



# INTERNATIONAL ROUND TABLE

Knowledge Sharing on the Inclusionary Zoning as a Spatial Planning tool in India and South Africa

September 3, 2021



The following attempts to capture the proceedings and summarize the main points from an Online Round Table on 'Knowledge Sharing on the Inclusionary Zoning as a spatial planning tool in India and South Africa' held on the September 3, 2021 organized by Center for Urban Planning and Policy (CUPP), CEPT Research and Development Foundation (CRDF), CEPT University, India and Development Action Group (DAG) South Africa in association with GIZ-India and Lincoln Institute of Land Policy.

While all efforts have been made to record and capture the points made by several participants at the event, any errors are incidental and unintentional. Omissions may only be for the purpose of succinctness.

**Compiled by**

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## Summary Note

The rising housing prices and increasing housing unaffordability are global issues and a challenge to cities and countries worldwide. According to an estimate by Woetzel, Ram, Mischke, Garemo, and Sankhe (2014), about 440 million urban households around the world (i.e., at least 1.6 billion people) would occupy crowded, inadequate, and unsafe housing or will be financially overburdened and the housing affordability gap will be equivalent to \$650 billion per year, or 1% of global GDP, by 2025. It would be impractical to meet this gap using direct public funding; urban planners and policymakers will have to look at several different approaches to address this affordable housing challenge.

Further, provision of shelter is not enough as housing includes access to basic services like water, sanitation and access to livelihood and social infrastructure like schools. So along with creating affordable housing units and providing basic services, the housing location and consequently ease of access to various social and economic activities is also important. One of the major issues in South Africa is the shrinking housing budget and the concerns about the spatial inequality inherited from the apartheid era and how the post 1994 housing programmes have perpetuated the past spatial inequalities.

Inclusionary Housing (IH) or Inclusionary Zoning (IZ) are strategies which not only enables the market to create affordable housing but also ensures spatial inclusion. IH “can refer to a policy, program, regulation, or law that requires or provides incentives to private developers to incorporate affordable or social housing as a part of market-driven developments. This can be achieved either by incorporating the affordable housing into the same development, building it elsewhere, or contributing money or land for the production of social or affordable housing in lieu of construction” (World Bank, 2019). IZ refers specifically to the zoning under the city’s statutory plan that does the same. These terms have been used interchangeably in the literature.

IH originated in the 1970s in the USA to counter the “exclusionary” planning policies which was a mechanism of socio-economic segregation in the housing market. Since then, IH has become popular in many countries of the world, such as United Kingdom (UK), Italy, Spain, Sweden, the Netherlands, Canada, South Africa, China, Brazil, and India. However, the available literature on IH is mainly about the experiences of the global north: particularly the experiences of the United States and England. Thus, one of the main aims of this International Round Table is to facilitate an exchange of experiences and learnings from the global south.

India has implemented multiple IH policies and programs at the national, state, and local levels: The Inclusionary Zoning and Regulations (IZR) of Ahmedabad is an example of good practice at the local level. In South Africa, the government does not have an IH policy at the national level, but various local governments have formulated IH regulations for their cities. There is an opportunity for a south-south exchange and peer learning from each other’s experience in IH.

The International Round Table organized on 3rd September 2021 created a platform for peer to peer discussions and learning from the experience of IH/IZ in cities of the global south: Ahmedabad, India, and Cape Town, South Africa.

## Key Questions that were addressed in the Online Round Table

- What are the key learnings from the experience of Inclusionary Housing in India and South Africa?
- What is the Practice, Output, and Outcome of the Inclusionary Zoning and Regulation in Ahmedabad?
- How is Cape Town planning to adopt Inclusionary Housing?
- How can the Inclusionary Zoning and Regulation be integrated in the local spatial plans and other city level planning instrument? And the lessons in this respect from cities in the global south?

## Inaugural Session

### Opening Remarks

The speaker started the session by providing an overview on DAG and the LVC National Partnership program. DAG is an NGO organisation based in Cape Town South Africa that has been working on land and housing issues for well over 35 years. The organisation current work on land value capture is focused on supporting the metros across the country. The work forms part of the National Land Value Capture Program which is a back-to-back partnership programme between the City support programme in the National Treasury, DAG, and the Lincoln institute of Land Policy. The brief introduction on DAG and the National Partnership program was then followed by an introduction on the South African participants/ presenters for the session. The speaker concluded her input by way of framing the current Inclusionary Housing (IH) context in South Africa, outlining some of the early policy initiatives dating back to 2006 and how the debate and interest has evolved over time. The speaker highlighted that South Africa has experienced a major shift in terms of the thinking around IH over the past three years. The renewed interest on IH is centred around the desire to address the spatial inequalities which is a key characteristic of South African cities.



