

SALGA
South African Local Government Association

Local Government Position on Municipal Responses to Backyarders and Backyard Dwellings

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1. Introduction

Backyard dwellings are one of the largest housing sub-sectors in South Africa and make a significant contribution to the provision of rental housing to households whose needs are not addressed by government subsidy programmes or the formal private market. Largely without any government intervention/support, the sector successfully provides accommodation to non-qualifiers, migrants or temporary workers not seeking home ownership, and any other households wishing to rent but who cannot afford the formal rental accommodation that is available.

Backyard rental has become one of the fastest growing sectors in South Africa. Between 2007 and 2011, backyard dwellings absorbed two thirds of new households, twice as many as those absorbed into informal settlements. The quality and size of backyard dwellings varies greatly. Many units—although informal—are adequate, but other backyard households live in unsafe, overcrowded conditions and have inadequate access to services.

For these reasons, it is imperative that municipalities address the needs of backyarders as part of their urban management and human settlements strategies.

Given this reality, the resolutions of the 2011 SALGA National Conference included the formalisation of basic services to backyard dwellers. Towards this end, SALGA has prepared this document to set out the position of Organised Local Government on the issue.

The overall objective of this document is to capture and reflect a consensus of the local government sphere on the issue of backyarders and backyard dwellings in South Africa. As such, it offers a framework or guidelines which municipalities can use to develop their own individual policies, strategies and projects related to backyard rental.

The document has five aims:

1. To succinctly describe the backyarding sub-sector (its scope, nature, and role) and clearly identify the 'problem' from a local government perspective.
2. To set out the ultimate vision or aim which local government holds for the backyarding sector.
3. To identify principles which local government aims to adhere to in designing and implementing backyarder interventions.
4. To recommend interventions which may be appropriate for local government, to improve the situation of those currently living in backyards, and to increase the supply of affordable, decent backyard rental units.
5. To make a set of recommendations for policy changes and lobbying activities required to make resources available to municipalities for backyarder interventions.

This document is based upon research conducted by SALGA in 2012, which included 14 South African case studies and 4 international case studies on how government approaches the issue of backyard dwellings. The research also provided an overview of the nature and scope of the issue in South Africa, challenges it presents to local government, and recommendations for how SALGA can best support municipalities to address the backyarder issue. That research report serves as the evidence and analysis base for this position paper, and is attached at **Annexure 1**.

During 2013, consultation workshops were held in every province to solicit input from SALGA's member municipalities on the draft version of this document. Those workshops were conducted in conjunction with the National Department of Human Settlements. Further consultation workshops were held with the Policy Task Team of the NDHS and other national departments¹ and state entities in the human settlements sector². This position paper was formally adopted by the National Executive Committee of SALGA on 30 January 2014.

2. Current situation

2.1. Nature and extent of backyarding

Census 2011 indicates that a quarter of all South African households now rent their accommodation, and that both formal and informal rental is increasing rapidly. Of all households not able to access formal accommodation, approximately 40% make a home in informal settlements while the remaining 60% find shelter through the informal rental market.

Thus the statistics appear to be showing that backyarding presents an affordable and viable option for people whose needs are not met by current government housing programmes. These include: one and two member households, households ineligible for subsidisation, multi-nodal households, those who simply prefer to rent, and those specifically requiring temporary or short-term accommodation.

Therefore the message from the data is that informal rental is a vitally important housing sub-market in South Africa and offers a critical source of accommodation for low-income and middle-income households in our cities and towns.

¹ National Department of Water Affairs (DWA), Department of Trade and Industry (DTI), Department of Programme Monitoring and Evaluation (DPME), National Treasury.

² National Urban Reconstruction and Housing Agency (NURCHA), National Home Builders Registration Council (NHBRC), Social Housing Regulatory Authority (SHRA), the Housing Development Agency (HDA), National Housing Finance Corporation (NHFC)

2.1.1. Size and significance of the market

In 2001, around 2.4 million (19%) South African households rented their primary accommodation. However, initial data from Census 2011 indicates that the proportion of renters has grown by 32% between 2001 and 2011, to 25% of all households.

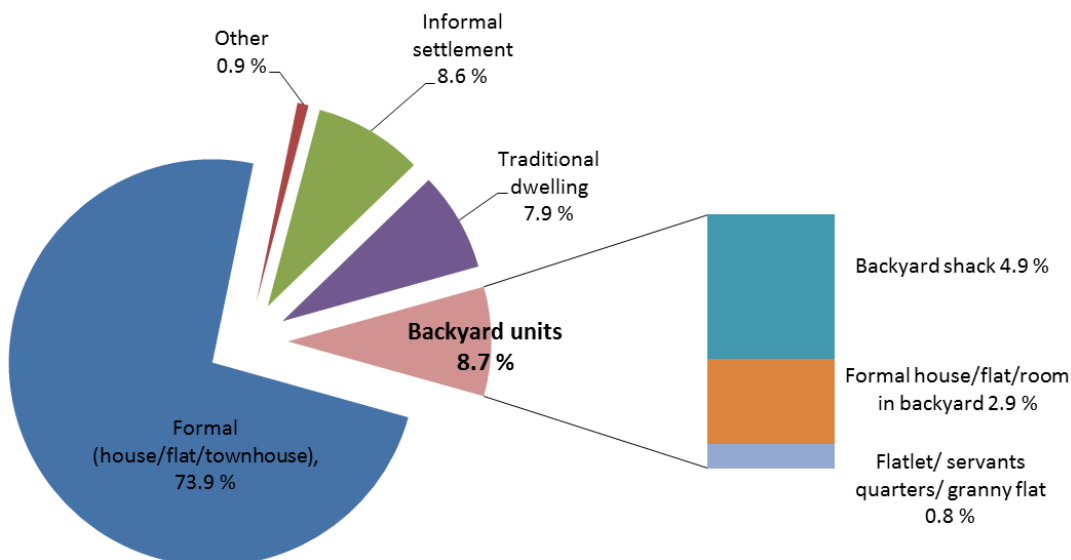
South Africa's formal government-subsidised housing programme absorbs a large proportion of households every year. However the development of subsidised housing is insufficient to cater for all new households created annually, and the balance find accommodation in formal second dwellings, formal and informal backyard units and informal settlements.

For those people who are unable to access formal housing, backyarding plays a large and important role. The Census 2011 figures indicate that, of all households, 1.14 million households live in backyard rooms and shacks, or 7.8% of all households. This comprises:

- Formal houses, flats and rooms in backyards (423 000 households or 2,9% of total households); and
- Informal backyard rooms or shacks (713 000 households or 4,9%).

Another 119 000 households (0.8%) live in flatlets, servants quarters and granny flats, making the total number of households staying in backyard units (formal and informal) 8.7%.

Figure 1. Share of households by dwelling type (Census 2011)



Source: Census 2011.

