INFORMAL BACKYARD RENTAL ACCOMMODATION: A SUMMARY OF ISSUES AND POLICY EMANATING FROM CERTAIN PREVIOUS RESEARCH

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1. Types of backyard rental accommodation

Generally, the following three main types can be distinguished:

1. *Formally-constructed “backyard rooms”* that are separate structures with access to shared services on the stand (outbuildings, garages and backyard rooms). Generally, such units do not meet minimum national performance standards. This mainly occurs in old townships and subsidised housing areas.

2. *Pre-fabricated “backyard rooms”* that are separate units or with access to shared services on the stand (tin rooms, wood rooms, prefab concrete structures, mobile homes, caravans). Generally, such units do not meet minimum national performance standards for residential accommodation. This mainly occurs in old townships, subsidised housing areas and informal settlements.

3. *Informally-constructed “backyard shacks”* that are separate units with access to shared services on the stand (constructed of impermanent materials such as wood, sheet metal and plastic). Generally such units do not meet minimum national performance standards for residential accommodation. This mainly occurs in old townships, subsidised housing areas and informal settlements (Gardner, 2010).

2. The facts about backyard rental in Gauteng

Data from the Community Survey (2007) indicates that Gauteng has the largest number of rented shacks (almost 200 000) and that the Greater Johannesburg area (City of Johannesburg and Ekurhuleni) alone account for just over 30% of all rented shacks. In terms of household size for backyard rental accommodation in Gauteng the greatest percentage is for households of more that
than 3 people (42%), with 30% being occupied by 2 people and 28% by a single person. The majority of renters are under 40 years of age (Eighty20, 2008).

3. Issues regarding backyard rental

By and large, backyard shack renters have access to better quality services than those in informal settlements. This is particularly so in the case of sanitation. Almost 70% of backyard shacks have a flush toilet on site compared to around 20% of those who rent shacks in informal settlements (Eighty20, 2008).

The Nurcha study found relatively high rates of return for landlords. The average investment in the construction of a backyard shack was between R1 100 and R1 300, while the rent varied between R80 and R130. This implies a payback period of one year. While the returns on formal structures were also high, payback periods were typically longer at three years with rentals ranging between R178 and R273 per month. Of course, in the case of a formal structure, landlords would presumably also benefit from potential capital gains on the sale of their properties, providing an incentive to undertake the larger, longer-term investment. The proviso, of course, is that landlords perceive this investment as an opportunity to build wealth, that they have access to other “inputs”, including capital, materials and planning permission, and that the market will bear a higher rental (Eighty20, 2008).

The outcome of these processes point to the fact that low-income private rental is a significant, efficient, effective, functioning market that provides poor people with affordable accommodation that is well located. Furthermore, it is a market that works as demonstrated by the fact that there is very little conflict between landlords and tenants. Significantly, low-income private rental also provides a substantial income for very many poor households. Numbers demonstrate that to date low-income private rental has provided more accommodation for poor households than the housing subsidies. Low-income private rental also provides the opportunity to densify human settlements and leverage existing stock and infrastructure so that poor people can be integrated into the urban fabric, and have better access to transport, work opportunities and services. All these factors suggest that low-income private rental should be supported, and not undermined (Carey, 2010).

However, currently low-income private rental is viewed negatively, especially in South Africa, despite the above evidence. It is associated with informal housing, and as such is seen as illegal,
exploitative, bad, and inadequate and is linked with slums and disorder. To date, government responses to low-income private rental have been limited despite Breaking New Ground (BNG) supporting this form of rental and advocating for further exploration of this market. Gauteng Province has undertaken two pilot projects by building formal backyard rooms in an attempt to eradicate informal dwellings, and provide tenants with better living conditions. These pilots provided a grant to the landlords, with the Department of Housing managing the service providers and or the contractors (Abrahams, 2008). An evaluation of this effort has demonstrated that few of the intended objectives have been realised. Critically, people were displaced, and living conditions did not appear to have been improved. Tenants were particularly unhappy as they felt the effort was misplaced, and benefited a landlord who had already been housed (Rust, 2009). It is clear that a new approach is needed if we are to achieve sustainable integrated communities (Carey, 2010).

4. Possible policy responses

In many respects, current policy seriously hampers the informal rental market. Minimum standards are above most informal rental units, subsidies do not apply in this market, many provincial and local governments are negatively disposed towards its role as a housing-delivery mechanism, and some local governments actively strategise against its growth. Therefore, this market grows in spite of current national, provincial and local policies, housing programmes laws and by-laws (Gardner, 2010).

In trying to determine a new response, two distinct (and contradictory) positions emerged. One was the idea of supporting the low-income private rental sector as it was, because the supply of affordable rental accommodation could be significantly increased. The other was not supporting the low-income private sector as it was, because it promoted the idea of people living in inferior living conditions. The approach should then be about improving and upgrading the living conditions of those people living in low-income private rental situations. This comes with the acknowledgment that the improvements will lead to the reduction in the supply of low-income private rental. Through this reported process a solution was then sought that could accommodate the best intentions of both perspectives. So how do you support the sector so that supply is increased, while improving living conditions in a way which does not lead to the displacement of the poor and does not increase rentals?
The solution was sought in introducing minimum health and safety standards. This means that not all kinds of low-income private rental is to be supported, and acknowledges that much of the existing low-income private rental accommodation needs to be upgraded in terms of these standards. Low-income private rental that is exploitative, and that accommodates people in inhumane conditions should be eradicated. Where low-income rental accommodation contributes positively towards the building of more sustainable human settlements (in the broad understanding of what sustainable human settlements should be\(^1\)) they should be supported in a way that builds on the positive aspects, and reduces the negative aspects. Positive aspects of low-cost rental accommodation are that it supports the more sustainable use of land and infrastructure, it promotes urban integration, it provides a very important livelihoods strategy for many households and as such supports economic activity for the poor, and it provides an affordable accommodation solution for a growing market. Negative aspects include exploitation, health and safety issues such as the spread of disease and fire, the “invisible nature” of tenants and the overloading of urban infrastructure and services.

In order to develop recommended responses, three central policy themes emerged. They were densification, health-and-safety and land-and-tenure rights. The report ends with recommended interventions in these themes and a strategy for implementation. These include introducing incentives that encourage people to develop low-income rental themselves, investigating alternative land-and-tenure rights, addressing bulk and connector infrastructure requirements, introducing minimum health and safety standards, promoting home and rental unit improvements though housing micro finance or other loans, and by introducing a landlord/tenants support programme (Carey, 2010).

5. References:


\(^1\) This includes social, environmental, political and economic benefits. Low-income private rental provides households with an income as part of a livelihood strategy, provides tenants with affordable, well-located accommodation, landlords and tenants provide support for each other so there is social cohesion, crime is reduced as tenants and landlords look out for each other. From an environmental perspective it promotes more sustainable use of well-located urban land and services. Politically it means that it supports meeting the needs of peoples sooner, supports the government mandates, and economically leads to more responsible use of resources.


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