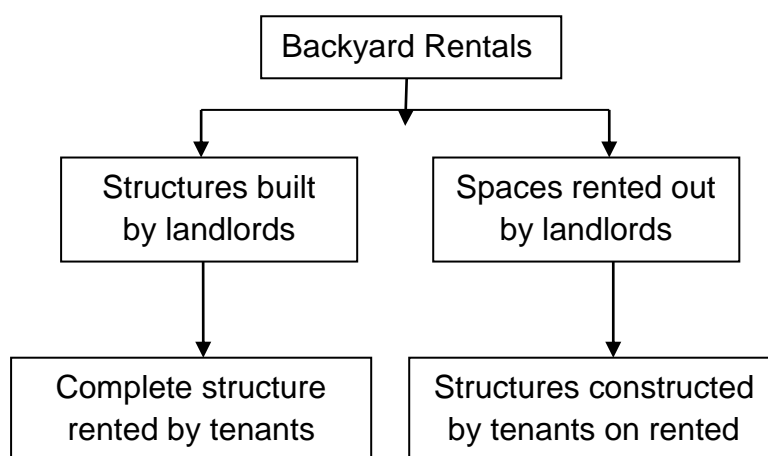


Figure 15: An introduction to backyard rentals

Source: Constructed based on Watson (2009:3)

According to Morange (1996:6) backyard structures generally consist of one or two rooms, crudely constructed from wood and corrugated iron. Lemanski (2009:473) states that these rooms are used by residents to cook, eat, sleep, wash and live in. The inadequate size and quality of backyard dwellings, paired with the unhealthy living environments associated with these structures, make backyard dwellings comparable to living in informal structures in informal settlements. Yet the Social Housing Foundation (2008:3) states that in general, backyard settlers enjoy better access to services than those in informal settlements, due to their location within formally serviced townships. Crankshaw et al. (2000:13) states: 'There can be little doubt that the quality of backyard accommodation in SA is deficient in many respects. It is overcrowded, services are largely inadequate, there is a lack of privacy and sometimes there is tension between landlords and their tenants'. The prominence of the backyard sector in the South African setting and the conditions associated with the sector, merit the discussion of the backyard sector in this study. It becomes apparent that the current backyard condition needs to be addressed if sustainable human settlements are to be delivered.

Watson (2009:4) states that the 2001 SA census indicated that 29% of South Africans rented accommodation, 18% of which lived in households which included backyard rental accommodation. Bank (2007) estimates that between 30% and 50% of all urban township residences, house shacks in their backyards. This indicates that up to half of the township population lives in a backyard. The Social Housing Foundation estimated in 2008 that residents in backyard shack rentals comprised approximately 282,000 – 397,000 households. Rented shacks situated not in backyards, comprised approximately 139,000 – 121,000 households. Furthermore the proportion of households living in backyard dwellings is growing faster than the proportion in informal settlements. This indicates the growing popularity of this housing type in the context of massive housing shortages (Lemanski, 2009:473). The backyard housing sector thus clearly forms a significant component of the housing market. This is a worrying fact when considering that backyard rentals are almost always in violation of the law.

It becomes obvious that alternative backyard housing solutions need to be sought in order to provide better living conditions to those destined to permanently call backyard structures home. In this regard it becomes apparent that the informal rental sector, with an emphasis on backyard dwellings, merits extensive research. Section 6.2 will discuss factors which currently constrain advanced development in the backyard rental sector.

6.2 Constraints in the backyard sector

The current system of backyard rental provision, or lack thereof, is constrained by various factors. These include financial and legislative constraints in the context of massive housing shortages, backlogs and unworkable expectations from South Africa's homeless.

Crankshaw et al. (2000:3) states that the pre-1994 South African government allowed the extensive establishment of backyard shacks and that by the mid-1980s, land invasions became so common, that it is generally accepted that government had lost regulatory control of the South African townships. Morange (1996:6) corroborates that municipalities were too tolerant of squatting and invasion in the past. The neglect of the South African rental housing sector in the past has led the unsustainable approach followed at present (Gilbert et al., 1997:134). Figure 16 briefly summarises some of the present constraints.

