



# Do Informal Land Markets Work for Poor People?

An assessment of three  
metropolitan cities  
in South Africa

## Synthesis report

Isandla Institute and  
Stephen Berrisford Consulting  
with Progressus Research and Development



**Urban LandMark**

MAKING URBAN LAND MARKETS WORK FOR THE POOR

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and



with



## Executive summary

This research has investigated the extra-legal ways in which poor people access, trade and hold urban land in different types of settlements in the three South African metropolitan areas of Cape Town, Ekurhuleni and eThekweni. The types of settlements examined through a case study approach were informal settlements, recently allocated Reconstruction and Development Programme (RDP) housing projects, backyard shacks, an area under a traditional authority and an area of local council housing. These areas are all of concern for policy makers. Informal settlements, and the transactions that constitute them, are a persistent feature of South African cities. There is concern about the possibilities of ‘downward raiding’ by the middle classes and denying poor people their state welfare benefit by ‘selling’ their RDP houses for less than the value of the state subsidies involved. The inclusion of areas of traditional authorities within (urban) metropolitan areas has raised questions about the processes of integrating traditional tenure arrangements and modern planning processes. The prevalence of backyard shacks appears unregulated and poses difficulties for municipal planners in anticipating the associated infrastructural demands. The future of public housing, and the ability of local government to retain control over it, is questioned at the same time as a new emphasis on public rental housing appears to be emerging at a national policy level. Yet despite the large proportion of South Africans living in these types of settlements, little is known about the scale of land-related transactions taking place within them, how such transactions are conducted and what the consequences are for the future welfare of poor people. Most attempts to understand the issues are hindered by a distinction between formal and informal housing that obscures the nature and characteristics of poor people’s transactions exactly at the point at which policy makers most need to understand them: the interaction between informal and formal and how one category cannot exist without the other.

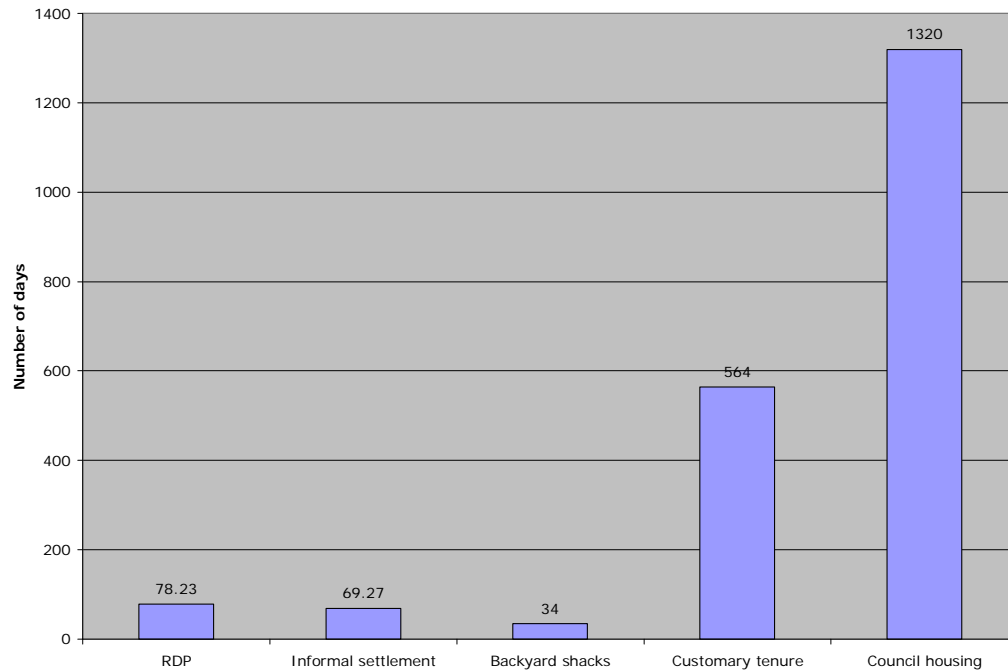
This research reveals that the scale of land transactions varies by settlement type. It is low in the case study RDP housing projects and the council housing of Manenberg, normal in the tribal area of Sobonakona Makhanya, and high in informal settlements and the backyard shacks of Wattville.

		RDP	Informal settlement	Specific area
Cape Town		Delft	Nkanini	Manenberg
	% of transactions in the last 5 years	14.08%	15.49%	15.5%
	Self-allocated/‘invaded’		83.3%	
Ekurhuleni		Kingsway	Somalia	Wattville
	% of transactions in the last 5 years	11.11%	38.36%	68.57%
	Self-allocated/‘invaded’		23.68%	
EThekweni		Old Dunbar	Blackburn Village	Sobonakona Makhanya
	% of transactions in the last 5 years	8.00%	23.88%	30.99%
	Self-allocated/‘invaded’		14.81%	

The key categories for understanding informal transactions are people’s social **identities**, the **social networks** to which they belong and the types of **claims** they can make on the use, value or products of the land. We identify different steps in the process of transacting around land and show that at these different steps the interactions between identities, networks and claims are configured differently. The configurations of these interactions change over time, and, as people’s circumstances change, different categories will be emphasised differently and

the implications will vary for the nature of the transactions. The research shows that poor people generally are able to access land quickly and efficiently through these transactions.

The figure below presents the average number of days that case study households took between hearing about a place and actually having the rights to it. Note that the table does not include time that people may have spent on a waiting list or searching for land.



Contrary to the view that informality reflects the absence of the state, our research shows that as the transactions are negotiated, one of the ways in which they mutate is in response to current state urban policy and practices. Particularly in informal settlements, once people have accessed land they enrol or are enrolled in processes of development that are dictated and determined primarily by the state. This is a clear moment of change. One of the consequences of the state’s current operation within informal land markets is that the differences between poor people accessing the city and their future land needs are erased by the urban policies that guide everyday municipal practices. The result is that a mass of low value urban land is created, maintained and extended by current practice. This takes place because while poor people are able to access land very quickly, this land is often very marginal and a consequence of the operations of the formal land market. When the state policies **conflate** the processes of people accessing land with poor people’s future land needs, both the state and poor people are **locked into** developing the marginal location. The result is that newly developed areas are little different in location and available services to undeveloped areas. The result is that not only are the numbers of urban poor people high but that the quantity of low value land is increasing. This current situation poses a dilemma for policy makers.

There is a tension because, on the one hand, it is easy and quick for future generations of poor people to access the cities, but, on the other hand, current and future generations of poor people are unable to generate any wealth. It may be controversial to suggest that the mobility of poor people is (theoretically) constrained by the emergence of more differentiation within the land markets that poor people transact in. However, national policy makers have recognised that the current locations that poor people are able to carve out for themselves are also controversial because they are often peripheral or marginal. The marginality of such

locations tends to mean that current generations of poor people cannot generate wealth from the ways in which they transact around land. There are clear advantages to maintaining the benefits of the nature of the processes that poor people have developed for accessing the city and creating a different environment in which poor people can generate wealth. Consequently, the markets are dominated by a set of social relationships that are driven more by demographic and social processes than by price as found in a market dominated by financial relationships.

For policy makers, it is necessary to acknowledge the complexity of informal transactions and the urban land markets they make up. As the analysis of informal transactions above has suggested, there are different moments in the process of transacting in informal areas, and these different moments have different consequences over time and different impacts on the households involved. This research confirmed the complexity empirically. Acknowledging the complexity is important because, as we argue in the report, a limitation of current urban policy for supporting poor people is that it does not engage with this complexity. This report echoes the growing policy consensus that there is a need to move away from a 'one size fits all' approach.

The dominance of social relations rather than price in these informal markets means that the normal policy tools the state has at its disposal for intervening in markets are neither useful nor applicable.

The recommendations are to:

- Recognise the role of the state and the market in the complexity of 'extra-legal' urban land markets.
- Improve and support the capacity of poor people to make claims to rights to land.
- Create a basis for the planning and allocation of land that is based on a city perspective.
- De-link poor people's residence in informal settlements from their position in the queue for state land and housing benefits.
- Guarantee a minimum set of standards of access to services in informal settlements and enforce these standards.
- Spend more money to differentiate between the different land that is available to poor people to create more diversity and facilitate the generation of wealth.
- Attend to the means through which people can transact in a more diverse economic environment that is structured around public and private forms of land rental options.
- Recognise that the value that is 'locked into' the 'formal' part of cities is dependent on this land market being able to selectively ignore poor people's land needs and therefore that there is a need for the wealthier citizens of cities to cross-subsidise poorer people.

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## Glossary of key terms

Accessing land	Gaining the use of land without financial payment, such as by invading or self-allocating.
Acquiring land	Gaining the use of land through financial payment or bartering.
Holding land	Socially or legally recognised claim to land or its products.

Claims	Socially or legally-based relationships between people in relation to land that are broader than current definitions of tenure.
Identity	Expressions of people's uniqueness and conformity to a set of norms and behaviours that follow from gender, age, race, family structure, occupation, geographic location, religion, political affiliation, etc.
Network	A way of describing social interrelatedness and the means by which members describe their relationship to an imagined whole.

## Abbreviations

ANC	African National Congress
DfID	Department for International Development (UK Government)
DOH	South African Department of Housing
MDGs	Millennium Development Goals
NIE	New Institutional Economics
RDP	Reconstruction and Development Programme
SANCO	South African National Civics Organisation
USN	Urban Sector Network

## Key Words

Land markets, urban land management, land tenure, informal settlements, informality Reconstruction and Development Programme (RDP), case studies, South Africa, local government, Ekurhuleni, eThekweni, Cape Town

## 1 Introduction

This research explores extra-legal urban land transactions and tenure in South Africa, focusing on formal land registration and management systems, in a total of nine settlements in the metropolitan areas of eThekweni, Cape Town and Ekurhuleni. The research contributes to Urban LandMark’s goal of positively influencing policies and practices in South Africa “towards improving poor people’s access to well-located urban land, by making markets and land planning, and land management systems work better, thus giving effect and meaning to the right to land”. Urban LandMark set a hypothesis to test in this research:

*“...there is an identifiable relationship between how mainly poor people transact and hold land, and the in-built barriers which the formal land market and legal system set up. These barriers may force people into extra-legal dealings which remain more attractive because of a number of factors including:*

- *The failure of the formal system to accommodate the needs of the poor (including the failure to recognise typical social contracts which exist and underpin the informal system), and*
- *Affordability constraints arising from the operation of the formal land market, urban land speculation, and municipal land release and land management processes, not to mention high levels of poverty.”*

This research partially **supports** this hypothesis. There are indeed identifiable relationships between the ways in which mainly poor people transact and hold land, and there are in-built barriers in the operation of the overall urban land market. This research also partially **rejects** the hypothesis, because the in-built barriers to the effective operation of the land market for poor people derive not only from the formal market and legal system or a neat dichotomy between formality and informality. Other important factors are at work.

The overall **conclusion** of our empirical work is that both ‘the market’ and ‘the state’ are present in informal urban land transactions in the case studies. The informal land market is thus co-constituted by the ‘the market’ and ‘the state’. Because both the market and the state are active in this ‘informal’ sector, there are major opportunities for reform. But our research shows that the current mode of operation in this ‘informal’ land market is complex, creating an imperative for nuanced intervention. Our analysis establishes two useful conceptual distinctions that help identify different operational processes: The first is between a ‘financially dominated land market’ and a ‘socially dominated land market’. The second is between the formal institutions (the laws and juridical systems of the state) and the day-to-day execution of the state’s responsibilities.

A ‘financially dominated land market’ **refers to the models and ideas related to how price mediates the supply and demand of land. In a ‘socially dominated land market’, the supply and demand of land is mediated by social relationships. Price or cost is still an issue but it is of secondary importance.**

While our empirical data shows that there are instances where informality arises because of failures in the financially dominated land market and the formalities of the state, we suggest that such a view is incomplete. The empirical evidence is clear that poor people interact all the time with both state and market over land. But they also engage in a socially dominated land market where state and market are not the key drivers. The twin assumptions – that ‘the market’ and ‘the state’ are absent in poor unregulated areas of South Africa’s cities or that it

is possible to expand ‘state’ and ‘market’ involvement in land onto a blank slate where social relationships have no role in shaping access to and transactions of urban land – are both simplistic. Rejecting these common assumptions will have important implications for how policy reform is conceived.

A widely touted alternative reference for analysing the urban land market, especially among bankers and governments, stems from the financially dominated land market model (Bernstein et al 2005). The problem is that this model tends to obscure and undervalue transactions based in any other register than price (Dowall 1993, Kironde 2000). The conclusions that are typically reached from the application of this model are that there is either no (financially dominated) market operating in poor areas or that it is ‘thin’, ‘defective’ or ‘dysfunctional’ in some way. Accordingly, the policy prescriptions tend to be based on interventions that are framed in the format of financially dominated markets and focus exclusively on issues such as clarifying property rights or providing access to credit (de Soto 2006). There is little within the financially dominated model that will alert policy makers that interventions framed in this way are not applicable to socially dominated land markets.<sup>1</sup>

We argue that problems arise when only one model of land markets is used (see also Jones and Ward 1994). In some cases, typically those that use African cities as a reference point or that are promoted by representatives of civil society, the understanding that is drawn upon is the socially dominated land market model. Here the state is seen as absent or very weak and thus marginal to how land transactions actually occur, and the focus falls on residents’ own systems of organisation and operation (Barry 2006, Davies 1998). In practice in South Africa’s major metropolitan areas, there is both a high level of private sector involvement in land financing and extensive state involvement in land regulation, distribution and development. Thus, while we show that there is still a socially determined dynamic to the urban land market, this model is inadequate for a full understanding of our conditions.

In relation to the state, the financially dominated land market model assumes a *tabula rasa* upon which new legislation can (simply) be imposed. In studies of informal urban land markets, the category of informality is derived from the absence of state registration and activity. This does not leave any space to assume that there is informality in formal transactions and formality in informal land transactions. In the three South African cities studied here, we show that the formal and informal modes of operation of land coexist and are mutually reinforcing, though not always in a manner that is in the interests of poor people.

The aim of this work is to make the informal urban land markets visible and legible so as to inform a view of urban land markets that enables progressive intervention.

We argue with Jenkins (2002, 7) that the task is “not to substitute modern systems for ‘traditional, ineffective’ systems, but to avoid unregulated co-existence. The stress is thus now on [consolidating] appropriate social forms of land administration which are practical, legitimate and equitable (social goals) – rather than (making) economic arguments for efficiency (economic goals)... [T]he complex and hybrid reality of socially-determined land rights has to be the starting point for research...”.