Compared to government-subsidised housing and informal settlements, the backyarding market delivers a significant share of new affordable accommodation each year. The backyarding sub-sector has created an average of 72 000 additional accommodation opportunities per annum between 2007 and 2011, double the number added to informal settlements (36 000). In comparison, subsidised housing has delivered an estimated 120 000 units per annum over this period. This implies that the backyarding markets deliver approximately 30% of all new affordable accommodation opportunities per annum.

Although there is a common assumption that most backyard dwellings are informal and inadequate, Census figures indicate that close to half of all backyard structures are formal dwellings with access to basic services. 43% of all backyard structures are formally constructed (second dwellings and formally constructed rooms), with the balance (57%) being informally constructed (shacks). Many of these backyard structures have relatively secure tenure and access to at least basic services (water, sanitation, energy supply).

2.1.2. Profile of backyard dwellers

The backyarding sub-market addresses the needs of specific sectors of the population, who are unable or unwilling to access formal accommodation, either because they are on the waiting list for subsidised housing; because they fall into the 'Gap' market and have no effective demand for bonded housing; or because formal housing does not meet their accommodation needs.

With respect to the demographics of backyard tenants, the story varies. In older townships, tenants are often more likely to be families or extended family members of the main homeowner. Although female-headed households and single working-age men are also common. Backyard tenants may be: small households (1-2 persons), households who don't qualify for a housing subsidy, multi-nodal households, those who prefer to rent, and people who only require temporary or short-term accommodation (e.g. students, traders, contract workers, work seekers). Those tenants who have stayed in backyard units for a number of years may be on government waiting lists and ultimately seek ownership. However many backyard tenants prefer a rental arrangement and are not seeking to buy a house or access subsidised housing.

Further, it's not uncommon for backyard tenants to be employed and/or have a more secure income stream than the main homeowner or landlord, particularly in situations where the landlord is an unemployed person letting out rooms in the back as an additional or sole income stream.

The better location of the houses often makes the backyard accommodation they offer a preferable alternative to informal settlements or even RDP housing. Households may also seek backyard accommodation because it provides better access to services than informal settlements, however there are also examples of backyard dwellers being exploited or denied adequate access to services via the main house.

In some instances, backyard rental provides more tenure security than informal settlements, which may be illegal or undergoing upgrading programmes which include relocation. Some tenants of informal rental have resided there a number of years and have a sense of tenure security, despite the informality of the lease arrangements. People who are informal traders, or temporary workers, may appreciate the informal rental arrangements because of the flexibility it can provide to enable the tenant to make non-monetary payments (e.g. household chores or childcare) or renegotiate payment terms.

The diversity of backyard tenants and multiplicity and complexity of their motivations or reasons for occupying this type of accommodation over informal settlements, formal rental, or ownership options, makes it clear that generalisations about backyarders is neither possible nor advisable. The conclusion is therefore that localised research on the nature of backyard dwellers in particular neighborhoods is a vital first step for municipalities, before considering any type of intervention.

2.1.3. Profile of backyard landlords

There are two main factors which drive the supply of backyard accommodation. Firstly, landlords may build and rent accommodation for monetary gain (which is generally formally constructed), or provide space on their properties (generally for the construction of shacks by tenants) for which a regular rental is paid. Renting out a room in the back or even making enough space for a tenant to erect their own structure, can enable a vital income stream for those who own a house but are simply unable to find formal employment. In older township areas the landlords are often predominantly female, retired or close to retirement age, low income and long-term urban residents. By enabling home owners to become small-scale landlords, backyard rental thus creates valuable entrepreneurial opportunities.

Secondly, some landlords are motivated for social reasons to provide accommodation to family or friends. Backyard rental often provides space for children who have grown older but cannot afford to move out, or extended family members who want to stay on the same property. In such situations, backyard rental reinforces social cohesion and may enable vital support networks for vulnerable households.

2.2. Operational definitions

There is no generally-agreed upon definition of backyarders or backyard dwellings, and thus there are many different interpretations of the term and perceptions of the sub-sector.³ However the definition used by government and stakeholders has critical implications for how backyard dwellings are approached, regulated and managed.

³ For a full discussion of the definitional issues related to backyarding, see Section 2.1 of Annexure 1.

Municipalities may define the target group of backyarders or the sub-sector of backyard dwellings in different ways, depending on area circumstances. However, for the purposes of this document, the **core defining elements of backyarding** are understood to be the following:

- It is generally a **small-scale activity**, seldom exceeding a few units per property, although there are instances of overcrowding where many households reside in the backyard.
- It is produced on **privately owned land**⁴ as well as on **state-owned land** (notably government-owned rental stock).⁵
- Units are **procured and managed by private individuals**⁶.
- Accommodation is **occupied by separate households**⁷ or by **extended family members and kin-networks**.
- The tenant-landlord relationship is governed by a private agreement, which may be a formal (written) contract or an informal (verbal) agreement. It may or may not include monetary payment.
- Units are **predominantly utilised for residential habitation**. A smaller proportion are also utilised as commercial and retail spaces, housing a wide range of activities including shops, salons, service providers and small scale commercial operations, or as combined live/work spaces.

Notably, this document addresses rental in formal areas and does *not* address rental in an informal settlement. The housing and service needs of such tenants would be addressed via the process of upgrading the informal settlement as a whole.

Furthermore, the municipal responses proposed in this document are *not* aimed at:

- Rentals of formal 'granny flats' or rooms in formal, middle-to-high income neighborhoods
- Rental (formal or informal) in inner city buildings (including factories, warehouses, and abandoned or unoccupied office buildings)

⁴ This includes privately-held or owned land, with a wide range of tenure types including freehold, leasehold, rental, allocated by traditional authority, or a part of a phased tenure process.

⁵ For example, situations of public ownership where occupants of government-owned accommodation control access to backyard accommodation, such as in municipal housing estates in Cape Town and Johannesburg.

⁶ This definition specifically excludes corporate production of housing.

⁷ This can include any separately identifiable households, including single person households such as students, unmarried people, single parents with one or two children and couples, migrant workers, widows/widowers, people with dread diseases needing proximate care.

This document takes a broad interpretation of the types of residential units which constitute 'Backyard' dwellings. For the purposes of this document, 'backyard' accommodation includes the following different **types of residential units**:

- Secondary shacks (constructed from temporary materials, such as corrugated iron, wood, cardboard, plastic, etc) and rooms (constructed from conventional materials such as brick or block and mortar, as well as by less conventional means such as concrete panels and prefabricated systems), having access to external, generally-shared ablutions;
- Self-contained units (basic living units having private access to basic services such as toilet and basin);
- Room sharing, generally within the primary dwelling, by a separate household;

Finally, for the purposes of this document, a '**backyard tenant**' is defined as a person occupying a backyard residential unit under some type of rental agreement with the main homeowner which may or may not include monetary payment for the right to occupy the unit, and may or may not be set out in a formal written agreement.