**Ms. Helen Rourke,**

Programme Manager, DAG,  
South Africa

### Opening Remarks

The speaker began the session with an introduction of CEPT Research and Development Foundation (CRDF), the research arm of CEPT University and the 'Sustainable Urban Development – Smart Cities' (SUD-SC) project under which this activity is being executed. While setting the context for the round table, the speaker threw a light on the affordable housing challenge in India and how a tool like Inclusionary Zoning (IZ) can address it.

He concluded the session by introducing the esteemed participants present at the round table discussion and laid down the agenda of the round table.



**Dr. Saswat  
Bandopadhyay**

Professor, CEPT University,  
Ahmedabad, India

“ Over 30,000 DUs have been constructed during 2013 - 2020 in various locations across the zone. The PIR ranges from 4 - 7 which is lower than other parts of the city.



**Dr. Sejal Patel**

Professor & Program Chair,  
Master of Urban Housing,  
CEPT University, India

### Inclusionary Housing in India

The session started by explaining the terms Inclusionary Housing (IH), Inclusionary Regulation (IR), and Inclusionary Zoning (IZ) were defined and its role in the overall housing strategy was explained. IH is a broad housing strategy which requires private real estate developers to provide affordable housing. IZ is a more local tool, that involves local spatial planning regulation and zoning tools in order to create affordable housing. The developers maybe incentivised through the policy.

The experience of the United States, United Kingdoms and Brazil were briefly touched upon. Then the Indian experiences at both national, state and local level were presented in detail in this session. In India, there are various IH programs both at the national, state and city level. Under the national government, different departments have different definitions for what constitutes affordable housing. These programs are converged with the IZ at the state and local level.

The IZ experience of India, at the state and local level, typically sees mandatory reservation of land and FSI (Floor Space Index) for housing the urban poor - on site and off-site. Some cities offer fee-in lieu of construction. The developers are incentivised through bonus density and Transfer of Development Rights (TDR). The IZ in Ahmedabad is different as Ahmedabad has taken a voluntary liberal approach to its zone. The overlay zone is one-kilometre wide buffer around the outermost ring road in Ahmedabad making it about 76 sq. km. in area. This is a greenfield development and is expected to create about 1.5 million Dwelling Units (DU) of 90 sq. mt. built up area or less.

The incentives given to the developers are higher FSI, zoning variance such as 10 % built up area allowed for commercial use, reduction in parking requirements, lobby area not counted for FSI, and discount in the cost of purchasing FSI. The zone is further strengthened through expedited serviced land delivery and connectivity with public transport. About 44% of the zone has serviced land delivered through the Town Planning Scheme (land pooling) and over 30,000 DUs have been constructed during 2013 - 2020 in various locations across the zone. About 20% of these DUs are of smaller size 1 Room Kitchen (1RK), 1 Bedroom Hall Kitchen (1BHK) and 1.5 BHK. These units, located in the eastern micro-markets, are priced around INR 0.8 - 1.5 million (USD 10 - 20 thousand) catering to Households (HHs) earning annually INR 250,000 - 300,000 (USD 3,404 - 4,085). The Price of the House to Annual Income Ratio (PIR) for the zone ranges from about 4-7, which although lower than that in the other parts of the city, shows that the HHs are financially overburdened in accessing the housing and the IZ need further strengthening.

## The Draft Inclusionary Policy Framework for the Western Cape Provincial Government

The session introduced the social and legal background to the current IH policy development initiatives in South Africa. The current policy development process stems from several factors that include statutory legal provisions/obligations, national government policy directives and pressure from the local civic organisations that challenged the land use planning decisions.

The 2016 National planning legislation called Spatial Planning and land use management Act (SPLUMA) sets out general and specific obligations on all spheres of government to ensure that the land use planning and decision-making process facilitate the creation of well-located affordable housing. The local civic organisations have raised questions about what/ how the new development projects were addressing spatial justice and recommended the planning tribunal to put in place requirements for IH as part of the condition to award additional development rights. The objections from the civic organisation effectively created pressure and financial burden associated with delays in the land use decisions making.