To allow for the complexity we have just described, we open up the research to show how transactions around land occur, the way land claims assume meaning, the multiplicity of identities that are derived from and related to land and the importance and unpredictability of social networks. The co-existence of different meanings, or registers, of land is a dominant theme of all of the case studies. This forces us to acknowledge that social, cultural and religious factors also provide parameters for understanding and executing land transactions.

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<sup>1</sup> These issues are explored in more depth in the accompanying literature review.

## 1.1 Structure of the report

This report is a synthesis of the different components of the project. The research has intentionally sought to recognise the complex ways in which poor people transact around urban land. For this reason, there are many ‘layers’ to the report and which allow for different ways of reading.

For the remainder of this introductory **Section 0**, we briefly present the methodology and scope of the study. Our approach to the collection of primary and secondary data and the selection of case studies is described.

**Section 2** speaks to an immediate, if broad, policy context of urban development in the global South generally and South Africa in particular. This discussion locates the current research within the current policy context.

**Section 3** is more abstract and describes the conceptual model that emerged as the literature review and qualitative research were brought together. This model is our understanding of ‘how informal land markets work’. This model informed the focus of the subsequent social surveys in the case study areas and the analysis of the results. As indicated in the introduction, acceptance of the distinction between, and the interaction of, the financially and socially dominated land models lies at the core of urban land use management change in South Africa.

The research findings are presented in **Section Error! Reference source not found.** A brief description of the case study settlements examined within each metropolitan area precedes the research findings. The findings are presented in the form of sub-sections on each of the three metropolitan areas and sub-sections on two of the different settlement types. The presentation of the same data in these different ways allows for different trends and processes to be made visible.

In **Section 5**, we present the key findings of the research which are taken up again more broadly in our conclusions (**Section Error! Reference source not found.**). Finally, **Section Error! Reference source not found.** provides a set of policy recommendations.

## 1.2 Methodology

The study began with a literature review that sought to collate and analyse current knowledge on informal market dynamics and the management of urban land systems in South Africa and other developing countries. Two important methodological conclusions were drawn from the literature review. First, in order to understand informal land markets it is necessary to ‘open up’ and examine key concepts more closely, including the finer details of social relationships and the complexity inherent in these relationships. Second, poor people are part of broader development discourses and are well aware of highly charged concepts such ‘land’, ‘markets’, ‘ownership’, ‘extra-legal’ and ‘informality’ (Simone 2004). Consequently, to minimise the extent to which the research participants filtered their responses in terms of these discourses and the subjectivities that they entail, this research focused on how the research participants actually negotiated access to the case study metropolitan areas. In addition, the terms ‘informal’ and ‘extra-legal’ are highly loaded with negative (often illegal) connotations, and research has shown that generally people are loathe to reveal activities that may cast them in a bad light (MacGaffey and Bazenguissa-Ganga 2000, Harney 2006). For these reasons, this research chose the methodological option of avoiding terms such as ‘land’, ‘land markets’ and ‘informality/formality’ in interactions with respondents in the case studies.



Evolving in tandem with the literature review, social surveys were undertaken in each of three case study settlements in each of the three metropolitan areas. The process began deliberately with a qualitative survey using a 'life-history' methodology to facilitate a more open approach to the issues (Marshall and Rossman 2006). The interview transcripts were analysed using a 'grounded-theory' methodology. The advantage of 'grounded theory' approaches is that, as far as possible, the patterns and categories that emerge are intended to generate new theory rather than be analysed in terms of existing theories. The 'life-history' interviews conducted in the settlements were complemented with semi-structured interviews with municipal officials, national government officials and key informants in each of the metropolitan areas. These key informants were selected for their knowledge of informal land markets or their participation in the formal land market.

The qualitative surveys were followed by quantitative surveys in each of the three case study areas in each of the three metropolitan areas. The quantitative data obtained was analysed in terms of the conceptual framework to generate a set of research findings. The research findings were related back to the policy context in a set of recommendations.

### **1.3 Scope of the study**

This research is primarily focused on land for residential use in three settlement types in each of three selected South African metropolitan areas. The processes studied include how poor households access, trade and hold urban land. Where relevant, the land management practices of the state, customary authorities and informal or unrecognised authorities were also examined. The study was undertaken between November 2006 and May 2007 and, as such, provides a snap-shot of urban land dynamics.

The three metropolitan areas were selected for this research in order to make some general claims about informal urban land markets in South Africa's largest cities. Similarly, the case studies within the metropolitan areas were selected so that comparisons could be made across metropolitan areas and some of the uniqueness of each metropolitan area could be accommodated.

Informal settlements were selected because these areas of South Africa's metropolitan areas are generally considered to consist of informal land transactions. RDP Housing projects were selected because these projects are one of the key ways in which the state's initiatives in the land market relate immediately to informal settlements and the transactions the latter are a result of. A range of other settlement types was included to provide an indication of the uniqueness of land markets in each metropolitan area as well sketch out the range of options across all metropolitan areas (See Table 1).

**Table 1. Case study areas**

	<b>Cape Town</b>	<b>Ekurhuleni</b>	<b>EThekweni</b>
Informal settlement	Nkanini	Somalia	Blackburn Village
RDP Housing	Delft	Kingsway	Old Dunbar
Specific	Manenberg	Wattville	Sobonakona Makhanya
	<i>Public rental</i>	<i>Backyard shacks</i>	<i>Customary</i>

In Table 2 the sample size of the qualitative survey is presented. The interviews were conducted in the appropriate local language, translated into English and then transcribed. The qualitative survey was not intended to be a representative sample.

**Table 2. Sample size: qualitative survey**

<b>Area</b>	<b>Sample size</b>
Kingsway	9
Somalia	9
Wattville	9
Old Dunbar	8
Blackburn	8
Sobonakona Makhanya	8
Nkanini	8
Delft	8
Manenberg	8
Total	75

In Table 3, the sample size of the quantitative survey is provided. The ‘weighted totals’ describe the population size of each of the settlements, and the percentage of accuracy column states the range of certainty within which the quantitative results can be interpreted.

**Table 3. Sample sizes: quantitative survey**

	Weighted Total	Sample Size (Households)	Sample Accuracy at 95% accuracy within a range of the following percentages
Kingsway**	2571	72	11.39
Somalia**	1808	73	11.25
Wattville***	1100	70	11.34
Old Dunbar**	900	75	10.84
Blackburn***	862	67	11.5
Sobonakona Makhanya***	8114	71	11.58
Nkanini***	4565	71	11.54
Delft**	6501	71	11.51
Manenberg*	1882	73	11.25
Total number of households	28301	643	

\* Manenberg was weighted against a limited sampling area and excludes the areas not used for the sampling frame because of gang violence

\*\* Sample sizes were obtained from Council-provided stand maps in formal areas and cross-checked with Municipalities

\*\*\* Sample sizes were obtained from the local Councillor responsible for each area in the absence of stand maps

## 2 Contextual factors

All research is both informed by and, in turns, seeks to inform the context in which it is commissioned. In this case, the area of research is relatively new and the policy context into which it is directed is in flux. It is therefore essential to be clear about why the research subject is important, how the questions being asked speak to the local context and what policies and programmes might usefully be influenced by the findings. With this in mind, the purpose of this section is to locate this project on the experiences of poor people in the South African urban land market in the political and policy context of the heightened importance of urban management in the global South and relate it to the policy lacuna on urban land in South Africa. These contextual comments also serve to:

- highlight where South African imperatives are at variance with the international debates;
- frame the problem in more applied terms and give some idea of where the research recommendations may be taken up in the policy process;
- identify principles for progressive land management; and
- reinforce the importance of ongoing empirical research in an area where there is very little systematic case study research on which to base major new policy directions.

## **2.1 The emerging land use management agenda in cities of the South**

In the developing world, 'land' is usually referred to as a rural issue of small-scale production, subsistence farming and traditional land rights. Urban land was not, until recently, perceived as a big problem. Especially in Africa, cities were small, the state provided public housing or poor people who commuted in from peri-urban areas were not considered urban. In many cities, poor people invaded land, and the weak state turned a blind eye. But that has changed. The issue of urban land, its cost, its development and its management is emerging as a critical concern for sustainable urban governance across cities of the South.

We sketch four assumptions that are driving the increasing prominence of the urban land use management agenda in the global South. This broader international context provides a useful platform from which to view the South African debate about urban land. As South Africa is a major player in the human settlement policy environment, it is also likely that its experiences will be of interest to other countries and international development agencies, like UN Habitat, seeking to address programmatic interventions that will advance the fight against poverty and enable the Millennium Development Goals (MDGs) to be met by 2014.

## **2.2 Land use management for poor people is an issue of increasing importance**

Land use management is getting more attention because there is an absolute increase in the number of poor people seeking urban land. There are several aspects to this: in-migration of poor people to urban areas, the natural expansion of the existing urban poor population, and the formation of new urban poor households requiring space to live. The splitting of households is an increasingly important driver of the pressure on urban land because, while the population size in some cities may not be increasing due to factors such as HIV/Aids, the number of households and their demand for urban spaces are. Overall, there are more and more people who are living in cities, and, in some cases, a higher proportion of these urban residents are poor.

Urban growth and the urbanisation of poverty are accompanied by a reduction in the availability of land in cities. As cities grow, urban land is inevitably going to become more expensive and therefore a more contested site and source of power. This is especially true for large cities where land prices tend to be higher near the city centres and work opportunities. In large cities, the peripheral location of land for poor people and the cost of urban land are increasingly key social policy issues, as the rising cost of living in cities erodes the gains of improved welfare grants and other forms of social protection.

## **2.3 Urban poverty is not going to go away, even with growth**

It is accepted that it is important to address the urban land management problem, as the current problems experienced by poor people are unlikely to disappear. It would be nice if the urbanisation of poverty were just a transitory feature of the demographic transition. But it is not. Urban poverty, even with sustained economic growth, is likely to be a global and national feature for some time to come. Inequality in cities may even increase with growth, leaving poor people less able to access increasingly expensive urban land. In cities with declining economies, the proportion of the population that is poor is likely to increase, and there will be less public money for redistribution and public support.

Poor people battle to afford land in every city in the world, but in developing countries the barriers to poor people achieving effective land rights have long been ignored. An apparently dual system of land use management has emerged that is often characterised as formal and informal. We take up this issue directly in the theoretical framing of our research, arguing that a more nuanced perspective is necessary in formulating a response to ‘dualist’ land management practice. Especially in middle-income contexts, it is clear that both the state and the market pervade the urban land market, even where there are highly uneven levels of land regulation and enforcement. In this regard, the experiences of low- and middle-income contexts vary greatly, as the capacity of the state and the reach of the market is greater in more developed and larger cities.

## **2.4 The role of the state and land**

Economic growth will not guarantee that structural or institutional exclusions in land management are removed unless states make a political commitment to land use management reform. In other words, even if the incomes of poor people increase, they may still be unable to adequately or fairly access the urban land market. The land problems of poor people cannot change without government intervention. Internationally, governance and, hence, the role of the state has come back into focus as a developmental driver in the wake of the discredited neo-liberal agenda and new imperatives to address the consequences of global climate change (see DfID 2006).

Government involvement in land use management has become more important for other reasons too. The devolution of power to local government, and the increasing significance attached to the developmental roles and responsibilities of municipalities in service provision and the eradication of slums, raises awareness of the importance of urban planning and its key activity of land use management. This new emphasis is accompanied by heightened awareness of the place of land-based revenue for local government.

## **2.5 Policy makers don’t adequately understand the land market from the perspective of poor people**

A new research agenda is emerging that not only acknowledges land is an asset for urban poor people but also recognises that the approach adopted for land management has direct implications for how socio-economic rights are realised, how livelihoods are secured, the pattern of asset formation, the development of social networks, the strength of political power bases and the environmental sustainability of the city (DfID 2005). Implicit in this renewed focus on land is the revival of urban planning and a growing emphasis on the developmental role of the state in urban land use management. But it is very early days.

Across the global South, there is an acknowledged empirical gap in understanding the complex and varied operations of urban land management and the way that this affects, and is influenced by, the actions of poor people. The paucity of detail is a real problem in instigating new pro-poor land management policy programmes. More empirical research is urgently needed so that trends can be identified and translated into appropriate policy. In recognition of this, a number of large international comparative projects on urban land management have been commissioned (see Home and Lim 2004, Rakodi and Leduka 2004, Durand-Lasserre 2005). Notwithstanding this effort, it is not yet clear, for example, if land use management dynamics directed at poor people are the same or different for big and small cities, middle and low income cities or cities with varied histories of settlement patterns. Nor is it clear if poor people are advantaged or disadvantaged by the apparent absence of the state and the market in

managing the informal land sector. There is, in addition, a general uncertainty around how the intergenerational dynamics of land use management affect poor people and how previous land use management regimes play out today. It is these dynamics that our research seeks to address.

## 2.6 The role of land in sustainable human settlements has yet to be defined

Internationally there has been a value-based shift in urban policy to sustainable and integrated human settlements. Poverty reduction efforts have moved beyond treating basic needs, job creation or housing as panaceas. Instead, a more holistic agenda is now accepted that acknowledges sectoral interventions but also has cross cutting targets like 'slum eradication'. The MDGs, the UN Habitat Agenda and a rights-based position all present the advancement of poor people in terms that include social, economic and environmental entitlements and commitments. In some sectors, such as water, the debate has advanced considerably, and there are detailed understandings of the limits, opportunities and institutional imperatives involved in meeting the needs of poor people. However, this is not true for urban land.

The issue of urban land use management lies at the heart of slum eradication initiatives. Nevertheless, only one of the five indicators of a slum in the MDG criteria involves land,<sup>2</sup> and then it is the very restricted notion of 'security of tenure' that is prioritised. In effect, therefore, the conventional understanding of land use management as including access to land, land use zoning and regulatory enforcement is lost as a core objective of the fight against poverty.

The framing of the MDG target also places the focus on the individual residential plot and not on the way land management is part of an entire neighbourhood or city. In this respect, our paper argues that we need to go beyond the international policy agenda and present a more rigorous case for improved land management for the poor. In this regard, we must build on the legacy of the extended debate on property rights that was spawned by the 1948 Declaration of Human Rights. But it is essential that the right to land is framed not only in the more progressive conception of housing, land and property but also in terms of the right to the city. Land use issues affecting poor people extend beyond the parcels of land they occupy and include non-residential attributes such as location and proximity. Individual plots occupied by poor people exist within an overall system of citywide land use management that determines their price and the present and future opportunities that the land affords.