The '**landlord**' is defined as the person who occupies the main house, controls access to the backyard unit and services, and enters into a rental agreement with the backyard tenant (which may or may not include monetary payment for the right to occupy the unit, and may or may not be set out in a formal written agreement). The landlord is not necessarily the owner of the land and does not necessarily have legal authority to let the space in the back.

2.3. Impact of backyarding on service provision and infrastructure networks

Increased densities due to backyard rental can lead to problems related to on-site access by occupants to adequate services, and over-use of existing infrastructure networks. The number of people utilising toilets, taps, drains and cooking facilities on a specific site and across neighbourhoods can stretch the carrying capacity of the existing infrastructure. Anecdotally there has been a serious concern around the contribution that backyard dwellings make to over-crowding and increasing densities beyond what installed infrastructure can cope with. However there are also many incidences of suburbs with significant numbers of backyard units where infrastructure is coping with the added pressure. In other situations, the original infrastructure may have been significantly over-specified and is therefore able to handle significantly higher densities than at present.

With regard to on-site access by occupants: in worst case scenarios there are situations in which backyard households are unable to consistently access formal ablutions and potable water sources. In some cases, where multiple informal units occupy one plot or a single unit is over-crowded, it can increase the risk of communicable disease and social ills.

There is also a need to take into account the effects of decreasing household sizes on engineering service capacities. Average household size in South Africa has dropped from 4.2 people in 2001 to 3.1 people in 2011, which constitutes a reduction of 1.1 people per household. This reduction in household size at least, in theory, equates to a reduction in service capacity requirements of the same amount. Notably, average household sizes of people in backyard accommodation are on average significantly smaller than normal households.

Retrofitting or upgrading of the existing infrastructure may be required. As normal infrastructure networks reach the end of their expected life cycle, retrofitting may be necessary. Upgrading systems to enable additional capacity is relatively less expensive than providing new infrastructure networks.

Municipalities may therefore consider designing all new settlements to cater for an expected level of densification upfront. Incurring this additional capital cost at the outset will create a platform for planned and desirable densification via backyarding processes over time, which will then not require alterations to service capacity.

In summary, the addition of backyarder households to an area does not necessarily mean that the service infrastructure network will be stretched beyond capacity. Whether this is true depends upon the particular characteristics of the area: the assumptions underpinning the original specifications for the service infrastructure and average household size in the particular neighbourhood. Without making assumptions, municipalities must determine whether the existing backyard dwellings or additional backyard structures would create demand which exceeds the existing service infrastructure.

2.4. Summary of existing municipal responses

Given the realities of backyard dwellings as described above, municipalities in South Africa have responded in many different ways. The range of local government responses are summarised below:

- **‘Laissez-Faire’ (Leave Alone):** Many areas are not controlled in any way, leaving market forces of supply and demand to determine the prevalence, number, type and occupancy of backyard structures.
- **Disallowing “illegal structures”:** Some municipalities have taken a zero tolerance approach to unapproved structures in all areas. One of the consequences of this is an upward pressure on informal rentals for the space that does exist, such as cottages, converted garages and the few backyard rooms that do exist.
- **Building control:** In certain low-income areas (such as Cosmo City in Johannesburg) and many middle and higher income areas, urban management processes have only allowed the development of conventionally constructed, approved backyard structures. Therefore,

while there is a high incidence of backyard structures in Cosmo City (between half and three quarters of RDP properties), these are all rooms and cottages approved by the municipality via the developers, conventionally constructed, with access to minimum standards of services.

- **Services improvement in municipal stock:** The City of Cape Town identified the need to improve conditions in backyards, and identified its existing municipal housing stock as a starting point.⁸ An on-going project has assessed and invested substantial capital in upgrading infrastructure systems and capacity (thus improving services to the municipal stock as well), extended infrastructure connections to backyarders (shared standpipes with individual 'logins' per household), shared ablutions, prepaid electricity connections and refuse removal.
- **Active encouragement through zoning tools:** Two South Africa cities, Johannesburg and Cape Town, have both implemented blanket second dwelling unit policies on a city-wide basis. While land use management systems provide for this, it is not yet widely practiced. Ekurhuleni has also created a special land use zone that is intended to create a legal framework within which backyarding can occur and be adequately regulated. This includes relaxed building lines, increased densities, relaxed building norms and standards.
- **Direct support / gentrification through subsidised construction of backyard dwellings:** The Gauteng Provincial Housing Department has developed a backyarding (upgrading) programme to upgrade and formalise backyard units by eradicating informal structures and replacing them with formal units which complied with the ordinary minimum norms and standards. The pilot study in Orlando and Zola de-densified backyard structures, and built a 40m² structure comprising three rooms with a shared ablution, intended for the owner to rent out.⁹
- **Inclusion in greenfields development:** Gauteng Province has taken the step of including backyarding units for rental by beneficiaries in the primary designs of certain developments, including Alexandra and a new phase of Cosmo City's development.¹⁰

⁸ The Backyard Essential Services Improvement Programme was initiated in Facetreton, Hanover Park and Langa and involved the upgrading and replacing of internal infrastructure to ensure all backyard residents had secure access to water and sanitation on a shared basis. Pre-paid electricity meters were installed and additional solid waste bins provided. See further detail in full report at Annexure 1 (Section 4.5.1).

⁹ For further details on the Gauteng Backyard Pilot Project, see the research report at Annexure 1 (Section 4.4.2).

¹⁰ The Alexandra K206 Project provided some beneficiaries with houses with two attached rental units. For further information, see the research report at Annexure 1 (Section 4.4.4).

2.5. Problem statement from local government perspective

Backyarding is associated with both negative and positive outcomes, at a household and city-wide level. However backyard dwellings are not necessarily or automatically a problem; it depends upon their size, quality and other external factors. It is therefore important to be clear about what particular aspects or effects of backyard dwellings actually represent or generate a problem, from the perspective of local government.

1. **Many structures are illegal.** First, a high proportion of these structures contravene municipal by-laws and/or do not comply with the norms and standards set out in national building regulations and/or municipal by-laws, in relation to acceptability of secondary structures, health, safety and aesthetic considerations specifically.¹¹ Although these dwellings may meet basic shelter, service and health and safety requirements accepted internationally, there is an underlying problem of illegality and enforcement. Widespread contravention of the legislative framework and inconsistent enforcement is not acceptable. Either the laws must be changed, or they must be enforced consistently.
2. **Backyard accommodation may be unsafe and unhealthy,** due to too many units on a plot, poorly constructed informal dwellings and insufficient space. Backyard structures are often perceived as 'sub-standard' accommodation, and a part of the officially defined 'backlog' for accommodation, rather than an important and very variable accommodation sub-market. Backyard structures often do not comply with current national housing norms and standards, because these relate to average household sizes and not accommodation requirements of smaller households and individuals. These include minimum house size (42m²), minimum construction standards (conventional construction methods), minimum property sizes, minimum service provision levels and other requirements set by provinces such as tiled roofs and non-corrosive materials in coastal areas.
3. **Backyarders may not have access to adequate basic services,** which are a constitutional rights and also vital for adequate health and safety. As backyard occupants generally access services from existing properties, this can create difficulties in metering, service consumption metering and payment, as well as the rollout of basic service packages by municipalities. Service provision (such as electrification and solid waste disposal) can also be hampered by high densities of backyard structures.