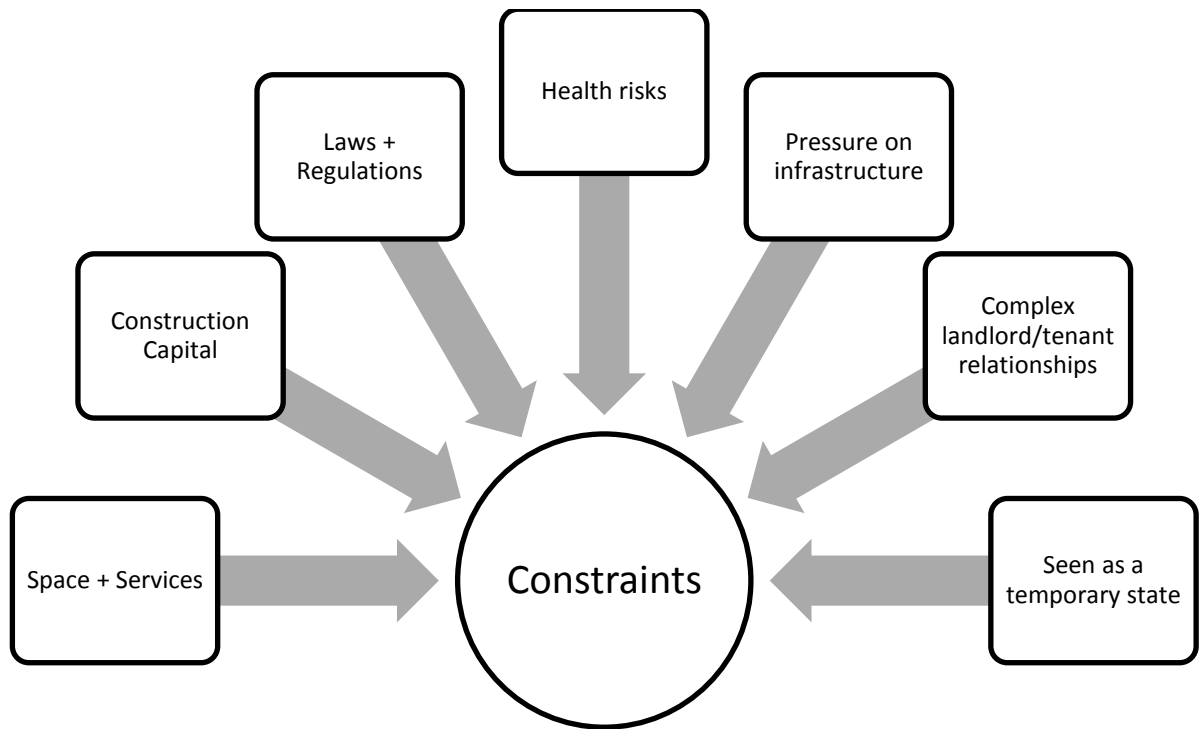


Figure 16: Various constraints prohibit the supply of informal rental options in the South African context

Source: Constructed based on Watson (2009:14)

The location of backyard dwellings in RDP settlements which are designed exclusively to cater for a pre-approved number of formal properties has negatively affected backyard living. In this regard the infrastructural capacity of RDP settlements is over-burdened by additional informal households, leading to reduced service connections (Watson, 2009:20). According to Bank (2008:2) the perceived transitional nature of the backyard sector has impacted municipal service delivery policies. As backyard renting is seen as a temporary state, municipalities have generally not extended services to backyard residents. The absence of public ablutions furthermore renders backyard tenants' access to sanitation entirely dependent on landlords.

Many of these landlords perceive tenants as a market-based business arrangement (rather than a social or communal arrangement) and thus display disinterest in their needs. As an example Beall et al. (2008:16) states that landlords often lock houses and thereby access to sanitation at night. According to Govender et al. (2011) a high proportion of landlords do not pay for the water received from municipal sources, yet water is sold to backyard inhabitants. Backyard renters have thus become a source of income to those who have received subsidised housing from government. This situation may only be remedied by providing alternative solutions with regard to physical backyard structures, service capacity and infrastructure provisions.

6.3 Infrastructure considerations with regard to backyard structures

According to Lemanski (2009:482) backyard structures place an immense amount of pressure on infrastructure intended to provide services to homeowners. Infrastructure has to be shared and stretched in order to accommodate intended users (homeowners) as well as backyard residents. According to Johannesburg (2000) utilities designed to service a single family of six persons have to deliver to up to six families on a single stand, resulting in a strain on infrastructure and backlog problems. According to Govender et al. (2011) municipal water, sewerage and solid waste disposal systems cannot deal with the increased population densities associated with additional inhabitants in backyards. An increase in numbers, paired with poor sanitation habits, exasperates the problem. It thus becomes necessary to implement a form of infrastructure upgrading- a process much more costly than providing a higher level of infrastructure which can service a maximum, rather than a minimum number of residents from the start. This may include the provision of communal ablutions, extending sewerage capacity, installing additional electricity sub-stations and increasing water supply.