Cape Town was also used as an example to illustrate the nature and extent of the spatial inequality. Currently the areas that are well served by public facilities and amenities are expensive to acquire land and develop subsidised housing using the current national government housing subsidy programme. As a result, the subsidised housing projects have been built on the periphery of the city, far away from jobs, schools, and social facilities. The stark spatial inequality of Cape Town was demonstrated through use of comparative analysis of maps depicting the areas of employment and residential concentration as well as the spatial distribution of residential property market segments/ values across the city.

The underlying objective behind IH policy development initiative is to facilitate the promotion of spatial inclusion and transformation through leveraging enhanced land value associated with public action in areas with active land markets. The proposed approach to inclusionary housing is premised on the idea that when a developer applies for new or additional residential or mixed-use land use rights the policy effectively places an obligation to make a contribution towards affordable housing by providing units for rent or sale at below market value.

The target market for beneficiaries of IH policy program is the Gap Market which ranges from R10,001 to R22,001 (UDS 684 – 1,505) monthly household income. The recent submission made in response to

“ It is not about creating a huge number of housing units but rather where the housing is being created.



**Ms. Cathrine Stone**

Director of Spatial Planning,  
Western Cape, South Africa

the call for public comments on the proposed draft IH policy framework seem to indicate a limited understanding of the underlying policy intent and legal obligation necessitating the ongoing concerted efforts to develop the IH policy and program. Among the key issues or concerns raised to date is that IH obligation on private developers amounts to a form of additional tax on private development sector, and perception that the government is in essence transferring its own constitutional obligation (of providing housing) onto private sector. The presentation concluded by highlighting some of the key policy dilemmas that are yet to be discussed and resolved.

“ The City of Cape Town is proposing an Inclusionary Housing Overlay Zone. A key advantage of using an integrated incentive overlay zone is the reduced timeframe for the redevelopment approval process..



**Mr. Vernon Moonsamy**

Principle Spatial Planner  
(Spatial Targeting &  
Mechanisms), Urban  
Planning & Design, City of  
Cape Town

## City of Cape Town Integrated Incentive Overlay Zone

The presentation offered insights on the current thinking behind the incentive overlay zone concept as a key land use planning mechanism to implement IH policy/ program for Cape Town. The term overlay zone refers to a land use regulatory tool that creates a special zoning district, placed over one or more existing base zone(s), which identifies special provisions in addition to those of the underlying base zone. The application of the proposed Cape Town IH overlay zone is supported by the existing legislative framework in particular section 148 of the Municipal planning By-Law. The actual IH policy for the City of Cape Town is currently undergoing a detailed investigation process and there is still more work to be done before the actual policy gets approved by the council.

In terms of work done to date, the City of Cape Town has identified spatially targeted areas for IH. The team tasked with the policy development is also currently investigating the prospects of an incentivised approach to IH which is essentially premised on the idea of leveraging increments in land values associated allocation of additional development rights. A key advantage or benefit of using an integrated incentive overlay zone is the reduced timeframe for the redevelopment approval process. Prospective redevelopment projects within the integrated incentive overlay zone will not be subjected to a traditional land use approval process of going through cumbersome public consultation process that can take up to 2 years depending on the context, scale, and complexity of the proposed redevelopment project. The planned IH policy intends to leverage the developer costs savings associated with the reduced timeframes for land use decision making.

# Plenary Session

The following questions were discussed during the plenary session:

## **Are there multiple approaches to IH Policies in Cape Town? Is the overlay zone one of these?**

- > On-site option and in-lieu fees (off-site currently not considered)
- > Voluntary approach -> through incentives
- > Inclusionary housing zone = overlay zone; but city-wide approach encouraged, and additional rights can be requested (details still have to be developed)

## **Term usage in India: Inclusionary Housing vs. Inclusionary Zoning**

- > Inclusionary Housing is a broader, all-encompassing, and more prevalent term
- > In academics: these are distinguished as per definition, when they are used.

## **What is the role of the different tiers of government in India?**

- > National level: prepares framework + Ministry of Finance provides incentives e.g., through tax holidays
- > State level: Town Planning and Development Acts are prepared; ensures that local development plans are done from the local level
- > Local level: Municipal Corporations and Development Authorities prepare spatial plans (following state acts) and after they are sanctioned by the state level the local level is responsible for detailed regulation and implementation; Stakeholder consultation is also ensured

## **On-site development or fees in lieu: do developers have a choice in India?**

- > Residential Affordable Housing (RAH) Zone in Ahmedabad: on-site only possible with a floor area of max 90m<sup>2</sup>
- > The regulations in the city of Mumbai and the state of Odisha allow developers to create units off-site. In Odisha and Tamil Nadu (states of India) developer is allowed to pay in lieu of construction.