¹¹ Small-scale landlords argue that their units are often extra-legal or irregular because of the difficulties associated with navigating municipal planning applications and the long delays and expense that is associated with gaining planning permission. Furthermore, some of the reasons for the planning regulations are fairly opaque to laypeople that therefore feel that it is easier to ignore regulations such as building lines, coverage and bulk specifications and formal building control procedures. This leads to a situation in many municipalities where dual planning systems are in force: one for middle and higher-income neighbourhoods (which are generally required to meet all formal processes) and another for low-income township areas, where few formal processes are properly implemented and controlled, and limited management capacity exists.

4. Generally, increased backyarding is associated with an **over-burdening of existing infrastructure carrying capacity**. See discussion in Section 2.3 above.
5. At city and neighbourhood level, backyarding has a number of positive outcomes for human settlements, densification, and integration. However instead of acknowledging and encouraging these positive outcomes (while controlling the negative impacts), current government policy and approaches tend towards eradication or replacement of backyard structures. Essentially backyarding suffers from a perceptual problem which prohibits government from harnessing its potentially positive impacts. In many municipalities, **backyarding is responded to as a negative, rather than potentially a positive urban and housing process**. As a result, responses from municipalities often focus on replacement, removal or remediation rather than support.

When government attempts to reduce or eliminate these basic problems related to backyarding, it encounters the following **problems with the implementation of backyarding interventions**. The following are secondary issues, which arise when government tries to intervene in this sector.

1. **Controlling Norms and Standards:** Given that many backyard units do not meet all conventional building norms and standards, municipalities might take one of three approaches to controlling norms and standards, but each of these approaches encounters implementation issues:
 - Local authorities can either review conventional building and service standards to cater for backyarding, which raises concerns around equity, and dignity; or
 - They can choose to enforce existing standards, which will be very difficult and generally too costly for small-scale landlords to meet at least in the short-term and may result in the need to eradicate a proportion of existing structures and relocate residents; or
 - Municipalities can choose to not control backyarding outcomes in their areas. This in turn can lead to over-burdened services, unregulated urban environments, and at its worst, anarchic and slum-like conditions of high density, fire and health hazards.
2. **Unintended negative outcomes.** The backyarding sub-market operates on quite low economic margins and is often driven by non-financial exchanges and social or family relationships. This informality and flexibility make it particularly sensitive to outside interventions that may result in unintended perverse outcomes. For example, the limited public policy responses to backyarding in South Africa to date have generally favoured approaches that reduce high backyarding densities and upgrade backyard structures. But, while this may lead to improved conditions in a small target area, it generally displaces households to other areas of the city and has at times led to constitutional challenges regarding the need to accommodate displacees. In essence, the main implementation issue with backyarding interventions is that its very easy to do more harm than good.

3. **Double subsidies to select beneficiaries.** Projects or initiatives which try to improve the supply or quality of backyard dwellings by providing resources to the landlord, run into the problem of 'double-dipping' if the main home-owner acquired the house through a government subsidy. There have also been initiatives in greenfield developments to add a room for rental to the back of a BNG house in order to provide the owner with a built-in income opportunity. However, again, the issue of a double subsidy arises because the beneficiary receives both the house and the income opportunity (in the form of a rental room) while other beneficiaries only receive a house.
4. **Adequacy of municipal institutional capacity and resources.** Municipal capacity to implement backyard interventions may be an obstacle to implementation, especially for interventions which take a control or standardisation approach. The alternative is to consider community-based urban management, which in turn needs to be capacitated and supported in some way by the local authorities.
5. **Insufficient access to finance for landlords.** Small-scale landlords have historically relied on private or family savings, windfalls (such as retrenchment pay-outs or disability pay-outs), incremental building and/or small unsecured loans to build their units. Often the rental income is then used to further resource future development. Lack of access to finance by landlords or homeowners is therefore often a limitation on the ability to capitalise on the positive aspects of backyarding.

3. Local Government vision on future of backyarding sector

Following on the problem statement on backyarders as stated above, this section aims to articulate a succinct vision on the future of the backyarding sector, as viewed by local government. This local government vision for the future of the backyarding sector is intended to guide the development of municipal approaches to policy and strategy, and will be elaborated upon, and reinforced by, the principles for intervention set out in the following section.

First, it's important to acknowledge that backyarding is not a phenomenon exclusive to the developing world but is found—in one form or another—in cities throughout the globe. Informal small-scale private rental is part of the migration and urbanisation process whereby people move into cities seeking employment and need transitional and/or affordable accommodation which puts them close to work opportunities. Backyarding will always be a part of city-building strategy because every city has it. We must always allow for it because otherwise we would effectively shut one of the primary means for poor households to enter and access the city.

Second, we must acknowledge that although backyarding is a phenomenon alive in most global cities, backyarding in South Africa is uniquely part of the historical legacy of the apartheid regime which deliberately forced black and coloured people from residing within cities, while relying upon their labour for the functioning of the economy. However, while previously these

spatial patterns were a result of the apartheid system, the phenomenon of backyard dwellings and its growth is now chiefly a result of government subsidised housing policy which has failed to significantly shift these spatial patterns in cities, and has also inadequately addressed the needs of backyard dwellers who do not qualify for subsidies or for whom the available housing options do not fit their needs. We must acknowledge the historical context which has pushed many households to make decisions to live in backyards, while also recognising that backyarding is also partly a result of gaps or failures of existing housing policies and programmes.

Ideally, there would be enough CRU and social housing stock to address the needs of these households, but this has not happened because neither programme has achieved the scale necessary to address the need. Furthermore people who are ineligible for these units, for any number of reasons, must resort to the informal sector. And despite efforts to develop in well-located areas, both the CRU and social housing programmes cannot match the ideal locations of informal backyard units, close to the city centre and with easy access to public transport, shops and other amenities.

The vision of local government would be that backyard dwellings would never be fully eradicated –either directly or indirectly—but would continue to play a limited and managed role in providing access to our cities. Backyard units should continue to provide a temporary option to some residents, but should not be a long-term solution for households. **Local government’s aim, therefore, is to slow the growth of backyard units, and to improve the quality of accommodation for existing tenants, without formalising or fully regulating the sector.** Research and experience tell us that backyarding is governed by the same rules of supply and demand as any other component of the housing market, and therefore if government interferes with this highly sensitive market, the result will be a loss in social cohesion and a reduction in the supply of available cheap accommodation in well-located areas on the city.

However the illegality of many of current backyard units cannot be ignored. Responsible local government cannot continue to ignore building code violations and condone wide-scale illegality evidenced in unsafe buildings, unhygienic environments, and lack of services which is unhealthy. Strict enforcement of current regulations to backyard sectors is also unrealistic, given insufficient capacity, funds and political will at local level. Therefore the third option is preferred: to amend existing regulations and develop a separate set of standards for this informal rental market.