## 2.7 The lacuna of urban land policy in South Africa

The silence on urban land reform in South Africa is difficult to understand. Set against major transformation initiatives that have been seen in the rural land sector, in local government, in urban service provision and through large-scale housing delivery, the lacuna around urban land use demands some explanation. It is not possible to know why so little has happened with respect to changing the inherently discriminatory and unequal status quo in the urban land use system. However, some possible factors might include:

- A lack of capacity in the planning profession to drive a change agenda. Capacity gaps are known to exist in the built environment professions and in planning law specifically. The Department of Land Affairs has only skeletal urban expertise.
- The absence of a political champion for the reform of land use management.

<sup>2</sup> The others are the durability of the house, the size of the living area, access to improved water and access to sanitation.

- A preoccupation with the institutional transformation of the overall system of local government, rather than with municipal responsibilities for operational tasks such as land use management.
- A preoccupation with rural land reform in the context of South Africans experiences of land dispossession.
- A lack of political will to tackle the difficult task of changing the land use management system and to take on the vested economic interests that maintain the status quo.
- A failure to recognise the complex issues embedded in the technical details of land use zoning, regulation and enforcement. Associated with this may be the assumption that South Africa's legal prohibition of race discrimination is sufficient to address the land based exclusions of poor people.
- A perception that urban areas are not important places for poor people and that urban land management is not an important variable determining how poor households move out of poverty.
- The belief that state resources could be better spent on other aspects of poverty relief.
- An inadequate understanding of migration dynamics in the post-Apartheid period and their impact on the demand for urban land.

The somewhat tardy engagement with the way the land use management system in South Africa impacts on the urban poor means that we are latecomers to the debate. There are some advantages to this, not least is that there is a nascent body of material charting the territory. But there are dangers too. As indicated earlier, there is a real danger that local specificity is not acknowledged and that a generic land use change agenda is inappropriately applied. With this in mind, we turn to a consideration of the theoretical debate and consider how it can be usefully applied in assessing the interaction of poor people in and around land in a total of nine settlements in the three metropolitan areas.

### 3 Conceptual framework

The conceptual framework of interacting systems of financially and socially dominated land markets, sketched in Section 1, emerged through an analysis of both the qualitative research and literature review. The conceptual framework is based on specific understandings of key factors in this research: land, transactions and markets, the state and land laws, and the relationship between formality and informality. We begin this section by outlining these specific understandings before proceeding to describe the framework itself.

#### 3.1 Land

Chris Hann (2005, 111) makes the point that property rights are the social relations between persons with respect to things. Because social relations overlap and interconnect, property relations that define land overlap and interconnect. Consequently, we can think of any physically demarcated piece of land as being defined by a network of overlapping claims to property rights (Mitchell 2002). It is important to bear in mind that the network of overlapping claims to rights does not have to coincide with the physical boundaries of the land parcel. In fact, it would be very rare for such a coincidence to occur. From this perspective, the ability to delimit and differentiate one parcel of land from another is the ability to privilege one set of (social) relations above another. In the overlap of these property relations, some might override others (for example, taxation rights), others might be

complementary (e.g. common access rights), some might be competing or conflicting (e.g. the rights of tenants vs. landlords), and yet others might be layered (e.g. sub-surface rights).<sup>3</sup>

However, it is not just that networks of claims to land can co-exist. There are also different ‘registers’ within which land has particular meanings<sup>4</sup> (See Table 4). Wallace and Williamson (2006) suggest at least five different registers of land within which different meanings of land are generated by diverse urban actors. While their focus is on ‘building land markets’, we can develop their initial insight that different meanings of land exist and suggest that these five meanings of land co-exist across different parcels of land and also within the same parcels of land. This means that a single land parcel can simultaneously be part of many different calculations of value by different people. The acknowledgement that the five meanings co-exist means that while transactions in land may be privileged in one register of value they must also simultaneously take into account the other registers from which they are distinguished. Thus even though land has meaning and is transacted in one register of value – which is fairly distinct from another – the transaction must simultaneously make reference to other registers of value. The ability to describe a land transaction in one register of value rather than another is a political act in that it reflects the power of the parties to the transaction to exclude others from benefiting from the process. The different meanings of land hint at the different ways in which meanings of land can be privileged, often simultaneously by different urban actors.

The usefulness of Table 4 lies in its depiction of the different meanings of land that can co-exist on the same parcel of land and hence the contestability of the ‘land market’. It is less useful in trying to determine which transactions might be formal or informal because as we will argue in Section 3.3 all urban land is formally within the Deeds Register. The purpose is to point toward more complex categorisations than the traditional planning conceptions of land as a physical commodity that has a set of qualities that arise from its spatial location and the technical assignment of uses that arise from regulations such as zoning and development control. What the more nuanced nomenclature reveals is the layers of political contestation and the social relations that frame land transactions. What is interesting about South Africa is that almost all of these ‘layers’ of political contestation interface with the state and market rather than occurring beyond its scope.

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<sup>3</sup> Adapted from Wallace and Williamson (2006, 130).

<sup>4</sup> These types of land might be described best in terms of the social meaning they have. In identifying different forms of social meaning, we are trying to go beyond the limitations imposed by the binary distinction of ‘use’ and ‘exchange’ value.



Table 4. Meanings of land

Sphere of meaning <sup>5</sup>	Description	South African context
<b>Survival-land</b>	The land or access to the products of land that are essential for living	It is not uncommon for both poor people and politicians to make claims to land within this sphere of meaning. A result of claims made within this meaning of land would be informal settlements.
<b>Rights-land</b>	Emerges when a group of people need to decide on how access to a portion of land will be shared amongst the group	Rights-land can exist in both formal and informal areas of the city. In the informal areas this equates to claims made in terms of socially agreed conventions. In a formal context, it has been taken up in human rights discourses and translated into demands for restitution and reform. RDP housing projects tend to fall into this category.
<b>Simple commodity-land</b>	Depends on rights to land having emerged. The simplicity derives from the relationship between the transacting parties and their willingness to externalise complex calculations.	In this sphere of meaning land might equally be exchanged through the Deeds Register as 'off-register'. Here we focus on transactions that occur in informal settlements or backyard shacks.
<b>Asset-land</b>	Land is linked to, or forms part of, an investment strategy and requires the recognition by financial institutions of the claims people hold. By implication this means that part of the claim to land must involve the Deeds Registry.	Asset-land is defined by people's understanding of (financial) value in relation to securing other income streams. In formal areas, land holders may depend on municipal development controls to protect and enhance the value of land. Development activists have also been able to harness this view to the benefit of poor people in sustainable livelihoods frameworks.
<b>Complex commodity-land</b>	Land that is linked to abstract financial instruments and corporate entities	Land that is owned by corporate entities and which is one factor in strategies of wealth generation – land owned by developers or land lords

### 3.2 Transactions and markets

In the research we start from the observation that there is a difference between actual economic practices and the theories and models of the discipline of Economics (Gregory and Altman 1989; Callon 1998; Mitchell 2002). In this research we chose to focus on 'actual economic practices' unlike studies that investigate land markets by starting with a financially dominated model of the interaction of price, demand and supply (cf. Antwi 2002). We assume that markets are made up when transactions are made comparable and aggregated in different ways.<sup>6</sup>

<sup>5</sup> Adapted from Wallace and Williamson (2006, 126-132).

<sup>6</sup> For example, transactions might be made comparable by delimiting a geographic area defined by particular qualities such as formal development control or township establishment procedures. Another common means of making transactions comparable is to reduce them to a common baseline in terms of time. Other ways might include the stripping away of various factors such as the value of improvements to the land to arrive at a common land value.

One of the most useful ways of understanding what happens in a transaction is to draw on the sociological concept of ‘framing’ (Miller 2002); that is, the conceptual and practical activity of deciding what is relevant to particular transaction. Economists typically describe this as identifying externalities, the negotiation process of trying to externalise costs and internalise benefits associated with a particular transaction. Quite where and how parties to a transaction frame the transaction will have a lot to do with who they are, the metric of value they are drawing upon, the nature of the commodity, regularity and familiarity of acquiring the commodity and guarantees that come with that transaction.

Drawing from the work of New Institutional Economics, we have developed an understanding of transactions forming a series of sequential steps. The value of identifying these different steps is that it allows us to account for some of the complexity in land transactions by not assuming that a transaction represents one moment in a single abstract space and time. Thus, the same land may be transacted more than once with greater engagement with the legalised system of government. Alternatively, a household might engage in various land transactions with the objective of consolidating a ‘claim’ on land that is registered within the title deeds office. While the ‘steps’ might unfold sequentially there is nothing stopping agents from engaging in activities related to each step simultaneously. For example, a person may have already worked out what they value about a particular site to help them find best location and how they would move on from that location by selling the site one day, even before they have found another person to transact with. Nonetheless, for the sake of demonstrating the model, we restrict the analysis to a sequential process. These steps are:

**Table 5. Steps in a transaction**

Step	Framework	Description
1	Finding people/organisations to transact with	In order to be able to engage in a transaction it is necessary to find other parties in particular locations.
2	Recognising others to transact with	A transaction involves the passing of rights to an object or the income from the object/commodity. For security of mind (particularly in relation to expensive or complex items such as land) it is necessary to know that the other party is the legitimate ‘owner’ of the rights that are being transferred.
3	Calculating/valuing	A transaction involves a process of calculating the value of object/rights to the object. This could be in a range of different registers of value.
4	Contracting	A transaction involves coming to an agreement.
5	Holding land	Through the holding of any commodity certain rights accrue to the holder (e.g. guarantees, charters, etc.) that are often backed by the state or judiciary. However, very specific rights accrue to holders/occupiers of land that influence the preceding and succeeding steps in the transaction process (e.g. access to services, an address, etc.)
6	Terminating	The possibility of terminating contracts of land is determined in particular ways and involves the search for new buyers and assessment of the possibilities for moving on, and hence, starting the cycle again. <sup>7</sup>

From these steps and the way in which a transaction is ‘framed’, it is clear that each and every transaction is going to be unique because focusing only on the first ‘step’ of ‘finding a person

<sup>7</sup> It is important to note that there is no inbuilt improving evolution implied in this characterisation of transactions. A person could just as well transact around lower value land as higher value land.

to transact with' is going to be different in time, in space and in terms of the interactions between the actors. The uniqueness is only multiplied when we start to imagine how interactions between the 'steps' will produce differences. There is nothing new in this observation, and it is relatively obvious. However, the importance of recognising that every transaction is unique is that it highlights the processes through which people establish equivalences or agree to co-operate within particular frameworks. It also reinforces an earlier point that in understanding markets we need to understand how different actors make transactions comparable so that they can be aggregated.<sup>8</sup> Consequently, we argue that it matters to the operation of a market that people might find others to transact with in specific ways; that the forms of recognising others to transact with are based on particular socially acceptable practices; that the value of land is agreed upon in particular metrics; that there are certain norms and expectations that govern agreements; that rights accrue according to the particular claims of land holders; and that there are accepted ways in which land holding can be terminated.

This brings us to an important distinction between a socially dominated market and a financially dominated market. The financially dominated market works as a social construct that has come to be identified with particular ideological assumptions and reflects specific, but contingent, power relations. In this market, price is the fundamental mediator of supply and demand when people transact. A socially dominated market works through social relations. While money may be exchanged as part or full payment in a transaction, price is not the most fundamental 'frame' for the exchange.

The financially dominated market works *as if* it is all encompassing, and, in one sense, through the techniques and methods of Economics, it is all encompassing. But we should not confuse the abstract models of Economics with actual economic practices (Miller 1998). It is clear that the financially dominated market is used discursively and practically by those with resources to obtain particular outcomes. It is also clear that a range of actors, including the various layers of the state, are invested in the financially dominated market and its operation. In one sense the financially dominated market is present in all other markets. In another sense, markets in one 'type' of land – for example, simple commodity-land – are dependent for their coherence and validity on their differentiation from markets in other 'types' of land – for example, complex commodity-land or survival-land. Thus, while there is no land that is outside of the financially dominated market, equally, there is no land that is outside of the reality that everyone needs a space to live and that it is no longer acceptable to prevent people from moving to the city.

Just as it is important to make a distinction between the financially dominated and socially dominated markets it is useful to note that just because we live in a capitalist society does not mean that the financially dominated market/capitalism determines all transactions. Instead, it is argued that what happens inside the 'frame' are ritualised ideologies that express how we want others to see us (Miller 2002). These ritualised ideologies are informed by such factors as religion, gender, and perceptions of care and humanity and the pervasiveness of financially dominated markets. Anthropological research on economies suggests that we prefer to draw on the moral ideologies rather than the financially dominated ideologies (Carrier 1997; Graeber 2005; Gudeman 1986, 2001). It is argued that we use transactions not only to secure a material gain but also to increase our social prestige by getting transactions to conform to our sense of social worth (Kaneff 2002). Transactions can be a way of increasing the prestige ranking in terms of kin, religion, social care and culture (Graeber 2005). In this way, the financially dominated market exists to 'mop up' those transactions that cannot be, or are desired outside of, more morally or socially invested understandings of transactions (Miller 2002; Baland et al. 2007). Rather than compete with transactions inspired by the financially

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<sup>8</sup> In the terminology of New Institutional Economics, institutions start to perform this function so that the transaction costs can be minimised.

dominated market, it is vital to the continuity of transactions conducted in a moral framework. Conversely, the financially dominated market is able to function because it (currently) does not have to take into account the multiplicity of sources of morality and social worth that inspire most transactions. This distinction between the financially dominated markets and actual economic practices is important. The implication is that policy interventions that are intended to work through the financially dominated markets are working through only a small proportion of transactions (even those that might be of higher financial value) and to the advantage of those who are able to use the financially dominated markets to their practical advantage. The ability to see the incoherence of transactions as coherent in the financially dominated land market is a political act (Lee 2006) that has the effect of obscuring the incoherence and socially dominated land market transactions.

It also posits a different understanding of financially dominated markets. Any transaction – whether conducted formally or informally, by wealthy or poor people – may be framed in terms of an ideology of the financially dominated market. Similarly, most transactions – whether conducted formally or informally, by wealthy or poor people – are preferably framed by moral or social values.