## **In-lieu Fees in India: How do you calculate them and where do they go?**

- > Tamil Nadu (State in South India): Shelter Fund is established: so called Infrastructure and Amenity Fees have to be paid by developers to get a building permission -> 75% goes to Tamil Nadu Slum Clearance Board (para-statal body). The latter builds the units for the urban poor. Comparable with South African developers' contributions

## **How do the land donations work in India / Ahmedabad?**

- > These are land management mechanism to implement the spatial plans
  - » Done through Town Planning Schemes (cf. Land readjustment / land pooling). 30-40% has to be given to local authority (approximately 10%-15% utilised for streets; 5% open spaces; 5% used for land banks to finance the scheme)
  - » Town Planning Schemes are very well implemented in the state of Gujarat
- > Most of the state governments have it anchored in their 'Town and Country Planning Acts'
- > In Mumbai private developers have an option to give a portion of their site as land donation in lieu of construction of affordable housing units.

## **In Ahmedabad: How are incentives calculated, especially additional development rights? Number of units and costs of in-lieu amount? How**

**many building permissions were given & how many of these are smaller than 90m<sup>2</sup>?**

- > Irrespective of the base zone if the developers construct a housing project with unit sizes less than 90 m<sup>2</sup> built up area then they get the incentives – including the additional development rights. No fee in-lieu option in Ahmedabad.
- > Number of units are calculated during the research by CEPT: using the data available with Gujarat Real Estate Regulatory Authority (RERA; <https://gujrera.gujarat.gov.in/>) as local authority was unwilling to share the figures:
  - » All projects must get approved by RERA
  - » Overarching number of units constructed in RAH overlay zone: about 40,000 – 50,000 units in 350 projects.
  - » Between 2013 to 2020, around 200 projects with 31,033 housing units with less than 90m<sup>2</sup> built up area were constructed.
  - » 6,022 units or 20% of them 1-1.5 BHK -> 30-45 m<sup>2</sup>

**Who was the owner of the land before it was declared the RAH zone in Ahmedabad?**

- > Predominantly private land
- > Rent caps / sale-caps: are these existing in Ahmedabad?
- > No controls on resale (freehold units)
- > Gentrification might have happened, no data exists

**Did the overlay zone apply to all land uses not just residential?**

- > Yes, applied to all\* the base zones but residential zones in Ahmedabad are mixed use ones
- \*There are only 4 base zones: R1, R2, R3 (residential zones with different densities) and the agricultural zone.

**Has there been construction of comparable units in the city centre, near commercial/ office areas or only at the Outer Ring-Road in Ahmedabad?**

- > In 2017 – the regulation for the overlay zone was made applicable to all residential areas pan city. However, unfortunately no data is existing of units built and it's too early to examine its success.
- > Some of the micro-markets in the overlay zone are considered as quite central with good transport connections, in 2021.

The following questions were asked during the session but were not discussed, due to shortage of time. These will be discussed in future sessions

- > **Integration of informal market and exact application of IH:** How does the Inclusionary Housing for in-situ informal upgrading apply? Does it follow the same principles / guidelines / prescriptions of the Inclusionary Zoning / policy mechanisms?
- > **Infrastructure provision:** Has the overlay (spatially targeted) areas been prioritised by your infrastructure departments for bulk services?
- > **Spatial allocation of overlay zone:** What informed the identification of your overlay zone?
- > **Rental vs ownership:** Was rental included in Ahmedabad?
- > **Future owners/ renters of the affordable units:** How is it decided who gets to acquire the affordable houses built in Ahmedabad? Lottery? Income levels?

## Closing Remarks

### Aparna Das

Senior Advisor, SUD-SC, GIZ India

Ms. Aparna Das concluded by saying that: Implementing Inclusionary Zoning in the global south requires the discipline of Urban Planning to strengthen itself by borrow from other disciplines like economic and social sciences. She thought the peer exchange was an excellent idea where both South African and India would learn from each other.