4. Principles to be followed by local government in responding to backyarders and backyard dwellings

The preceding high-level vision for the future of backyarding must be translated into basic principles to be followed by local government in developing strategies and responses to address backyarders and backyard dwellings. This section captures the vision as a set of nine principles:

1. Backyarding can have **potentially negative outcomes**. If not managed appropriately, backyarding can lead to slum-like conditions, exploitation of tenants, and serious urban management difficulties. This includes very high densities that create health and safety concerns, 're-informalisation' of formal housing areas, and the over-burdening of infrastructure and possible breakdown in service provision. Government has a constitutional obligation to provide basic services to these backyard households, just as informal settlement households have the right to basic services.
2. Despite potentially negative outcomes, backyarding is not simply an illegal or criminal activity which must be eradicated. Municipalities should pro-actively engage with backyarding as a **critical and useful, housing delivery submarket**. It assists to address a range of basic needs, which include access to affordable, well-located shelter, access to secure rental tenure, access to basic services, accommodation opportunities for smaller households and households that are overtly excluded from subsidised housing sub-markets and cannot afford formal private housing. Although backyarders are vulnerable to exploitation, in the majority of instances, backyard rental is stable, affordable, and non-exploitative.
3. Backyarding is a multi-billion Rand sub-market of the rental sector which can play a **positive role in city-building and the development of sustainable human settlements** if municipalities focus their interventions on utilising, guiding and facilitating its inherent energies. The sub-sector is fuelled by private enterprise, and if managed appropriately will require little direct intervention by municipalities. Notably, by definition, all existing and new backyard accommodation occurs within the boundaries of existing urban areas, and can contribute significantly to densification and better utilisation of existing investment in infrastructure. If properly managed, backyard rental addresses the needs of a sub-sector of the rental market and contributes to infill and densification.
4. Backyarding provides small-scale and household landlords with complementary and supplementary income. This **economic potential** should be supported, especially for some of the most vulnerable groups (i.e. the elderly and previously disadvantaged women-headed households).
5. Backyarding also has a profound and important **social function**, which allows for social cohesion and mutual support between kin networks and larger social groups, as well as support for vulnerable groups.
6. Given the unique characteristics of this informal sub-market, misguided or heavy-handed municipal responses **can easily do more harm than good**. For instance, an anti-backyarding municipal response may simply deflect urban growth into unregulated informal settlements. As established in recent court case decisions on evictions and evolving jurisprudence, municipalities have a constitutional responsibility to accommodate South Africans who have been evicted, regardless of whether they are evicted from State or privately owned land. State interventions which displace

households from backyards, without offering better, alternative accommodation, are illegal and will most likely to worsen the living conditions of displacees. Therefore, municipalities cannot pursue backyarder interventions that solely de-densify or gentrify backyarding without providing alternative accommodation for those affected. For this reason, its important to conduct regulatory impact assessment to understand the nature and extent of impact of proposed regulation and/or interventions.

7. Backyarding is a complex and highly differentiated accommodation sub-market. Therefore **no single intervention is appropriate** for all areas where backyarders reside. It is imperative that municipalities first conduct research to understand the specific make-up and needs of backyarders in their municipality, before selecting or developing an appropriate intervention. Backyarding interventions must be area-specific.
8. Local government's approach should to **limit regulation**. The primary approach of municipalities must be to create incentives and facilitate investment by private landlords to lead to the better functioning of the rental market. Strict enforcement of regulation of backyard units should be an option of last resort. For cases where there is clear exploitation and trespassing of rights, the municipality must facilitate use of the Rental Tribunal and courts to offer protection to tenants and landlords.
9. A **double subsidy from government is acceptable** in situations where the purpose of the intervention is to provide poor households who lack basic services with access to those services, and where public investment is creating an increase in overall living conditions for residents of the area.

5. Applicability of current national housing programmes to backyard rental assistance interventions

When municipalities are looking to develop a backyarder intervention, the first question asked is what funds—if any—are available from provincial or national government to support this type of project.

Currently, there is no national policy for rental housing or backyarding, nor does the Housing Code contain a national housing subsidy programme specifically designed to support the formalisation of backyard dwellings—top structures and services.

Furthermore, the Policy Unit at the National Department of Human Settlements has confirmed that none of the current National Housing Programmes that provide grant funding for services installation and house construction can be utilised to provide assistance to backyard tenants.

The following policy provisions are noted:

- **Bulk services:** According to the Housing Code, none of the National Housing Programmes allow for funding for bulk and connector services. These costs must be funded from the MIG or USDG.
- **Individual Subsidies:** This subsidy is only available where the beneficiary will acquire registered ownership of the residential property to be purchased. Rental arrangements are thus not applicable under this programme. Notably, credit-linked subsidies (including FLISP) are subject to the same provisions as applicable to individual subsidies, and therefore are not an option for providing assistance to backyard dwellers.
- **Integrated Residential Development Programme:** This programme provides subsidy funding to the public sector developer (provincial government/ municipality) for all the aspects of a new township development. This includes land acquisition, town planning, internal municipal engineering services installation and house construction. This programme therefore only applies in greenfields development scenarios.¹²
- **Social Housing Programme:** This programme provides capital grant funding to an accredited social housing institution for the development and administration of long term rental housing in demarcated restructuring zones in urban areas. The grant funding can be used to acquire and upgrade or convert existing buildings for rental housing purposes. The target group for the programme is households earning between R3501 and R7000 per month. This programme will thus not provide any assistance to private landlords for the provision of rental housing on their properties.
- **Community Residential Unit Programme:** The CRU programme provides grant funding to municipalities for the upgrading of public sector hostels and public sector owned rental housing and/or to develop new public sector rental housing for persons earning up to R3 500 per month. This programme does not include public sector owned individual rental houses and is thus focussed on the higher density rental stock, administered by municipalities. The programme will thus not be applicable to private landlords with backyard units.
- **Institutional Housing Subsidy Programme:** The Institutional Housing Subsidy programme was designed to provide capital funding to accepted registered housing institutions who wish to develop and administer rental housing stock for at least four years,

¹² The programme provides for development phases and once the township has been serviced and the township register opened, the developer can proceed with the development of the houses through the range of scenarios provided by the various National Housing Programmes. These include subsidy-financed houses for subsidy beneficiaries, People's Housing Process options, and/or the sale of stands to households who qualify for mortgage bonds. These are all ownership-driven housing assistance measures. Other stands in the new township could be used for social housing, CRU or be sold to persons falling outside of the housing subsidy target for private development. The programme could thus not be used for upgrading of existing services.

after which the units may be disposed of and transfer of ownership could be registered in the Deeds Office. The funds are a once-off payment available for the purchase of existing buildings for upgrading or conversion for rental housing purposes. This programme provides funding via SHI's and therefore does not provide any assistance to private landlords for the provision of rental housing on their properties.