In sum, it is suggested that the financially dominated markets work at a broad societal level as an abstract means of making transactions comparable and calculable rather than constrained to localities or particular interest groups. The financially dominated market also works as one of many ideologies that can be drawn on in the framing of any transaction. A socially dominated market is a similar set of techniques that serves to make a set of actual transactions comparable, but it does this in a way that takes morally inspired transactions into account. We are suggesting, therefore, that a socially dominated market is more responsive and attentive to the social characteristics of its participants. Because transactions framed in terms of moral issues rely for their value on their distinction from transactions framed in terms of the financially dominated market it is impossible to disentangle and categorise one transaction from another.

### 3.3 The state and land

This research is based on a differentiation between the state – as constituted by formal institutions, various laws and the judicial system – and the operation of the state – as reflected in the day-to-day execution and pursuit of its duties and responsibilities. In terms of formal institutions, the State is represented as matching South Africa's geo-political borders. It is claimed to be pervasive and encompassing. Matters relating to land are possibly one of the closest ways in which the claims of pervasiveness made in the formal name of the state actually do live up to the reality. The Surveyor General's cadastre is complete and covers all of South Africa (van den Bergh 2007). The spatial extensiveness is complemented by the complete historical record of title deeds in the Deeds Registry (Hattingh and Sepp 2007). These points are all the more relevant in the metropolitan areas covered in this research.

In addition to the cadastre and Deeds Registry, the state has an array of legislation and regulations that intervene in land issues.<sup>9</sup> This legislation is applied in different parts of the cities, but it is characterised by an assumption that it is applied universally and equally in all areas that are relevant. The table below contains a list of some of the legislation pertaining to land.

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<sup>9</sup> See the accompanying legislative review report for more detail.

**Table 6. List of legislation**

Issue	Legislation
Township establishment and management	Regulations in terms of the Black Administration Act, 38 of 1927
	Regulations in terms of the Black Communities Development Act, 4 of 1984
	Development Facilitation Act, 67 of 1995
	Less Formal Townships Establishment Act, 113 of 1991
	Various town planning ordinances
Land registration	Deeds Registry Act, 47 of 1937
Taxes	Property rating ordinances
	Municipal Property Rates Act
	Transfer Duty Act, 40 of 1949
Conservation	National Environmental Management Act, 107 of 1998
	Conservation of Agricultural Resources Act, 43 of 1983
	Subdivision of Agricultural Land Act, 70 of 1970
Tenure security	Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 19 of 1998
	Interim Protection of Informal Land Rights Act, 31 of 1996
Inheritance	Personal and matrimonial law

In addition to this comprehensive legal system, there are the day-to-day activities of land allocation, land regulation and land enforcement by the state. These activities bring people in the state into contact with people who are homeless, suffering from poor health due to a lack of access to services such as water, sanitation and refuse removal and so on. This is the realm of activities that encounters direct pressure from local politicians and where solutions have to be found. And this is done outside of or in parallel with the legal parameters.

This distinction between different activities and conceptualisations of the state is important because it allows us to identify how the state is engaged in informal urban land transactions. Examples include allocating numbers to shacks and providing a water supply to improve urban residents' health. A sole focus on the formal, legislative role of the state can lead to the view that the state is not operating in areas where legislation does not apply. Typically, this results in recommendations to extend the legislative scope of the state's responsibilities, based on the understanding that the state is absent due to a lack of will, application or capacity. We suggest this view is simplistic.

### 3.4 Beyond formality and informality

Jenkins (2002) points out that there have been two general approaches to urban informality. The first is a more 'managerial approach' which attempts to regularise or cope with informality, with the knowledge that complete regularisation is impossible. The second approach is more conceptual and is based on the view that definitions of informality are based on particular precepts that do not equate with actual social constructs of value. The second approach therefore seeks to find ways to get a better interaction between definitions and actual practices. In this research we tend towards the latter approach, though we acknowledge that there is much that could be improved in purely managerial terms - if the interface between the financially and socially dominated operational processes is properly understood.<sup>10</sup>

<sup>10</sup> The reason that this debate is not important in South Africa is because there is no binary distinction between the formal and informal.

There have been successful attempts to extend the notion of legal pluralism beyond a hierarchical understanding where different sets of laws and rules are stacked upon each other, with state law being the top and dominant form of law and rule. Three such approaches can be labelled as 'semi-autonomous social fields', 'conflict or resistance' and 'quiet encroachment'. Each offers different insights into the formality-informality relationship and is based on different assumptions about the nature of activities.

These approaches have enabled researchers and policy makers to move beyond an initial emphasis on dichotomies and dualities to an acceptance of the co-existence of the formal and informal. Consequently, researchers and policy makers have come to understand how actors working within and across the informal-formal divides depend on each other. In this view, the dependence is considered regrettable and reflects an assumption that informality is a lack of development. Eventually, the development project will be completed, and everyone will be within the unfettered embrace and protection of modern formal system. Moreover, the assumption that everyone wants to operate in this way because 'it is better' will have been fulfilled. This makes it possible to think about how the different sectors can be manipulated. However valid this developmentalist assumption, it has not made it easy to understand how power relations between different social actors perpetuate understandings of a dichotomy between informality and formality.

Once the assumption that informality must be erased (or totally embraced and the formal system set aside) is abandoned, a much wider range of opportunities emerges for researchers and policy makers to intervene in the regulatory regime in how (poor) people access, trade and hold urban land. The aim of this research is to pursue this more nuanced route that embraces what works well for poor people and seeks to change what does not at the outset the project, starting with a full assessment of the de facto operation of land transactions.

The traditional view that informality and formality co-exist posits a role for the state on the formal side of the dichotomy. In effect, it is understood that the state can formulate policies and implement regulations in one direction only. The state can seek to expand the formal by establishing policies and laws intended to expand or temper the state's power so that more aspects of citizens' everyday lives and their interactions are 'formalised'. It can also seek to incorporate elements of informality into the formal system, retaining the basic principles of the formal but tempering them with the previously informal practices. Alternatively, the state can extend its reach to protect land rights. However, the view that informality and formality co-constitute each other increases the points of intervention for progressive policy makers. From the perspective of the state, the notion that informality and formality co-constitute each other suggests both that the state has a role in producing informality and, in addition, that the state itself incorporates elements of informality. This introduces a different perspective from which to understand the implications of policy making and expands the range of interventions available to researchers and policy makers. For as the state seeks to produce policies and laws that underpin a more equitable society, policy makers have the added responsibility of understanding how this will produce new forms of informality that affect poor and marginalised people. It also has the responsibility of understanding aspects of informality within its own practices.

The key point is not that informality should be gradually erased but that the 'boundaries' between the formal and informal will always be shifting. It is the interface between the two that needs constant attention, management and reform and where the interests of poor people are compromised. The view that the state is already active in the informal takes the imperative and scope of state engagement a step further, especially by showing how the state is involved negatively for poor people or how its greater presence and commitment would enhance the land rights of poor people. This means that there is no clear 'yes' or 'no' answer to whether informality is advantageous or disadvantageous for poor people when they transact around

urban land. This ambiguity is further reinforced when an intergenerational view is adopted, as what works well for one period or phase of a poor person's land acquisition cycle, may be a problem later on (or vice versa).

This still leaves the difficult issue of terminology and the different distinctions that have been made around the terms of informal, irregular, clandestine, 'off-register', unofficial and so on. For the purposes of this research, we use the terms 'registered' to describe transactions that involve the Deeds Registry and 'off-register' to describe those that do not.<sup>11</sup>

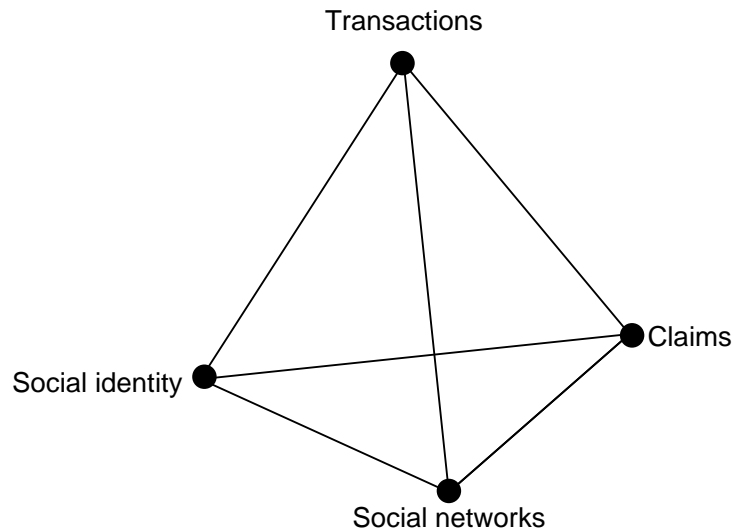
### 3.5 Evolving framework

In this section we build on the observation that land is defined by particular configurations of overlapping rights. Recognising the nature of these overlapping rights helps to decode the relative importance of the social and financial drivers of the urban land market. For example, a piece of land in an upmarket suburb is going to be defined by the rights that underscore the dominance of the financial market and give weight to rights of the state to tax any capital gains; the rights of the local state to levy property taxes; the rights of the local state to impose zoning and development controls; the rights of the neighbours to exercise by-law controls; the rights of a financial institution to claim any mortgage obligations; the rights of the Surveyor General to determine boundaries; the 'usage rights' of other people to use the land differently or more productively; and perhaps the right of future generations to inherit. By contrast, when land has a very low price, even though it is surveyed and may be subject to zoning or regulation, the state is not typically very present, and the rights of the individual are not given much attention. But in these latter areas there are very complex social negotiations that transpire over who can live where and at what cost. The data from our research suggests that in these socially dominated land markets how people negotiate or configure which rights are 'activated' or legitimised and which are subordinated is the result of the interaction between their **social identity**, the nature of the **claim** to the land, the **social networks** which the actors draw upon and the nature of the **transactions**.<sup>12</sup> In the figure below, we present this graphically in the form of a three dimensional pyramid. The space defined by the interior of the pyramid is intended to be the space in which complex interactions between the elements define the observed nature of the transaction.

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<sup>11</sup> There are broad overlaps between registered transactions and formality and 'off-register' transactions and informality, and so this nomenclature does not avoid the key binaries that have historically bedevilled research. However, the overlaps are not entirely co-extensive (van den Bergh, 2007). There are cases where transactions in the formal sector have occurred but have not been registered and also where 'off-registered' transactions have been ultimately registered. However, our primary purpose in adopting this terminology is to draw attention to the different networks or circuits that 'registered' and 'off-register' transactions entrain – primarily the financial institutions and the role of financially dominated land market logics (Sepp and Hattingh, 2007).

<sup>12</sup> It is important to note that each one of these factors are themselves indeterminate and multiple. For example, social identity is multiple. For example, a person can be a parent, worker and voter simultaneously. Social networks depend on whether a person is inside or outside of the network to determine where the boundaries are that define the network. There is always ambiguity in understandings of claims and the entitlements that follow from them. In reality, transactions are far more prolonged than the moment of contracting suggested by formal laws.

**Figure 1. Concept – pyramid of interacting elements**

Within the networks of overlapping rights, the financially dominated land markets create key sites and institutions through which people can lock-in rights to land and lock-out competing claims because they are framed as if they encompass all land and all land transactions. But the networks of overlapping rights are also informed by the existing physical layout and distribution of land use patterns of cities since these are the result of previous activities to lock-in particular rights.<sup>13</sup> In the financially dominated land market model, this is well illustrated by the maxim 'location, location, location'. But location or access is a big part of value determination in the socially dominated land market too, and these existing city land use patterns influence neighbourhood land uses.

Property economists focus on price as a key indicator of the operation of the formal or financially dominated urban land market. We do the same for the less well understood socially dominated land market, focussing on the process, rather than the monetary cost, of transaction. The reason that a focus on land transactions is so useful is because it represents a moment when the interaction of claims, networks and identity are stabilised (maybe briefly and maybe only partially). The configuration of rights that define a parcel of land and what can be done with that land are clarified for the parties to the transaction, if not at a broader societal level. Our argument is that it is people's understandings and interpretations of these transactions that are compared and aggregated to constitute the rules or frame how they act in the land market. In practice, many poor people do not understand that they are players in a land market that has financial dynamics, and they perceive the rules of the socially dominated system to be the way the system works. Indeed, it may be their failure to recognise the linkages between the social and financially determined drivers of the market that prevents poor people from moving up the 'housing ladder' to access accommodation where the rules of the financial market are more dominant.

Because land transactions take place within networks of overlapping rights and because both the social and financial dynamics are such powerful discourses and practices, the processes of comparison and aggregation that constitute the land markets of poor people must, of necessity, be framed as complex and multi-layered. In other words, land transactions in South African cities are simultaneously configured by formal and informal processes in an

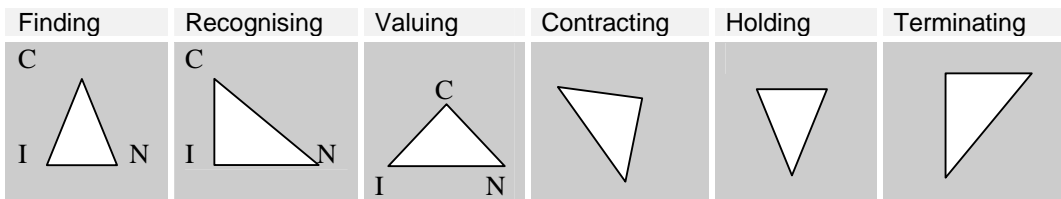
<sup>13</sup> This is why historical land use patterns are so influential in urban land markets.



arrangement that is different from that constituted in other contexts where either the financial or the social dynamic dominates. We have a fusion, where poor people access a highly structured and formalised land market, in which the state and private sector are already major actors, by utilising a set of social relationships to improve their position in the city. As it is unclear if this complex terrain is beneficial or detrimental to poor people, a better understanding of interactions that frame access to urban land is a prerequisite for policy makers seeking to improve the lives of poor people. Our research contributes to this understanding.

Our aim, therefore, is to acknowledge the overarching involvement of the state and market in urban land in South Africa and then to attend to the social identities that people draw upon and express; examine the range of claims that they make on land; and explore the social networks they activate in their transactions around land. It is possible to go into further detail by analysing how the interactions of social networks, identities and claims affect different stages of transactions. We do this by making visible the interaction of social networks, identities and claims within each ‘step’ of a transaction (as identified earlier) so as to draw out the operation of informal urban land markets.