Inadequate infrastructure provisions also have other non-fiscal impacts. According to Govender et al. (2011) the informal densification of backyard structures has created a myriad of unintended public health hazards and fire risks which arise from the illegal electrical connections which are often made of insubstantial materials.

It becomes apparent that the backyard rental sector merits serious attention, which should be provided by a responsive policy intervention strategy, in order to better regulate the sector.

6.4 Backyard politics and policies

From a political point of view, Watson (2009:9) states that South African politicians are often hesitant in their endorsement and acceptance of informal rentals. This is the case given the possible backlash due to the constant and liberal promises made to provide dignified human settlements for all. According to Morange (1996:23) South African housing policies of the past ignored the informal rental market due to an unwillingness to accept informal structures as part of the housing stock. The South African government is typical in advocating and promising homeownership instead of rental housing; this despite the fact that private renting is the fastest growing form of accommodation for low-income households (Lemanski, 2009:475). However the state of the housing market, with formal housing delivery declining, demand rising and many people remaining ineligible for housing subsidies, make informal rentals a viable option.

Traditional SA housing policies have always regarded informal rentals as a temporary state, with the expectation that residents are in transition, in the process of moving to RDP projects (Watson: 2009:6). It has wrongly been argued that backyard residents will naturally move to new RDP estates outside townships (Bank, 2008:2). In fact renters usually remain in backyard structures, even when RDP projects are delivered as alternatives, given the poor location of these projects and the transportation costs and lack of economic opportunities associated with these developments.

According to Ebrahim (2011) the backyard rental phenomenon was established in the 1980s as a response to the lack of adequate accommodation close to economic opportunity nodes. Given the expensive nature of inner-city land and the development approaches followed, it should be accepted that the backyard rental and housing sector is a permanent state of residence. Only then can realistic alternative measures be sought and put in place.

Watson (2009:7) states that an extensive and complicated support or promotional strategy is not the answer. Strategies focussing on a better facilitation of what is already happening, addressing the key faults within the sector, with a focus on health, safety and public services, should rather be followed. In this regard Crankshaw et al. (2000:14) states that government should always attempt to increase the housing stock instead of reducing it. South Africa's formal housing policies have unintentionally and indirectly encouraged backyard housing, promoting informality in SA's cities, which stands in contrast to what policies actually intended (Lemanski, 2009:472). In order to improve living conditions and address housing shortages, policies will need to be redirected and effective backyard strategies adopted. Govender et al. (2011) states that the South African low-cost housing programme needs improved management and sensible policies to deal with the densification of state-funded low-cost housing settlements.

Policy intervention is traditionally based on very blunt and insensitive approaches, neglecting the human component so integrally related to housing delivery, especially in the informal backyard rental sector. Interventions need to be sensitive, as overly invasive strategies could have many unintended and harmful consequences. Watson (2009:7) suggests cautious strategies implemented on a pilot basis. Pilot programmes will allow for the opportunity to adapt and tweak strategies before the commitment of large scale implementation.

Any strategy will have to take the sensitive relationship between the tenant and landlord into account in order to strengthen the sector in a regulated manner which does not contradict its most basic principles. The entire backyard sector rests on the need provided by destitute renters and the affordable housing supplied by landlords.

6.5 Backyard tenants and landlords

According to Gilbert et al. (1997:136) most small-scale landlords use their backyards to supplement income. Landlords are thus fundamentally not seeking to use their homes as main sources of income generation. However backyard strategies will need to maintain the delicate balance between providing affordable shelter and allowing for some level of additional income for homeowners. This is especially applicable given the role of housing in local economic development (see Chapter 5, p 59).

Strategies should however fundamentally allow backyard rentals to provide shelter for the poor. A strategy relying on higher rents which makes it more difficult to provide or access accommodation, or a strategy turning landlords into entrepreneurs, will have catastrophic implications. Formalisation policies may potentially impact landlords very positively.

Lemanski (2009:482) states that landlords could receive increased rental income and would then also benefit from the increase in their homes' value due to upgrades. This may also lead to rents too high for the average backyard dweller to afford especially in light of the fact that the fastest growing sector in terms of informal rental housing demand were households earning less than R1500 per month in 2009 (Watson, 2009:5).

It is vital that where the formalisation of the backyard rental sector is contemplated, that reforms do not impose costs and legal responsibilities which cannot be met by the poor. Physically upgrading backyard dwelling arrangements from shacks to more formal structures could threaten affordability and could therefore dilute the sector's contribution to the housing stock.