- **The Emergency Housing Assistance programme:** This programme only applies in circumstances of housing emergencies such as disasters and or in cases where households are evicted or are faced with eminent eviction.
- **Consolidation Housing Subsidy Programme:** This Programme provides individual housing subsidies to persons who only received a serviced stand in ownership under any of the pre-1994 housing assistance programmes. The subsidy is only for the construction of a house on the stand that belongs to the household.

In conclusion, none of the current National Housing Programmes have been designed to provide subsidies for the formalisation of services to backyard dwellers or the construction or upgrade of backyard rental units. Furthermore, in most cases, it would be impossible to make adjustments to the existing programmes to allow them to be applied to projects which provide assistance to existing backyard dwellers. The only exception might be the CRU programme which is more likely than the other programmes to lend itself to amendment for this purpose. However considerable analysis and investigation would be necessary to determine whether the adaptation of the CRU for application to existing backyard units would be feasible and/or even advisable.

One other possibility would be to consider an adjustment to the IRDP to cater for *future* backyard dwelling needs. The implication is that a special, new programme will have to be developed for this purpose.

It is recommended that both these options be explored through the National Policy Task Team of the Department of Human Settlements.

6. Available and appropriate tools and instruments for local government to respond to backyarder issues

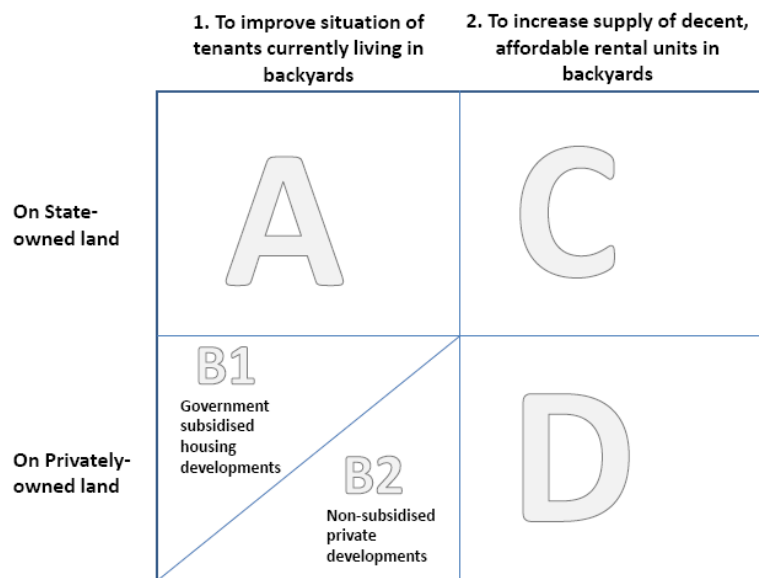
In order to organise the discussion of backyarder interventions, its helpful to distinguish firstly between interventions to improve the situation of people currently living in backyard dwellings, and interventions to increase the supply of affordable, decent backyard units (in new housing developments or on residential properties where no backyard units currently exist).

Also, when considering policy and programme options available to municipalities, its critical to distinguish between land which is *owned by the State*, and land which is *privately-owned*. The

reason for this critical distinction is that the legal framework allows interventions on government-owned land which are not as easily implementable on private land.

The following diagram illustrates these distinctions by setting out 4 quadrants or sections. In the two vertical columns, the diagram first distinguishes between: 1). Interventions to improve the existing situations of backyarders, and 2) Interventions to increase supply of affordable, decent backyard units. In the two horizontal rows, the diagram then distinguishes between: **state-owned land** and **private land**.

Figure 2. Areas of intervention



The following sections set out the *recommended approach for local government for each situation*, given the applicable policy and legislative constraints as well as implementation realities.

6.1. Recommended approaches for improving the situation of tenants currently living in backyards

6.1.1. On state-owned land (Section A)

Municipalities are not advised to undertake programmes to significantly de-densify backyard rental units or upgrade top structures (with government funds) because research and experience from pilot projects has shown that this will most likely lead to displacement of households to worse living situations in informal settlements or elsewhere. Furthermore, households displaced due to de-densification or rent increases would need to be accommodated by the municipality as per legal obligations. Therefore, SALGA recommends

that, in situations of existing backyarders on state-owned land, municipalities limit their interventions to improving access to services.

The main recommendation is that SALGA lobby the National Department of Human Settlements to change the policy framework of the Urban Settlements Development Grant (USDG) to permit municipalities to utilise USDG funds for the upgrading of bulk and connector infrastructure to accommodate the additional service load brought about by the existence of backyard tenants in the area.

Further, the USDG policy should be amended to permit the use of USDG funds for the installation of onsite water, sanitation and electrical connections for backyard tenants on municipally-owned land. The recommendation is that the policy only allow USDG funds to be used to install *one* additional service point (in the backyard) per house, regardless of the number of households currently staying in the backyard.

The NDHS would set service standards¹³ which would serve as a minimum and maximum permissible. Municipalities would not be able to use USDG funds for a higher level of service as this is more likely to lead to rent escalation and the displacement of existing backyarders. While it is acknowledged that more than one household may reside in the backyard, the allowance for multiple additional service connections in the back (via USDG funds) would create inequities and further distort the market.

A critical component of this recommendation is that USDG funds are only used to create one additional access point for services for backyard tenants. The funds are *not* used for top structures, or for the actual supply of services. Once the access point (with separate metering) is installed, the supply of services would be governed by the regular consumer relationship set up between the backyard tenant (as user) and the municipality. In situations where backyard tenants qualify for free basic services, they can be added to the Indigent Register of the municipality and thus receive their package of free services via the backyard connection—separate from the main house. This approach therefore provides a mechanism to extend free basic services allowances into backyarding areas.

Two additional points are critical to note. First, because USDG funds are not used for top structures, but only to provide access to services, neither the backyard tenants nor the main home owners are receiving a 'double subsidy'. Therefore backyard tenants would still be eligible for the housing subsidy. Second, this approach would further the Outcome 8 goal of extending access to basic services for poor households, by addressing the needs of backyard tenants in addition to residents of informal settlements.

At present, only Metros receive the USDG. However SALGA and the NDHS are developing proposals to extend the USDG to other large cities. For those municipalities who will never be

¹³ For example: Sanitation: an enclosed toilet facility linked to the sewer line and based on a small bore water born system. Water: a concrete wash basin attached to toilet structure. Electricity: as per minimum standards.

reached by the USDG, the MIG is applicable and the same approach is recommended: SALGA and the NDHS would need to work with COGTA to motivate for changes to the MIG policy to enable the use of MIG funds for the same purposes as described above for the USDG.