**Figure 3. Conceptual model**



We map the different configurations of identity, networks and claims within the steps of transactions as depicted in the figure above.

In each step of a transaction, the ‘weighting’ and configuration of the variables is different and changes. By depicting different shape triangles we hope to show this. For example, a person’s identity as a Black isiZulu-speaking woman from Eshowe may be very advantageous to contract around land in an informal settlement, but this identity might be disadvantageous once a claim has been made and the woman is occupying the land. Once occupation has been obtained, an identity as a person lacking municipal services or as a worker may be more emphasised. Similar points can be made about social networks. Specific networks are necessary to find others to transact with. However, these networks may be less important in other steps in the transaction, or may change in configuration, so that while family networks might be important to find opportunities, neighbourhood networks are more important to prove claims when people are holding land.

There are four types of land rights people can claim: renting, owning, sharing and ‘borrowing’.<sup>14</sup> It is important to note that these rights in land are not exclusive on any parcel of land. For example, one person might own the land, a part of which someone might have a sharing arrangement, another part of which is being ‘borrowed’ and the borrower could be renting out a portion to another. These claims can be pursued through a number of institutions and networks such as the:

<sup>14</sup> ‘Borrowing’ in this sense is similar to the ‘temporary pledging’ of unused land which should be returned upon request and that is more common in communal land systems where the property right attaches to the individual rather than a specific piece of land (Deininger and Feder 1998, 3). Unlike communal systems, however, there are aspects of urban living that ‘lock in’ land uses through, for example, the provision of infrastructure and services and the investments of political interests in particular settlements. The reaction of the ‘lender’ is also far more uncertain in urban areas.

- Judicial system
- Regulatory system
- Fiscal system
- Social systems
- Political system

The types of right that people are able to transact around are shaped by the identities that they are drawing upon (or the repertoires that are available to them) and the networks of which they imagine themselves to be a part. The claims are themselves neither static nor exclusive. A person might be ‘borrowing’ land by residing in an informal settlement but own a right to an RDP house through simultaneously being on a municipal housing waiting list.

Our argument is that this model is as applicable in formal and wealthy urban areas as informal and poor areas. But, in this research we have focused on the areas commonly presented as informal and poor. In the next section, we proceed to analyse the data, beginning with informal settlements, then RDP housing projects and then the settlements chosen at the metropolitan level. Before continuing with the data analysis, we briefly demonstrate how the quantitative survey drew on this conceptual model.<sup>15</sup>

The quantitative questionnaire schedule was structured to generate data on the four elements of the pyramid graphic – transactions, social identity, social networks and claims – presented in **Error! Reference source not found.** The schedule began by collecting basic socio-demographic information to enable the analysis to locate the respondents in relation to other residents of the metropolitan areas and using previous data sets such as the Census 2001. A key issue that emerged in the qualitative survey was the structure and extent of family networks. For this reason, data was generated on different aspects of the respondents’ households.

The remainder of the questionnaire schedule was structured in terms of the different steps in the land transaction process: finding, recognising, valuing, contracting, holding and then trading/selling land. Issues of social identity were investigated through questioning respondents’ motivations for transacting and whether they were in response to particular livelihood ‘shocks’ or ‘triggers’. In each of the different steps of the transaction process, data was generated on social networks. In the section relating to the step in the transaction process of ‘holding land’, the types of claims that people held were explored. This section also generated data on responses to situations where there were disputes about transactions. At three of the key steps, data was generated on how much time and money it took to complete the steps. The schedule concluded with open-ended questions that sought to capture respondents’ perceptions of land supply and demand, the conditions under which it was appropriate to make a profit from a transaction, and how the land transaction process might be made cheaper and more efficient. The result was that data was generated on each step of the transaction process in terms of the elements of the conceptual pyramid (**Error! Reference source not found.**)

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<sup>15</sup> For more details, see the accompanying methodological report.

## 4 Research findings

### 4.1 Cape Town

This is the first city profile in a series of three, the other two being Ekurhuleni and eThekweni Municipalities. The profile outlines the research findings for Cape Town. The section begins with a brief description of the three selected case study settlements and presents demographic data to locate these settlements in terms of broader data for Cape Town obtained from the Census 2001.<sup>1</sup> The research findings consider what motivates people in these settlements to transact around land, their origins in relation to the type of settlement they are in now and the types of land qualities they value when they move. The bulk of the research findings focus on the process of transacting before some broader analyses are presented on the nature of land markets in Cape Town.

#### 4.1.1 Description of the case studies

In this section, we present a brief history of the different case studies gained from the perspectives of key informants in the case studies.

##### 4.1.1.1 Delft

People first moved to Delft in 1989 from different areas around Cape Town. Two important sources were informal settlements and backyard shacks. The allocation of subsidy houses in the area is more or less equally divided between Coloured and African households.<sup>2</sup> In the perceptions of the residents, there is a lack of Municipal control over land uses and the development of new uses. For example, sports facilities are provided but are not functioning properly, and trading on the main road poses hazards. The level of state supply of low cost housing in Cape Town does not appear to have kept up with demand, and this has resulted in the emergence of backyard shacks in Delft. The programmes to tackle crime are paying dividends, and there are signs that the supply of housing is starting to be differentiated in terms of tenure types.

##### 4.1.1.2 Nkanini

People started moving into Nkanini informal settlement, located adjacent to Khayelitsha, in about October 2003. For the first month, there were only 30 shacks, and the City of Cape Town threatened to demolish them. When these shacks were not demolished, other people took this as a signal, and significant numbers of people moved onto the site in December 2003.<sup>3</sup>

<sup>1</sup> This data is based on Census 2001 data as adjusted for the new municipal boundaries on 9 December 2005 (See <http://www.statssa.gov.za/census01/html/C2001Interactive.asp>).

<sup>2</sup> There are also reported to be two White households now living in Delft.

<sup>3</sup> Whether planned or not, the timing was fortuitous for the people because the Council had limited capacity to respond over the Christmas period.

### 4.1.1.3 Manenberg

Manenberg is an older settlement whose beneficiaries were allocated public housing in the late 1960s. Coloured people were forcibly relocated to Manenberg in the early 1970s from areas in the city that were designated for White people, including Claremont, District Six and Newlands. Because Coloured people had very few other choices to acquire land anywhere else, they had little option but to move to Manenberg. The concentration of poverty and unemployment has had serious consequences for people living in the area. The tenure is predominantly rental, although some land in the adjacent Downs area has been sold to the occupants.

### 4.1.2 Demographic data

In order to get some indication of the broader trends, data contained in the 2001 Census was compared with the demographic data generated in our research to provide an indicative sense of the demographics of the case studies and the types of settlements they represent.<sup>4</sup>

#### 4.1.2.1 Age

In this section, we consider the age of the household heads as an indicator of the stage in their household life cycle. The household lifecycle is a useful measure for predicting the potential future demand for land. The stage in the household life cycle is also an important indicator of the financial resources of the household. Generally, the younger the household is, the less the amount of financial assets available. The data can be used to determine in general terms where, for example, poorer and younger households are likely to access and trade land in urban areas.

**Table 1. Age by race group of household head (Cape Town)**

Age	African	Coloured	Indian/Asian	White	Not applicable	Total
0-14	0.05%	0.03%	0.00%	0.00%	0.00%	0.03%
15-24	9.02%	2.99%	5.82%	3.69%	0.00%	5.15%
25-44	62.30%	50.25%	48.19%	38.18%	0.00%	50.85%
45-64	24.31%	36.44%	36.61%	36.37%	0.00%	32.46%
65+	4.32%	10.29%	9.38%	21.76%	0.00%	11.37%
Not applicable	0.00%	0.00%	0.00%	0.00%	100.00%	0.14%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Source: Census 2001*

In the Census 2001 results, the African and Coloured populations are relatively more youthful than the other race groups. One implication of this is that their demands for space are likely to increase as households grow and fragment. This is particularly important in a context where African and Coloured household heads comprise 72% of household heads in Cape Town (Census 2001).

<sup>4</sup> The time lapse between the surveys makes strict comparisons difficult. However, the comparisons are useful for drawing attention to broad trends.

**Table 2. Age by race group of household head by settlements (Cape Town)**

	Total Cape Town (Census 2001)	Delft	Nkanini	Manenberg
0-14	0.03%	0%	0%	0%
15-24	5.15%	4%	17%	23%
25-44	50.85%	68%	73%	50%
45-64	32.46%	29%	10%	29%
65+	11.37%	0%	0%	0%
Not applicable	0.14%			
Total	100.00%			

Table 2 compares the total distribution of household heads by age group for metropolitan Cape Town with the distribution of household heads by age group for the case study areas. The purpose of the comparison is to obtain an indication of where in the household life cycle households are seeking land. It is clear that the informal settlement of Nkanini has a higher proportion of young household heads (17%) than Cape Town as a whole. Although 23% of household heads in Manenberg are in the 15-24 years age group, the majority of household heads are older. This is reflected in the median ages of household heads in the case studies, which are 32 years for Nkanini, 40 years for Delft and 57 years for Manenberg. This suggests that younger households consider the 'informal settlement route' as a way of resolving their locational and space needs. As will become evident in the sections below, the younger households are also mainly African and female-headed.

#### 4.1.2.2 Race

In our quantitative survey in Nkanini, 100% of the respondents were African. In Delft, 51.4% were African and 48.6% were Coloured. In Manenberg, 98.6% were Coloured and 1.4% African. The distribution of African and Coloured race groups in Delft reflects an active policy on the part of the Cape Town City Council to allocate RDP land and houses to informal settlement dwellers and inhabitants of 'Wendy houses' (prefabricated wooden sheds) in predominantly Coloured areas.<sup>5</sup> Race remains strongly associated with income, and hence the racial composition of settlements is not only an important parameter of social identity but also poverty levels.

#### 4.1.2.3 Gender

Previous research (c.f Fortmann 1998; Manji 1998; Rakodi and Leduka 2004) concluded that gender is an important aspect of urban land transactions because gender is associated with differences in income levels, patterns of inheritance, bargaining systems and household reproduction responsibilities. In Table 3, we present the data on the gender of household heads for metropolitan Cape Town. The consistent pattern for the metropolitan population is that male-headed households comprise roughly two thirds of households.

<sup>5</sup> There are a variety of terms to describe a secondary dwelling on a single parcel of land. These terms include backyard shacks, Wendy houses, domestic worker dwellings and second dwellings. The terms often coincide with the racial distribution of people within the cities. Backyard shacks tend to be found in African townships, and Wendy houses tend to occur in Coloured areas. Domestic worker dwellings and second dwellings are more common in historically white areas of the cities; however, this appears to be changing rapidly, and lower income areas are now developing second dwellings (Kuhn 2007).

**Table 3. Gender of household head and race group (Cape Town)**

	African	Coloured	Indian/Asian	White	Total
Male	60.26%	64.42%	74.12%	68.53%	64.29%
Female	39.74%	35.58%	25.88%	31.47%	35.71%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2001

It is evident in Table 4 that female-headed households account for a greater proportion of households in the case study areas than in metropolitan Cape Town as a whole. This would suggest that the informal settlements, RDP housing and council housing are all settlement types where female-headed households find it easier to survive. However, it is important to note that there may be greater proportions of female-headed households in the different settlements for different reasons. Our research is not able to provide a definitive answer to this question. It is possible to suggest that gender is an important component of the social identities that people express in their transactions with others.

**Table 4. Gender of household head by settlements (Cape Town)**

	Total Cape Town (Census 2001)	Delft	Nkanini	Manenberg
Male	64.29%	33.3%	35.7%	23.9%
Female	35.71%	66.7%	64.3%	74.6%

#### 4.1.2.4 Tenure status

The Census 2001 essentially recognises three categories of tenure: ownership, rental and 'informal occupation' (disregarding the category of 'not applicable'). It is useful to consider the distribution of households within race groups across the tenure types to gain a sense of the patterns of familiarity with different forms of tenure. While the definitions of tenure in the Census 2001 are narrower than the concept of claims we have relied upon in this research, the Census 2001 serves to indicate broad patterns which are explored in more depth as the research findings are presented.

**Table 5. Tenure status within race groups (Cape Town)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal ownership	40.58%	65.31%	67.84%	72.75%	0.00%	59.23%
Rented	19.66%	28.06%	28.83%	23.22%	0.00%	24.04%
Occupied rent-free	36.07%	5.58%	1.91%	1.62%	0.00%	14.31%
Not applicable	3.69%	1.05%	1.43%	2.41%	100.00%	2.41%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2001

Table 5 shows that the proportion of African household heads that have their tenure status recorded as 'occupied rent-free' is much higher than the other race groups and that the proportion of African household heads that have an ownership status is much lower than the other race groups.

If the category 'occupied rent-free' is generally equated with informal settlements, then Table 6 indicates that African household heads account for roughly 81.3% of household heads in informal settlements. Despite being a minority race group, White household heads account for nearly a third of households that have formal ownership. The data also suggests that there is a

high familiarity with rental tenure arrangements, with at least a quarter of household heads in the major race groups in Cape Town involved in rental.

**Table 6. Tenure status by race groups (Cape Town)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal ownership	22.10%	43.97%	1.48%	32.46%	0.00%	100.00%
Rented	26.38%	46.54%	1.55%	25.52%	0.00%	100.00%
Occupied rent-free	81.30%	15.55%	0.17%	2.98%	0.00%	100.00%
Not applicable	49.45%	17.35%	0.77%	26.43%	6.00%	100.00%

Source: Census 2001

There is a strong link between tenure status of the household head and the type of dwelling they inhabit.

#### 4.1.2.5 Type of dwelling

In Table 7, it is clear that the informal settlements are predominantly African and that transacting 'off-register' is an important means of finding a location and space in Cape Town. It is also clear that backyard shacks are more important for Africans than any other race group in Cape Town. In terms of the Census 2001 results, there are more African households transacting 'off-register' than within the Deeds Registry (assuming that formal dwellings are generally associated with at least one transaction that involves the Deeds Registry).