The Social Housing Foundation (2008:8) states that 95% of the tenants who rent in backyards within formal settlements paid a rent of less than R200 per month in 2008. Lemanski (2009:482) states that it is probable that a landlord with a formal structure containing 2-3 rooms, providing full services, will be tempted to raise rents far above the 2009 average rent of R150 – R250 per month.

This enforces the concept that housing plays an important role in local economic development, but care should be taken not to leave the needy without shelter for the sake of trying to provide those who have already received housing subsidies with an income. There is very little data available to indicate whether or not backyard renters would be prepared to pay higher monthly rents for better quality accommodation (Social Housing Foundation, 2008:9).

Most owners and renters have little or no contact with the formal legal or building regulation systems. Very few have formal legal lease agreements and most rented units violate building and planning regulations in various ways. To conform to the demands of these formal systems would impose costs (in time and money) that would put renting beyond the means of most low-income households. Watson (2009:14) states the following: ‘...most supply-side strategies applied in existing areas serve to raise the cost of provision of the rented space, or make its provision more difficult, and hence would serve to raise rents and/or displace lower-income families’. Interventions should always consider the effects of strategies on other informal and formal housing sectors.

6.6 Possible approaches to address the sector

It becomes apparent that the complex nature of the informal backyard sector will imply the need for equally complex solutions. The following section will aim to provide some possible regulations and initiatives found in the literature reviewed, to be applied to in order to guide development in the backyard sector:

- According to Crankshaw et al. (2000:14) policies should endeavour to improve the quality of backyard structures and living by providing support and advice, credit and subsidies. Watson (2009:10) states that capital subsidies can be applied to the construction of new residential units with rentable backyard components. A higher subsidy may be allocated to these stands to cover the higher costs of construction. This would provide a better quality rental structure and also provide homeowners with a definite and reliable source of income. It is suggested that where capital subsidies are implemented, fixed rent rates also be enforced. Fixed rent rates would regulate the market and ensure that the rent associated with backyard structures does not exceed what the average backyard dweller can afford. Unfortunately this will entail a complicated and perhaps labour intensive system of regulation to be implemented by municipalities. This approach will also entail providing some homeowners with higher subsidies in a system where funding and other resources are already scarce. It seems to become a system where the already provided for (homeowners) become wealthier, leaving backyard dwellers deprived.
- Lemanski (2009:482) states that many of the problems associated with the formalisation of the informal sector could be mitigated by rent controls, which would need to be implemented and monitored by public authorities. Again given the limitations of public resources and the state's withdrawal from the housing market, this could prove unrealistic.

- Another recommendation entails the identification of urban investment zones. This is done by defining an area in which new units are to be constructed or improved for commercial purposes. In these areas owners would build backyard rental structures according to certain criteria. Owners submit a building plan for approval, with the completed unit being subjected to inspection, and a capital grant paid out accordingly. Rentals would also be VATable, providing a source of revenue for the authority (Watson, 2009:10). This is a good theoretical principle, but implementation may prove difficult given the restricted resources of most land owners situated in informal settlements and the lack of manpower to administrate the process and inspect units. The nature of the backyard sector as a radically expanding market, providing shelter to the homeless within a matter of days without the time and constraints associated with building plans etc., contradicts what this approach is proposing.
- Johannesburg (2000) recommends the legalisation of backyard structures as it would not be feasible to remove these structures entirely. Watson (2009:14) states that in new developments an indication that the construction of rooms for rental purposes will be allowed may be given to provide encouragement to potential landlords. Families may be encouraged to invest more in the quality of structures, once government has demonstrated to landlords and tenants that authorities will not attempt to remove backyard structures. If authorities choose to follow this principle, it would be expected that the legalisation of backyard structures would be accompanied by a commitment to upgrade service provisions and to provide a higher level of infrastructure provision in future developments to accommodate higher densities. Improved living conditions will only be realised once physical backyard structures and access to basic services are improved.