**Improving the situation of tenants currently living in backyards
On state-owned land**

Recommended approach for municipalities (first requires policy change to USDG and MIG):

- *Install single on-site connection in backyard to provide access to services (water, electricity, sanitation), and enable eligible backyarders to access free basic services from municipality—using MIG or USDG funds.*

Actions to be taken by SALGA:

- *Lobby NDHS for changes to USDG to allow its use on state-owned land for upgrading current bulk and connector services to accommodate additional service load from backyard tenants, and for installing one additional point in the backyard for access to basic services*
- *Lobby for extension of USDG to additional large cities*
- *Lobby COGTA for changes to MIG to enable municipalities to use MIG for the same purposes on state-owned land as described above.*

6.1.2. On privately-owned land (Sections B1 and B2)

When dealing with situations of privately-owned land, there are two major obstacles that differentiate the context from that of state-owned land. First, in the case of private land, the municipality would need to obtain permission from each landlord in order to enter the premises and install/upgrade services or erect proper top structures. Second, in the cases of private land with old RDP or BNG developments, there is the larger problem of the 'double subsidy' (see discussion of the 'doubly subsidy' issue in Section 2.5 above).

Even in cases where landlord permission is obtained, there is a further question of who controls access to the services which have been installed at public expense on private land, and who bears the cost and responsibility of operations and maintenance of that infrastructure going forward. There are two options for answering this question:

- 1st option: Regulation and government control. According to this argument, the investment of public funds justifies the continued role of government in controlling access to the services and infrastructure installed on private land. This would

necessitate regulation (and the associated enforcement) of who utilises the infrastructure. For example, the municipality could retain the right to ‘place’ tenants off the waiting list into the upgraded backyard units and prohibit landlords from putting family members in the upgraded units. By this argument, government can and must assume responsibility for maintaining the infrastructure—either via a formal servitude on the land or through a legal contract with the land owner.

- 2nd option: Write-off the public investment. In this scenario, government installs the infrastructure, and then control of the infrastructure and responsibility for its maintenance and operation falls to the land owner. According to this argument, public investment in private land is justified by the constitutional obligation to provide basic services to poor people who do not currently have access. Although it is acknowledged that some individual homeowners will benefit from the increased property values and rental income due to the improvements on their land, this is warranted by the public good associated with ensuring access to basic services for poor households and improving the neighbourhood as a whole.

It is the recommendation of SALGA that government accepts and permits the provision of a double subsidy in those instances where public investment is being used on private land (which owned by persons who previously benefited from a housing subsidy) for the specific purpose of providing poor households with access to basic services.

Further, SALGA recommends the 2nd option described above, whereby government would not attempt to regulate and maintain control of who accesses those basic services which are provided via connection points installed with public funds on private land under this policy. The recommended approach for improving the existing situation of backyarders residing on privately-owned land is to lobby NDHS and COGTA for changes to the USDG and MIG policies, respectively, to allow municipalities to use these funds to provide one additional access point for basic services in the backyard, in the same way as suggested for municipally-owned land.

Under this recommended approach:

- Municipalities would need to issue a notice of intent to land-owners, and obtain the concurrence of owners to enter the property and install the backyard service point.
- The backyard tenants or main home owners would then need to separately contract with the municipality for the actual provision of the services once the access point (with separate metering) is installed.
- The on-site service point would transfer to the owner.

Apart from the direct provision of service access points by the municipality, as described above, the second approach applicable to privately-owned land is for government to pursue *indirect*

interventions. Namely the state can create an enabling environment for the landlord to improve services or upgrade the top structure in his/her backyard. A new affordable credit product—targeted to landlords—could possibly be introduced to enable private landlords to improve existing dwellings and/or install services.

**Improving the situation of tenants currently living in backyards
On privately-owned land**

Recommended approach for municipalities (first requires national policy changes or further research/development):

- *Obtain landlord's permission to install single on-site connection in backyard to provide access to services (water, electricity, sanitation), and enable eligible backyarders to access free basic services from municipality—using MIG or USDG funds.*
- *New affordable credit product—targeted to landlords—to enable private landlords to improve existing dwellings and/or install services.*

Actions to be taken by SALGA:

- *Lobby NDHS for changes to USDG to allow its use on private land, as per recommendation for state-owned land.*
- *Lobby COGTA for changes to MIG to enable municipalities to use MIG on private land, as per recommendation for state-owned land.*
- *Work with NDHS and relevant housing finance institutions to explore possibility of developing loan product targeted at landlords, to provide them with funds to be used to install service or upgrade top structures in backyards.*

6.2. Recommended approaches for increasing the supply of decent, affordable backyard rental units

In the area of planning, there are a number of steps which municipalities can immediately take which would enable and encourage the supply of decent, affordable backyard rental—in new government-subsidised housing developments, new private developments, or existing residential areas.

- Pro-actively include backyarding in future **land use management systems**. New Land Use Management Systems that will be developed to comply with new provincial land use legislation offer an opportunity for municipalities to develop frameworks within which positive attributes of backyarding can be incentivised, and negative outcomes managed.

- Take increased densities due to backyard dwellings into account in **future bulk infrastructure planning**.
- Investigate and assess the possibility (and impact) of **relaxing building codes** for secondary units, and/or allow for differentiated regulations for informal dwellings. However, this must be done carefully to ensure compliance with the National Building Regulations. Minimum requirements must be maintained to prevent fire and flood risk. It is noted that the Department of Trade and Industry (DTI) and the National Regulator for Compulsory Specifications (NCRS) plan to undertake a review of those regulations in 2014 to address a number of issues, including the need to consider informal dwellings.

6.2.1. On state-owned land (Section B)

When it comes to new subsidised housing developments on state-owned land, there are a number of means available to municipalities to encourage the supply of adequate, affordable backyard rental units. The basic premise of these interventions is the acknowledgment that it is almost inevitable that backyard units will pop up in subsidised housing developments, and therefore it is important that municipalities pro-actively plan for their existence at the level of the plot as well as the housing development. It is recommended that municipalities plan for the emergence of backyard units in the following ways:

- Service specifications for new BNG developments can be designed to include:
 - Planning for excess (bulk) capacity for informal rental growth and densification.
 - Planning for separate water, electricity and sewerage connections for backyard tenants.
 - Separate pre-paid metering for services within multiple rental units and household rental.
- Future BNG housing developments should be designed with sufficiently large stand sizes.
- Site layouts should take potential future backyarding into account in terms of the location of service connections, and where the primary structure is situated.
- The BNG house itself should be designed so that its layout provides or allows for later extension, or the addition of second stories.
- Zoning schemes which allow for second dwellings can be applied.

Apart from these planning interventions listed above, SALGA recommends consideration of another approach which would involve the possible inclusion of a raft foundation and additional service connection in the backyard of new BNG houses. This would be offered to those beneficiaries who are interested. The beneficiary would then be able to build the top structure

with his/her own resources. Alternatively a loan could be provided by the RLHF/NHFC or other housing finance institution to pay for the erection of the top structure in the back.¹⁴ The cost of such a foundation is estimated at R20 000 to R30 000 and thus constitutes nearly 25% of the existing subsidy. This approach would require a change to HSDG policy to permit subsidy funds to be used for the additional construction of the raft foundation. The policy argument to justify this increase would be that two housing opportunities are essentially provided at the cost of 1.25 housing subsidies. Furthermore, the additional rental space in the back can provide an income stream for the main house owner, and thereby create a livelihood strategy for those who are unable to access formal work.