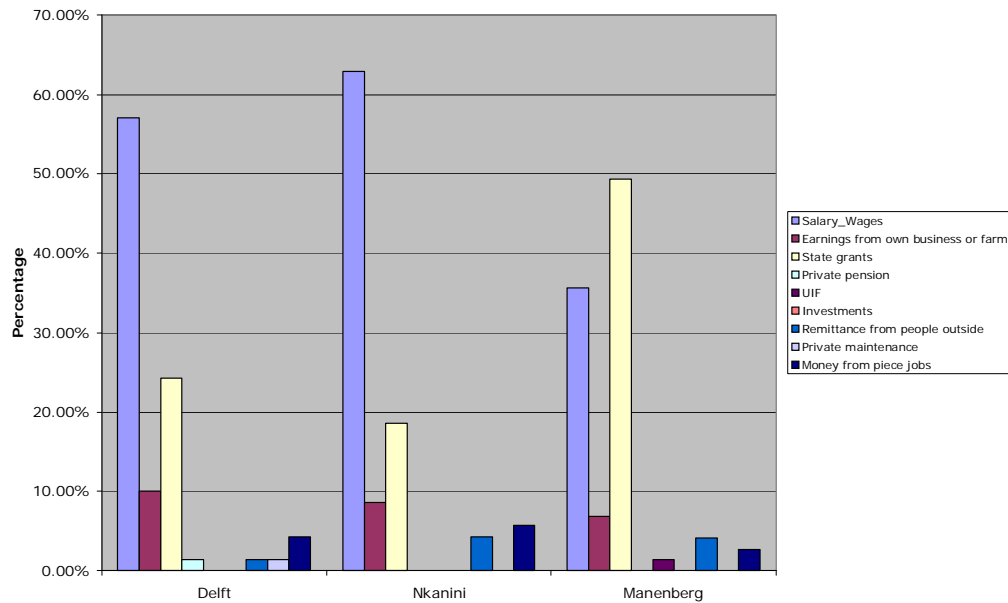
**Table 7. Dwelling type by race group (Cape Town)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal dwelling	43.54%	91.15%	95.84%	96.11%	0.00%	77.03%
Traditional dwelling	2.48%	2.10%	1.61%	0.90%	0.00%	1.90%
Backyard shack	8.32%	3.72%	0.62%	0.15%	0.00%	4.22%
Informal dwelling	41.46%	1.79%	0.36%	0.25%	0.00%	14.16%
Caravan or tent	0.49%	0.17%	0.12%	0.16%	0.00%	0.27%
Private ship/boat	0.02%	0.03%	0.03%	0.03%	0.00%	0.02%
Not applicable (institution)	3.69%	1.05%	1.43%	2.41%	100.00%	2.41%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2001

#### 4.1.2.6 Source of earnings

The source of household earnings is important to consider because it provides some indication of the extent to which transacting 'off-register' around land is associated with informal types of employment. In Figure 1 below, our survey shows that the most important source of income for the majority of household heads in Nkanini and Delft is salaries and wages. The conventional wisdom is that living informally equates with informal employment.

**Figure 1. Most important source of household income (Cape Town)**

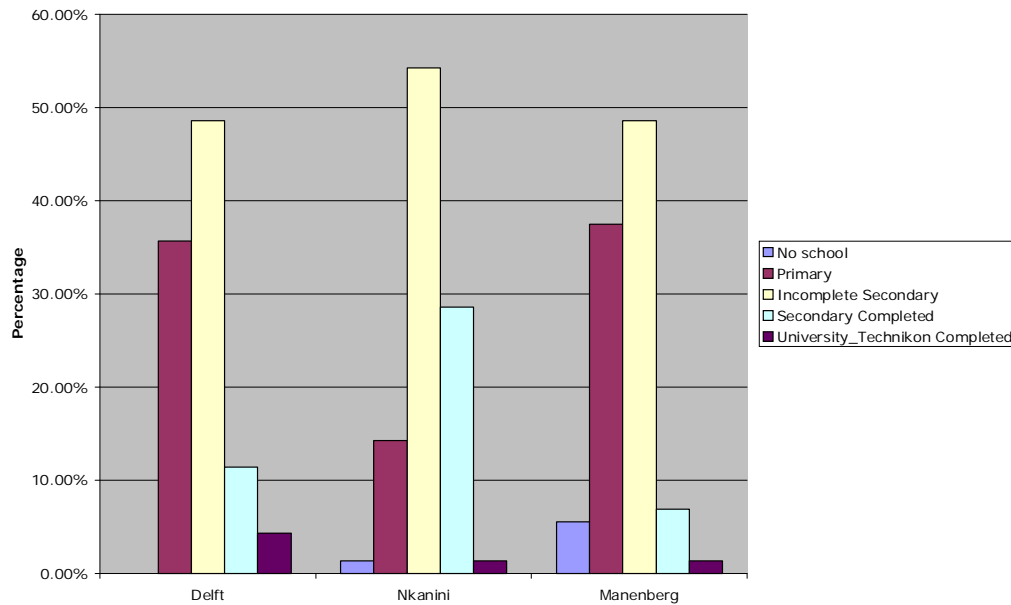
However, Nkanini contradicts this by suggesting that out of the three case studies in Cape Town, its household heads are the most integrated into the formal/registered metropolitan economy. The other striking trend that emerges from Figure 1 is that the level of dependence on state grants is the lowest in Nkanini and the highest in Manenberg in this comparison. A wide range of variables could explain this outcome. It could be a function of race, length of time in the city, age of the settlement, level of education, initiatives of the state or other factors. This result requires further investigation.

#### 4.1.2.7 Level of education

Levels of education are generally positively related to possibilities of obtaining higher paying employment and are therefore a good predictor of income levels in South Africa.<sup>6</sup> There are a number of trends to observe in the Cape Town settlements. First, a relatively low percentage of household heads have completed secondary school. The implication is that these household heads will struggle to find employment and, when they do, it will generally be low paying. Secondly, the percentage of household heads that have not completed secondary school is relatively consistent across the three settlement types, suggesting that household heads in the different settlements are all participating in similar labour markets and have similar earnings potential. Thirdly, the higher number of household heads that have completed secondary school in Nkanini probably reflects the predominance of more youthful household heads when compared to the other two settlements (See Table 2).

<sup>6</sup> Calculations of levels of household income are provided in the settlement profiles.



**Figure 2. Highest level of education of household head by settlement (Cape Town)**

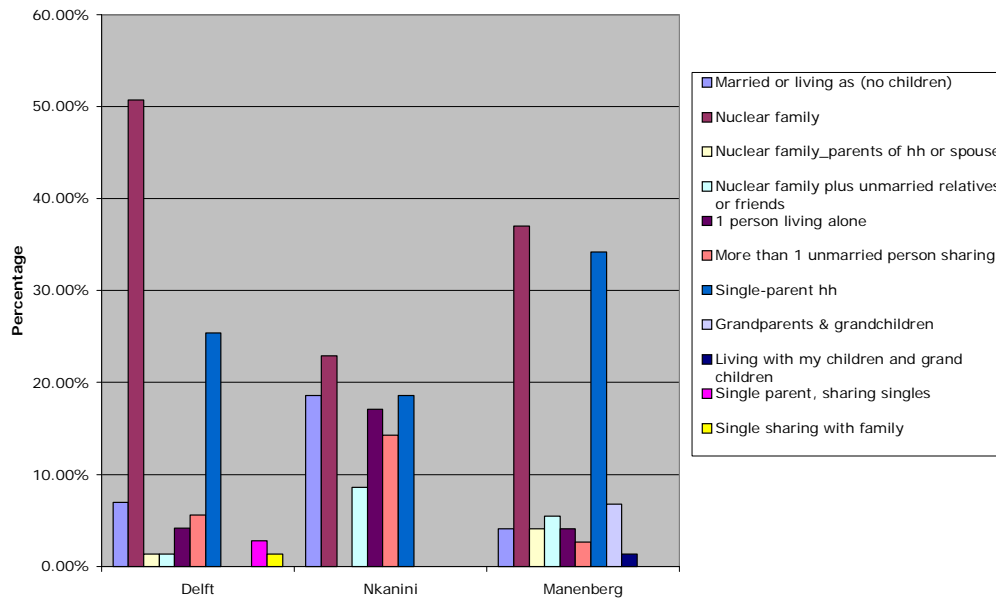
#### 4.1.2.8 Household structure

It is important to cross reference household structure with the age of the household head and his or her level of education. This combination provides a better sense of whether the household is likely to be able to improve its situation in the short term.

Figure 3 shows that Delft and Manenberg are characterised by a predominance of two types of household structure: nuclear families and single parent households.<sup>7</sup> Nkanini displays much more variety. Nuclear families and single parent households comprise a much smaller majority, with a significant proportion of households consisting of a single person living alone. This can be explained by the institutional barriers that are maintained by the state on accessing RDP and council housing. The greater proportion of younger household heads in Nkanini is also likely a relevant factor. Contrary to expectations that household structures consisting of grandparents and grandchildren would be noticeable, there is little to suggest that HIV has had an impact on household structures in the settlement areas.<sup>8</sup> A pattern of household structures that contain children – either in nuclear family or single parent arrangements – is observable in all the settlements, suggesting that the social identity of being a parent could be an important factor in motivating transactions and an important factor in calculating the terms of the transaction.

<sup>7</sup> Nuclear families are defined as households with two adults and a child or children.

<sup>8</sup> HIV prevalence rates in Cape Town are currently estimated at 16% (report.l surveillance data and extrapolated across the population as a whole) (Isandla Institute 2007, 17).

**Figure 3. Household structure (Cape Town)**

#### 4.1.2.9 Summary

From the demographic data, the following patterns emerge in the case studies in Cape Town:

- The household heads tend to be female, younger and African. This has implications for both the social identities these household heads express and the social networks they belong to.
- The Census 2001 shows that more African household heads transact 'off-register' than within the Deeds Register, providing a wide range of commonly held experiences and expectations of such transactions.
- The majority of household heads are linked into the formal metropolitan economy which has implications for people's sense of purpose in the city as well as their expressions of social value amongst their family and friend networks.
- The majority of household heads have household structures that include children.

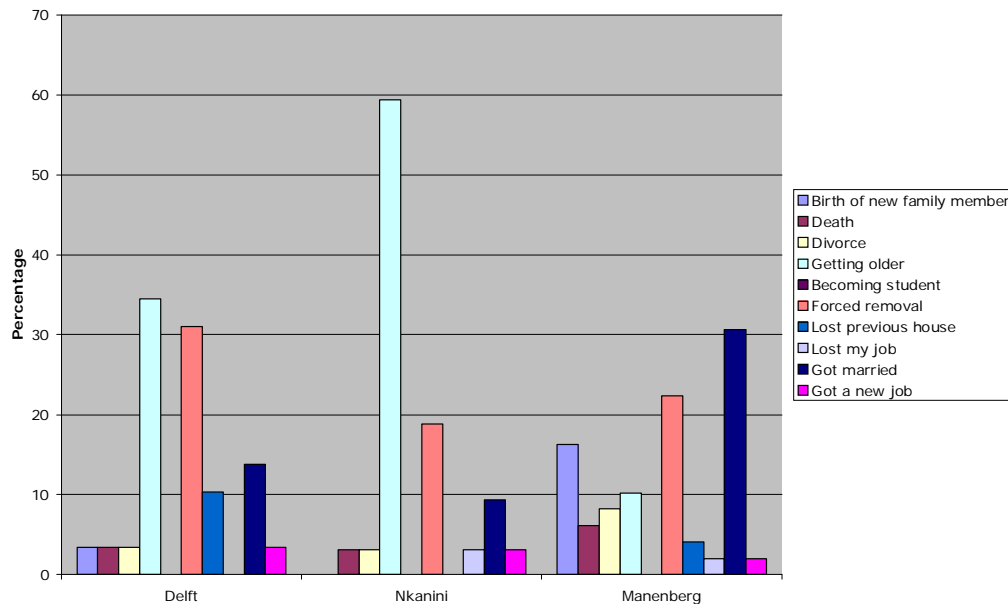
#### 4.1.3 Motivations

The percentage of households that were motivated to move to Nkanini because they were 'getting older' is striking and reinforces the data that suggests that a large proportion of household heads in Nkanini are young nuclear family or single parent households. We can understand their move as a response to the physical need for space for an independent household as well as the societal expectations that a successful emerging household should not be confined to living in a backyard shack. The social pressure of a norm of accessing an independent space in the city can also be observed in Delft with the most popular motivation for moving being that the household head felt that it was 'right' to have their own place. This suggests that part of the process of establishing independence, as a newly formed household, is to be able to express this social identity in a claim to autonomous household space. These expressions of autonomy associated with being seen as a young household are reinforced in Nkanini and Delft with another 10% and 13%, respectively, stating that the reason for their move was that they assumed a new identity as a spouse. Surprisingly, becoming employed or

unemployed does not figure as an important motivating factor in Nkanini. However, the data on why household heads valued Nkanini as a place to live reveals that ‘access to jobs’ was not ranked highly as a value (See Figure 6). The assumption of taking on new identities associated with marriage and becoming parents are most evident in Manenberg and possibly link to a greater ability to express cultural norms about the autonomy of newly formed households.

The relatively high proportion of household heads indicating that they were ‘forced’ to move to the different areas should be treated with caution. In Nkanini, it is likely that they felt that they had no other option. In the context of Delft, it is likely to mean that the household heads were not presented with any other options in terms of where the RDP land and house assigned to them was located. In Manenberg, household heads may have had very little option over which place they were allocated by the Municipality, and, in addition, this settlement may include household heads that were forcibly removed from ‘White’ areas of Cape Town in the late 1960s and early 1970s.