- The relaxation and revision of building and planning controls which hamper rental development could relieve the situation. This could include allowing for more than one dwelling per stand and also allowing for mixed-use zoning so that backyard spaces may be used for rental purposes or as a home-business (Watson, 2009:10). The relaxation of controls will help facilitate the supply of affordable rental accommodation. In fact, most forms of building or planning control receives little recognition or compliance in the South African township. This may indicate that the relaxation of these controls may have little effect in reality. Only once municipal capacity to enforce building regulations is increased, will the relaxation of such regulation have an effect.
- According to Watson (2009:15) the provision of free or subsidised building materials made available to prospective backyard settlers for the construction of structures on rented land could be of benefit. In most South African townships it is common practice for renters to build their own structures (from own building materials) on rented land. According to Lemanski (2009:473) backyard dwellings, are typically constructed from corrugated iron, metal sheets and wooden planks, ranging in size and quality. Similarly pre-fabricated units can be made available to renters at subsidised rates.
- Johannesburg (2000) recommends a program for backyard improvements. Johannesburg (2000) states the following: ‘...re-blocking of shack schemes to achieve more efficient and healthy layouts, which would aim to permit access to services for maintenance, and micro-credit schemes are possible elements of such programs.’ The reordering of entire established informal communities may prove to be a logistical difficulty and could ignite strike action and protest. It may also lead to the temporary displacement of hundreds, possibly thousands of people, leading to a number of socio-economic problems.

- Crankshaw et al. (2000:14) endorse the provision of legal electrical provisions by possibly providing separate credit meters for backyard tenants, which would increase electrical capacity and reduce conflict between landlords and tenants.
- According to Watson (2009:11) the erection of concrete walls to divide stands from one another could hold various benefits. Concrete walls would provide boundaries between stands, providing safety and privacy. Walls would also provide fire-breaks between structures on different stands, as well as providing a form of support for backyard structures. The costs associated with the provision of these walls, as well as problems related to durability and maintenance may be challenging.

New housing prototypes should embrace the advantages of backyard living, whilst mitigating the disadvantages of unplanned and unforeseen densification. When designing new areas/prototypes to facilitate informal rental structures the following is suggested in the literature reviewed:

- The stands provided need to be large enough to accommodate more than one structure (dwelling). According to Morange (1996:15) the densification of individual stands for the accommodation of increased backyard development, is stifled by the small and narrow nature of stand size and layout. Watson (2009:11) states that this would indicate a need for stands larger than 300 square metres. A mix of stand sizes in an area is also recommended.
- Silverman (2012) suggests building units as double stories as this ensures a reduced building footprint and a maximum amount of outdoor space. An increased density will also make more efficient use of infrastructure. Double storey units will furthermore accommodate a wide range of living arrangements on the same stand, this includes multiple households, home-based enterprises and a mix of freehold and rental tenure.

- Main dwellings need to be positioned in order to allow ease of access to backyard structures without the need to pass through the main dwelling. Main dwellings should thus be placed closer to the street, opposed to the traditional approach of placing structures in the middle of the stand.
- Units facilitating rental apartments as a series of rooms placed around a courtyard should be investigated as an alternative to the single dwelling unit with a single rental apartment at the back (Watson, 2009:11).

According to Silverman (2012) a number of housing projects across South Africa have realised principles which should be duplicated everywhere. These projects will not be discussed in detail, rather emphasising what sets them apart from conventional and inefficient housing developments. Table 9 briefly summarises best practice principles from these case studies which should be reproduced in new developments.

Table 9: Best practice principles from the PELIP project, Nelson Mandela Bay, the Far East Bank project in Alexandra, Johannesburg and Lufhereng, Mogale City.

Project	Best practice principles
<p>PELIP project, Nelson Mandela Bay</p>	<ul style="list-style-type: none"> -Row house design -Two to three storey units -Allows for unit customisation -Placement of units on street edge
<p>Far East Bank project in Alexandra, Johannesburg</p>	<ul style="list-style-type: none"> -Cluster approach -Double-storey main house, single storey-rental rooms -Rental rooms used for tenants or as business premises -Road space between cluster provides communal play area and
<p>Lufhereng, Mogale City</p>	<ul style="list-style-type: none"> -Row houses -Single- and double-storey -Variation in height provides visual interest -Units on street edge -Smaller stands than standard -Rental rooms provided

Source: Own construction (2012)

6.7 Conclusion to the backyard rental sector

The backyard sector poses some complicated challenges which require innovative policy and design responses. This sector has to be embraced as a part of the South African low-cost housing setting, as a housing typology in its own right. In this regard innovative strategy and policy interventions, as well as new layout concepts need to be adopted which facilitate the establishment of safe and sustainable backyard structures. New approaches should provide the opportunity for landlords to generate a supplementary income whilst keeping backyard occupation affordable for tenants.

Developing the backyard sector as an accepted component of South African low-cost housing development, points to an approach which facilitates the establishment of increased densities. The value and importance of an increase in residential density is discussed in Chapter 7.