This raft foundation proposal is in line with self-building schemes used in some other countries which aim at providing government assistance to pay for the most critical and expensive elements of the backyard unit, while allowing the tenant or landlord to utilise their own resources for top structures and finishes.

**Increasing the supply of decent, affordable backyard rental units
On state-owned land**

Recommended approach for municipalities:

- *Pro-active design proposals (stand size; house design; site layout; extra service connections and separate metering; bulk infrastructure service capacities) to accommodate higher densities and anticipated backyard dwellings.*

Action to be taken by SALGA:

- *Lobby NDHS to consider allowing use of HSDG for construction of raft foundation in backyard of new BNG houses. This option needs further research and development.*

6.2.2. On privately-owned land (Section D)

Specifically in the case of new *private* developments, and on plots where there is un-utilised space in the back for a second dwelling, the aim of government's intervention would be to provide incentives to landlords and facilitate processes to develop decent, affordable backyard rental units. Government-subsidised social and/or rental housing projects will never be able to deliver at sufficient scale, in sufficiently well-located areas, to address the need for affordable rental. However, by making use of the excess space—where it is available--- on private properties, we can encourage densification in particular areas while also helping to increase the supply of affordable rental.

¹⁴ Alternatively, instead of being fully subsidised, the raft foundation could be offered on a cost recovery basis (e.g. 50%) via an agreement between the municipality and the beneficiary.

The following are the recommended approaches for incentivising private land owners to invest in secondary residential units for rental:

- **Facilitate plan approval procedures** so that landlords encounter fewer obstacles when trying to obtain approval for proposed second dwellings. Municipalities can revise their current zoning and building restrictions by-laws to enable a less complex, cheap and fast-tracked process of obtaining approval to construct a second dwelling on existing properties.
- Municipalities can develop creative programmes which aim to *indirectly* support existing or prospective small-scale landlords to develop or upgrade their units, by providing the landlords with different types of **technical support**:
 - Municipalities can make generic product design and development support available to existing or prospective private small-scale landlords.
 - Municipalities can facilitate access to building materials to existing or prospective private small-scale landlords.
 - Municipalities can facilitate construction and marketing of pre-fabricated accommodation units or components.
- **Possible new capital grant for landlords**: The NDHS has suggested that investigations should be launched into the possibility of introducing a new National Housing Programme that provides for a capital grant based on the principle of equal contribution by the private land owner. (This option may be linked to the affordable credit product proposal suggested above for existing landlords wishing to upgrade backyard structures—Section 6.1.2 above) For example, a government grant could cover 50% of the cost of services and the backyard building, while the remaining 50% of the cost is provided through the affordable credit repayable by the landlord over 20 years, or perhaps a shorter loan period.

Increasing the supply of decent, affordable backyard rental units On privately-owned land

Recommended approach for municipalities:

- *Facilitate planning and plan approval procedures for private small-scale landlords renting units in backyards.*
- *Develop programmes to provide technical support to backyard landlords to help them to upgrade their rental units (e.g. generic product design, facilitated access to building materials, pre-fabricated units or components).*

Action to be taken by SALGA:

- *Work with NDHS to explore possibility of new capital grant for landlords.*

7. Conclusion

This document set out the consensus position of OLG on the issue of backyarders and backyard dwellings in South Africa. In many instances, the needs of backyard dwellers has been overlooked in light of attention and resources given to the upgrading of informal settlements. Looking forward, it will be critical that municipalities explicitly address the issue of backyard dwellers in their Human Settlements Plans. To this end, municipalities can use this document as a framework or guideline for the development of their own individual policies, strategies and projects related to backyard rental.

Apart from making recommendations for how local authorities can and should intervene to improve the situation of households currently living in backyards, this document also offered approaches for how municipalities can pro-actively manage and positively direct the development of affordable, decent secondary dwelling units in new developments.

A number of the interventions/projects discussed for local government would require changes to existing policy—either the Housing Code, or conditional grant frameworks for the HSDG and USDG. Therefore we have also identified an advocacy and lobbying agenda for SALGA, so that SALGA can motivate for these policy changes in the medium to long term, in order to create a more enabling environment for municipalities to manage the backyard rental sector going forward.

In conclusion, it is worth emphasising three of the main themes of this document.

One of the main messages from the research which underpinned this position paper was that the backyard rental sector has operated and flourished in South Africa despite the lack of government intervention or national policy. The sector plays a critical role in providing affordable accommodation in well-located areas to people who cannot afford to rent in the formal private market and/or whose housing needs are not met through government-subsidised programmes. There are instances of exploitation, overcrowding, lack of services, and unsafe structures which must be addressed in order to protect the rights of landlords and tenants. However, on the whole, this is a sector which is best approached through government interventions which create an enabling environment and incentives for landlords to improve living conditions.

Municipalities are *not* advised to undertake programmes to significantly de-densify backyard rental units or upgrade top structures (with government funds) because this will most likely lead to displacement of households to worse living situations in informal settlements or elsewhere. Furthermore, households displaced due to de-densification or rent increases would need to be accommodated by the municipality as per legal obligations. For these reasons, this position paper does not support the blanket formalisation of services for all backyard dwellers, government-subsidised upgrades to backyard structures, or a heavy-handed regulatory

approach with strict enforcement, for the chief reason that they would likely do more harm than good.

With regard to improving the situation of existing backyard dwellers, the primary recommended approach is to provide additional refuse bins and install additional connections to enable backyard tenants to directly access free basic services via the municipality. With regard to greenfields developments, a number of interventions are proposed so that municipalities can proactively plan for inevitable secondary dwelling units in a managed and controlled manner. Further, indirect interventions by municipalities can create incentives for landlords to improve existing or build new structures which meet minimum standards for services and safety.

In addition, municipalities will need to consider the impact of the Rental Housing Amendment Bill on the informal rental sector, including the requirement that all leases be in writing.

Another main theme from this document is that generalisations regarding backyarders---their motivations, needs, and intentions---are not possible or advisable. This is an extremely varied and diverse sub-sector of the rental market, which means that a single programmatic approach or intervention will not work in all neighborhoods or municipalities. It is therefore critical that municipalities must first conduct their own research to define and categorise the particular backyarding sub-market in their jurisdictions.

The overarching message is that, when strategically and smartly managed, backyard rental can play a critical role in municipal human settlements plans, by providing affordable rental options for households not served by national housing programmes, increasing densification in well-located areas, and alleviating the housing backlog. Appropriate municipal interventions in this sector---as proposed in this document---can thus have the benefit of putting households on the housing ladder and contributing to Outcome 8, regarding the provision of services poor households.