**Figure 4. Motivation to move (Cape Town)**

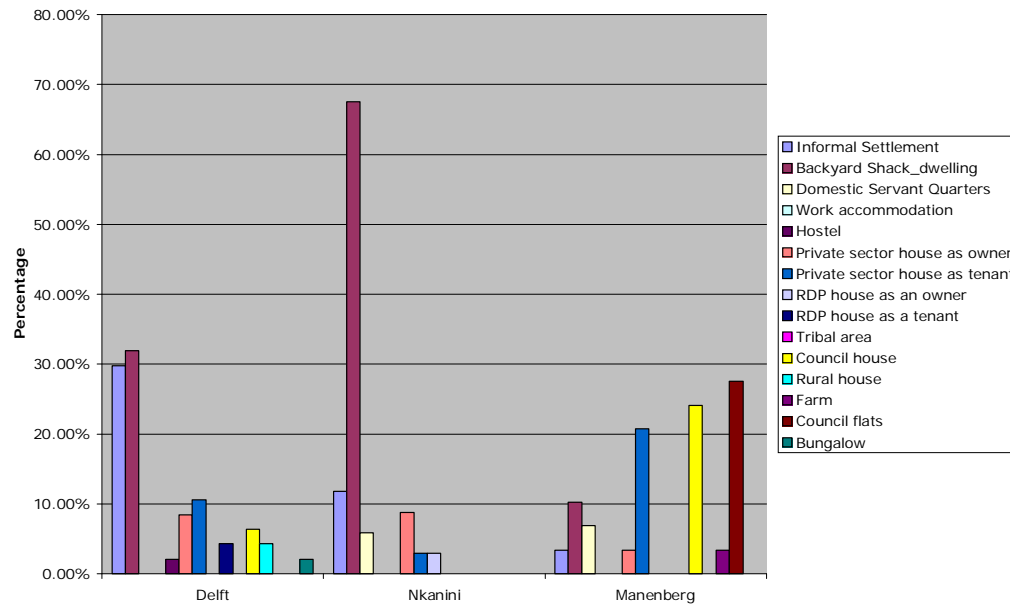


#### 4.1.4 Origins and movement

In Figure 5, the overwhelming proportion of households that moved from backyard shacks to Nkanini is clearly evident. The allocation system of Delft indicates that fairly equal numbers of people have come from backyard shacks and informal settlements. This reflects a political decision to allocate new RDP houses to constituencies in backyard shacks and informal settlements. It is worth recalling that the population of Delft was fairly evenly split amongst African and Coloured race groups (See Section 4.1.2.2). What is interesting about Manenberg is that a large proportion of people have come from existing rental arrangements such as other

council houses, private sector tenancies or rental of backyard ‘Wendy houses’ elsewhere in Manenberg.<sup>9</sup>

**Figure 5. Location of previous place (Cape Town)**



There are important gender differences in the movement patterns of male and female household heads. In Delft, about 47% of male-headed households came from an informal settlement while only 21% of female-headed households did so. More female-headed households (32%) came from backyard shacks than male-headed households (29%). About twice as many female-headed households (10.7%) came from private sector houses they owned than did male-headed households (5.8%).<sup>10</sup> In Nkanini, although only about one-third of all household heads are male, 82% of male-headed households came from backyard shacks. Nine per cent came from other informal settlements, and 1 (0.8%) male-headed household owned a house in the private sector. For the two-thirds that make up female-headed households, 61% came from backyard shacks and 13% from informal settlements. Two (1.1%) female-headed households came from houses they owned in the private sector. Another 1.1% came from domestic quarters. In Manenberg, 20% of male-headed households came from backyard shacks while the equivalent figure for female-headed households is 9.09%. More female-headed households come from private sector houses as tenants and council houses than male-headed households.

### 4.1.5 Valuations

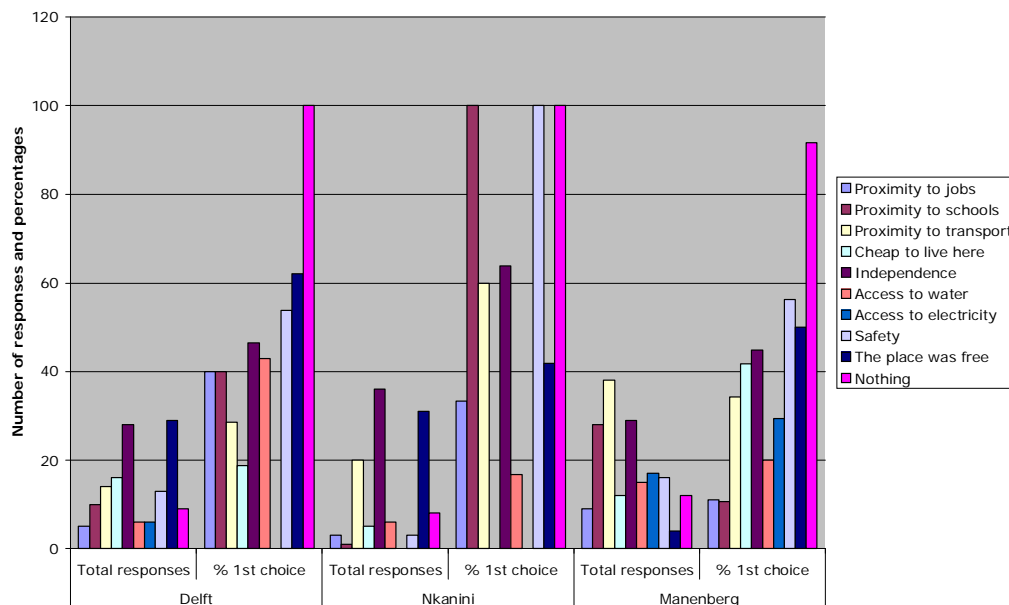
The survey sought to understand what household heads valued about the location and qualities of the land they were moving to, before they moved. In Delft, the two categories that record the highest number of responses are ‘independence’ and that the ‘place was free’.

<sup>9</sup> A fair proportion of households have constructed ‘Wendy houses’ to accommodate growing families or additional household members. It is unclear whether these ‘Wendy houses’ are rented out as an income generating strategy.

<sup>10</sup> This may be as a consequence of the outcome of divorce settlements.

These two factors are also mentioned by a high number of respondents as the most important value influencing their move to Delft. The absence of valuing access to public amenities in Delft and Manenberg (and Nkanini) is an important one, and we will return to it in the recommendations to follow. Nkanini reflects the predominance of similar values. In Nkanini, the possibility of being independent is the highest recorded value, and more than 60% of those who value ‘independence’ rank it as their first choice. The possibility of finding a piece of land for free appears as the second most important factor in Nkanini. In Manenberg, ‘proximity to transport’ is widely valued, as is ‘independence’.

**Figure 6. At the time of moving here, what did you value about this place (Cape Town)?**



It should be noted that Figure 6 contains two types of data. The first set is the unweighted and total number of responses to the category. The second set is the percentage of responses that selected the value category as their first choice. To be able to display the relationship between the total number of responses and the percentage chosen as a first choice, the unweighted responses were used in this case. This combination of data enables a comparison between the number of total responses and the percentage chosen as a first choice. For example, a large number of total responses but a small percentage choosing that category as their first choice will indicate that the issue expressed by the category is generally important but not the most important. Conversely, a small number of total responses but a high percentage as a first choice indicates that the value represented by the category is very important but only for a few people. A good example of this is in Figure 6, where a small number of people valued ‘proximity to schools’ in Nkanini, but, of those who did, all of them ranked it as their first choice. Another example is the people who responded that they did not value anything (‘nothing’) about their current location. The number of respondents who did not value anything is very small, but this small minority feel very strongly about their response. Thus all of them recorded it as their first choice.

#### 4.1.6 Transactions

In this section, we describe key steps in the process of transacting:

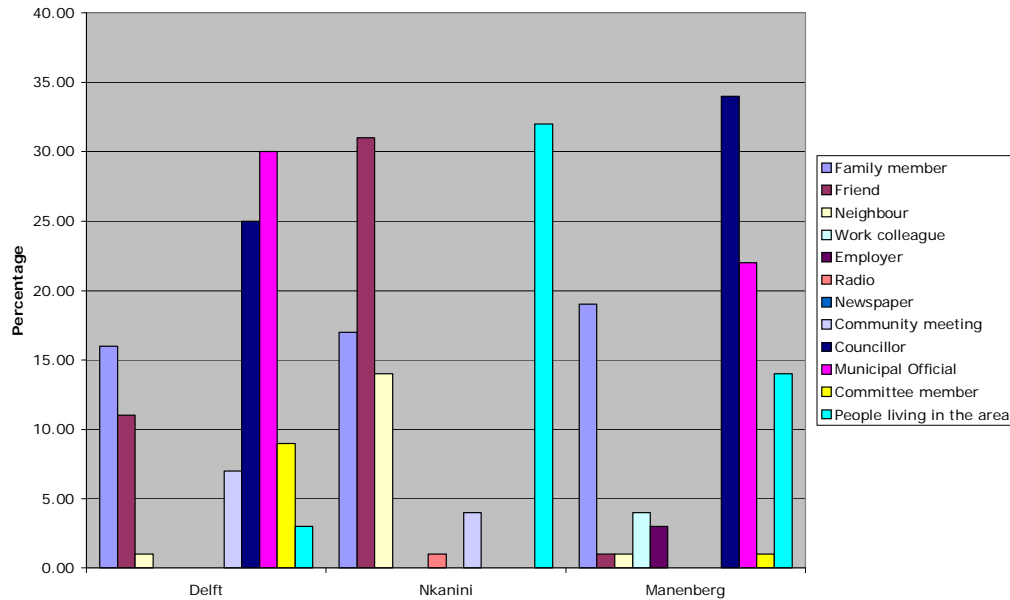
- finding others to transact with,
- checking the trustworthiness of the other parties and

- making the agreement.

#### 4.1.6.1 Finding others to transact with

As in most of the case studies in the other two metropolitan areas, family and friendship networks are the primary means through which people find others to transact with around land. Figure 7 shows that this is overwhelmingly true in Nkanini. It is also evident that friends and family members play a key role in this respect in the two other case studies, although theoretically such transactions should be entirely through the municipal systems. In Delft, family members and friends count for about 27% of instances and a similar proportion in Manenberg. These networks could be used to find ‘official’ opportunities to be allocated a piece of land and a dwelling, or they could be used to transact ‘off-register’.

**Figure 7. Finding others to transact with (Cape Town)**



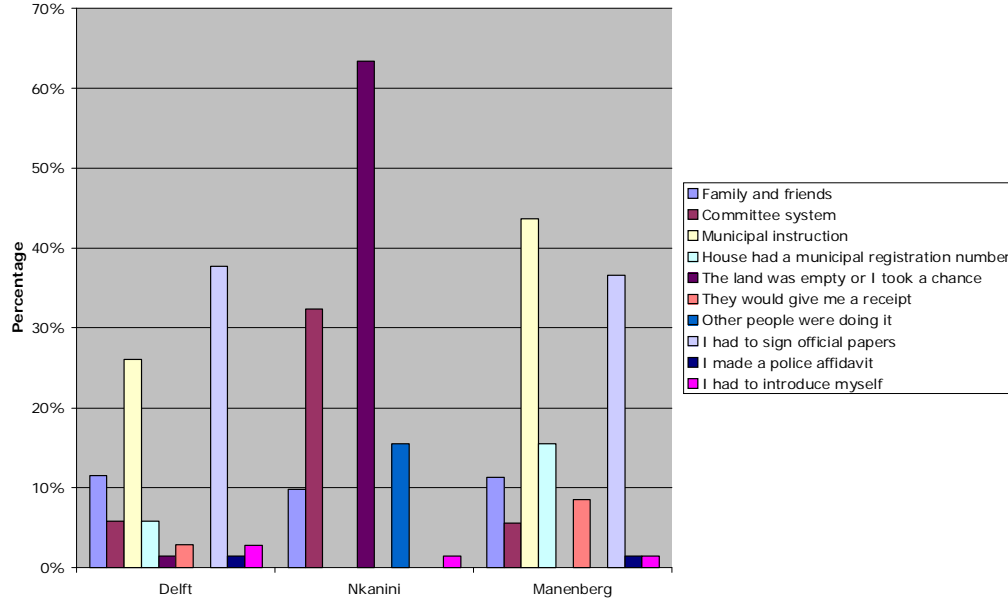
#### 4.1.6.2 Establishing trustworthiness

In ‘registered’ land transactions, professional conveyancers are used to establish the trustworthiness or legitimacy of claims of rights to land. ‘Off-register’ transactions do not normally have access to these services. Therefore, the survey analysed how parties to ‘off-register’ transactions establish the *bona fides* of the claims of the other parties to the transaction.

Figure 8 shows that in both Delft and Manenberg – two areas where the allocation of land is legally allocated by the City of Cape Town – the most important means through which people gained assurance of the transaction was through ‘signing official papers’ or acting under ‘municipal instructions’. In Nkanini, the survey results reveal that people are prepared to take substantial risks to access land, and they consider whether ‘other people are doing it’ as an important gauge of the precariousness of accessing land in this way. The fact that just over 30% of household heads reported that their assurance came from the ‘committee’s system’ indicates the emergence of some forms of social order and that Nkanini is moving into the second phase of informal settlement. The implication of this is that the nature of claims that

people hold are likely to be changing and hence, also the nature of transactions that are occurring. In the next section we focus specifically on the types of claims that people are transacting over.

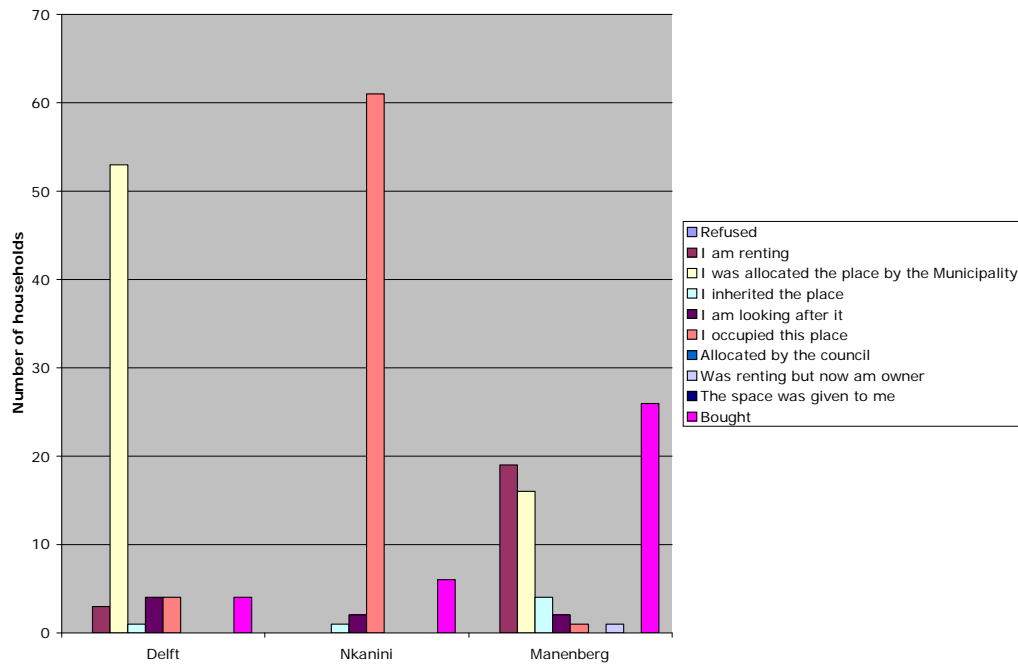
**Figure 8. Means of gaining assurance of trustworthiness of the other party (Cape Town)**



### 4.1.6.3 Types of claims

In this research, we have distinguished between four main categories of claims: ownership, rental, sharing and temporary borrowing. In Delft and Manenberg, the delivery mechanism within the Deeds Register was through public allocation and resulted in claims of ownership and rental, respectively. Nkanini represents a form of ‘self-allocation’ resulting in claims of temporarily borrowing the land. What is remarkable about Figure 9 is how one type of claim tends to predominate in each of the settlement types. This research finding is consistent across the different settlements across the three metropolitan areas and points to a lack of diversity in the types of claims that poor people can make in urban areas.