**Ms. Aparna Das**

Senior Adviser, SUD-SC,  
GIZ India

### Dr. Enrique Silva

Director of International Initiatives, Lincoln Institute of Land Policy

Dr. Enrique R. Silva had a few poignant remarks to share:

Inclusionary Zoning is not about the numbers of housing units created so focus on the policy should be how is the inclusion happening through Inclusionary Zoning or how the policy changes / intends to change the social fabric of the neighbourhood?

The policy should aim at equity and no one group should benefit from the collective efforts either should another group be burdened or excluded. The role of the governments is important across tiers to achieve this. Social justice and social equity are the key words, and we need to see ourselves in others.

On the peer exchange, Dr Silva welcomed this idea of collaboration and peer learning by saying that none of this work can be done alone and we need each other.



**Dr. Enrique Silva**

Director of International  
Initiatives, Lincoln Institute  
of Land Policy

## Feedback

The round table received positive feedback from the participants, who found the session useful. The participants have shown interest in: other peer exchanges on specific topics and case studies related to IH, collaborative action learning research and academic exchange. They would like to have more peer exchanges to discuss and deliberate on Incentives and Feasibility analysis, Stakeholder Engagement, Monitoring and Evaluation, Policy Formulation and Implementation.

## AGENDA

Time	Topic / Details	
<b>INAUGURAL SESSION</b>		
1730 – 1740 1400 – 1410	Opening Remarks	Ms. Helen Rourke Program Manager, DAG, South Africa
		Dr. Saswat Bandyopadhyay Professor, CEPT University, Ahmedabad, India
<b>TECHNICAL PRESENTATIONS</b>		
1740 – 1810 1410 – 1440	Inclusionary Housing in India	Dr. Sejal Patel Professor & Program Chair, Master of Urban Housing, CEPT University, Ahmedabad, India
1810 – 1825 1440 – 1455	The Draft Inclusionary Policy Framework for the Western Cape Provincial Government	Ms. Cathrine Stone Director, Spatial Planning Western Cape, South Africa
1825 – 1840 1455– 1510	City of Cape Town Integrated Incentive Overlay Zone	Mr. Vernon Moonsamy Principle Spatial Planner (Spatial Targeting & Mechanisms), Urban Planning & Design, City of Cape Town
<b>PLENARY SESSION</b>		
1840 – 1920 1510 – 1550	<p><b>List of participants:</b></p> <p>India</p> <ul style="list-style-type: none"> <li>• Ms. Anshika Gupta, NITI Aayog</li> <li>• Mr. D. Ajay Suri, NIUA</li> <li>• Mr. Harpal Dave, TCPO</li> <li>• Dr. Kusum Lata, IIPA</li> <li>• Mr. Monu Ratra, IIFL Home Finance Ltd.</li> <li>• Mr. N.K. Patel, ITPI</li> <li>• Mr. P.L Sharma, Govt. of Gujarat</li> <li>• Ms. Vibhu Jain, The World Bank</li> </ul> <p>South Africa</p> <ul style="list-style-type: none"> <li>• Mr. Andre Le Roux, City of Cape Town</li> <li>• Dr. Andreas Scheba, Human Sciences Research Council</li> <li>• Mr. Christian Alexander, Pegasys Consulting</li> </ul>	<p>South Africa (cont.)</p> <ul style="list-style-type: none"> <li>• Ms. Cassandra Gabriel, City Of Cape Town</li> <li>• Ms. Chantel Hauptfleisch, Stellenbosch</li> <li>• Mr. Dylan Weakley, City of Johannesburg</li> <li>• Assoc. Prof. Francois Viruly, University of Cape Town</li> <li>• Dr. Ivan Turok, HSRC</li> <li>• Dr. Margot Rubin, University of Witwatersrand</li> <li>• Mr. Michael Hathorn, Government of Western Cape</li> <li>• Ms. Namugaya Kisuule, Tshwane</li> <li>• Mr. Peter Magni, Government of Western Cape</li> <li>• Mr Robert McGaffin, University of Cape Town</li> <li>• Ms. Robyn Park-Ross, Ndifuna Ukwazi</li> <li>• Mr. Ryan Alexander, McGill University, Canada</li> <li>• Mr Solomon Modise, Tshwane</li> <li>• Ms. Samantha Naidu, Cities Support Programme</li> <li>• Prof. David Amborski, Ryerson University</li> </ul>
<b>CLOSING SESSION</b>		
1920 – 1930 1550 – 1600	Closing Remarks	Aparna Das Senior Advisor, SUD-SC, GIZ India
		Dr. Enrique Silva Director of International Initiatives Lincoln Institute of Land Policy