**Figure 9. Types of claims by settlement (Cape Town)**



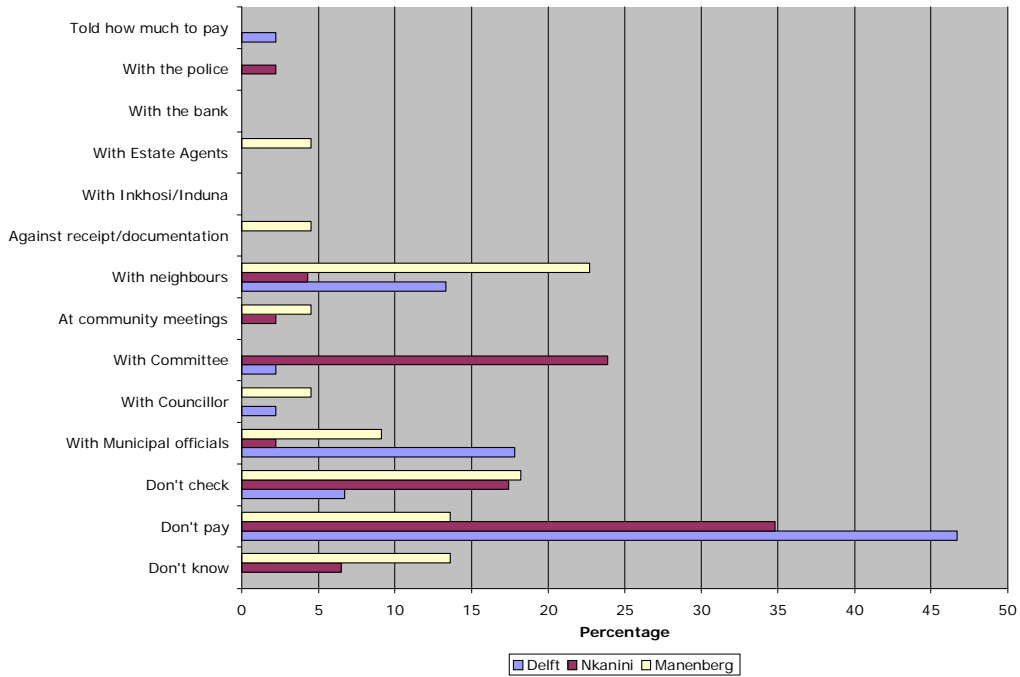
The responses recorded for the claim of ownership ('bought') requires comment for in each settlement since the responses have different meanings. In Delft, the responses to 'bought' indicated the occurrence of 'off-register' transactions (See Section 4.1.7). The responses in Nkanini are likely to reflect the emergence of Nkanini into the second phase. In this instance, 'bought' refers to claims on the rights to future development in the form of RDP housing provided by the City Council and as reflected in the faith put in municipal numbering (see Figure 27). In Manenberg, the sample area included a portion of the Downs area, and in this area households have had the option to purchase their land and dwellings.

#### 4.1.6.4 Calculating

Evidence of a socially dominated market emerges clearly in response to questions around how household heads calculated what would be exchanged in different transactions. One of the largest set of responses is to the category of 'don't pay'. In Delft and Nkanini, the land was publicly allocated and 'self-allocated', respectively, and therefore it is not surprising that there are a high number of responses recorded for this option. For those that do pay something in Nkanini, 'checking with the committee' is the most important option. In such cases, the prices are likely to be strongly influenced by social relationships and social dynamics. In addition, there is also a fair proportion of household heads in Nkanini that either 'don't check' or 'don't know', suggesting that price is not the most important variable in the transaction.



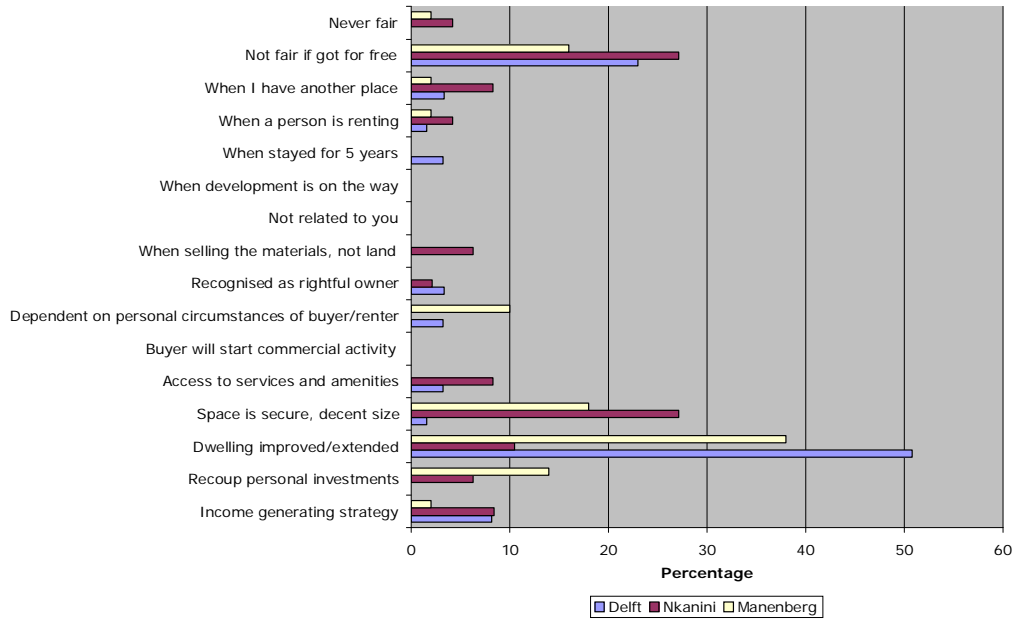
**Figure 10. How do you check the price (Cape Town)?**



In a socially dominated market, the ability to make a profit will be mediated by the social relations established through the transaction. This is to be differentiated from a financially dominated market where the profit will be mediated by the price that sellers are willing to set and buyers willing to accept for particular claims to land. The survey sought to understand the conditions under which it would be considered fair and unfair to make a profit from a transaction in the different settlements.

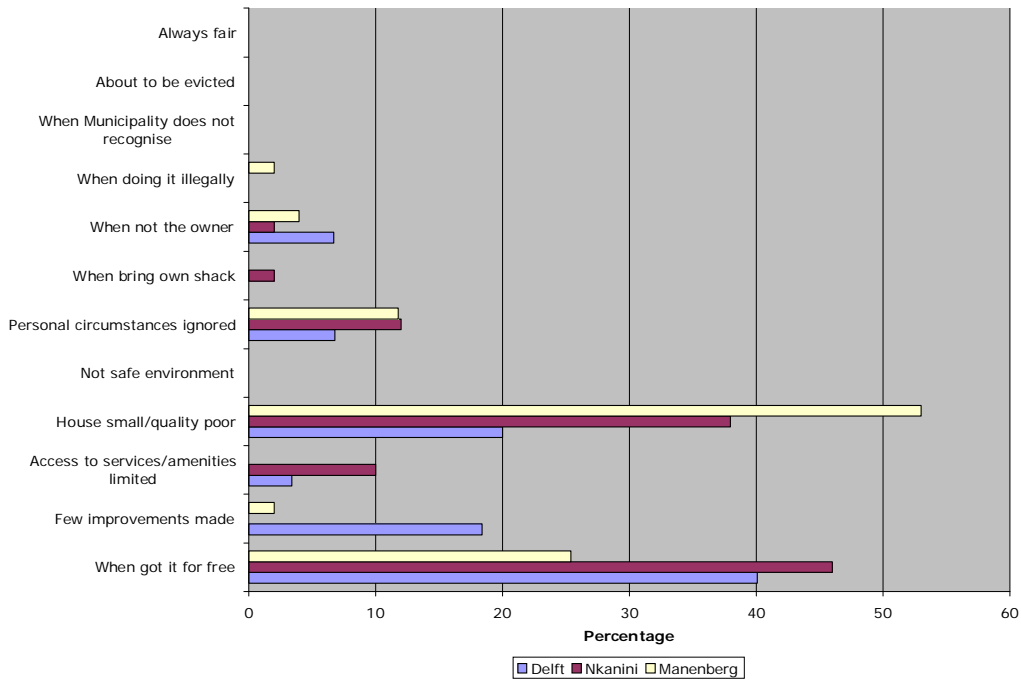
Figure 11 and Figure 12 should be read together. Ostensibly, only a few of the households in Manenberg should be able to make profits from their claims to land, all of the inhabitants of Nkanini are living there illegally, the pre-emptive clause has not expired on the RDP houses in Delft and the majority of residents in Manenberg inhabit publicly allocated rental housing. Indeed, there is a significant cluster of responses in all the settlements in Figure 11 that indicate that it is not considered fair to make a profit if the household originally received the land and house for free. However, there is a larger cluster that indicated that if improvements or extensions had been made to the land and dwellings then it would be fair to charge a profit. There are a small proportion of respondents in Nkanini who reported that it would be fair to make a profit if the land is well located in relation to services and amenities. The existence of social norms is evidenced by the number of responses in Nkanini that indicated that if the space was of a 'decent' size and quality it would be fair to make a profit.

**Figure 11. When is it fair to make a profit (Cape Town)?**



The results represented in Figure 12 confirm the trends observed in relation to when household heads thought it was fair to make a profit from another person wanting to live in the area.

**Figure 12. When is it unfair to make a profit?**



A significant number of respondents feel that it is unfair to make a profit if the land and dwelling were originally obtained for free. Furthermore, social norms are in evidence in that what counts as ‘small’ or ‘quality’ space is highly subjective. A few household heads indicated that it would be unfair to make a profit if ‘personal circumstances’ were taken into

account. Interestingly, there is a small cluster of responses that equate 'ownership' with the ability to make a profit. However, as we have indicated in Section 4.1.6.3 the notion of ownership can extend to an abstract right to future development. The ability to trade in this 'right to future development' is more evident in the case study informal settlements in eThekweni and Ekurhuleni metropolitan areas.

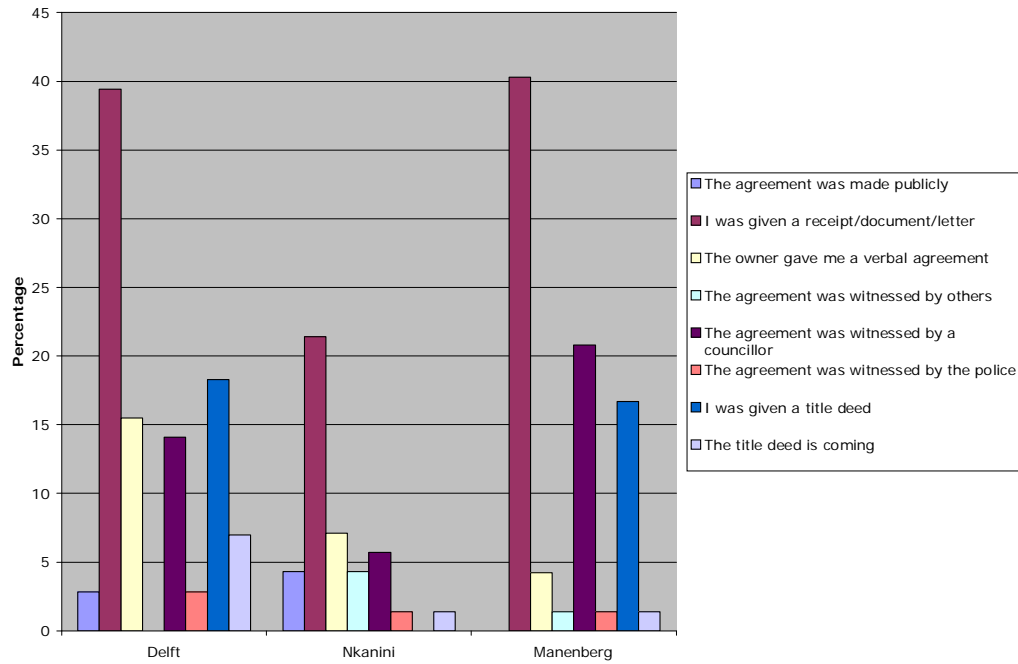
#### 4.1.6.5 Making an agreement

In land market research that imposes market models on the way data is approached, the moment of making the agreement typically represents the transaction. However, as more nuanced accounts of land markets working within a New Institutional Economics framework have shown (c.f. Needham and de Kam 2004), a transaction consists of far more than the moment or process through which claims to rights to land are exchanged.

In this section, we investigate how agreements to exchange claims to rights to land are made. The existence and use of documentation is evident in the municipally dominated allocation systems in Delft and Manenberg. Agreements in the informal settlement of Nkanini appear to mimic the faith in documentation that characterises agreements in Delft and Manenberg. It is worth noting that about 15% of the transactions in Delft are made verbally, and this provides some indication of the extent of 'off-register' transactions that are occurring. The percentage of verbal agreements is roughly similar to the percentage of transactions (14.08%) recorded in relation to a direct question on what type of claim the household head held (See Table 10).

One of the more obvious ways in which the state creates the possibilities for 'off-register' transactions is in slow delivery of title deeds. In the areas in which the sampling was conducted in Delft, the schemes were approved between 1997 and 2002. Another form of involvement of the state in 'off-register' transactions is through assistance provided by local councillors. Nearly 20% of the transactions in Manenberg were witnessed by a councillor as the means of making the agreement.

Figure 13. Making an agreement (Cape Town)

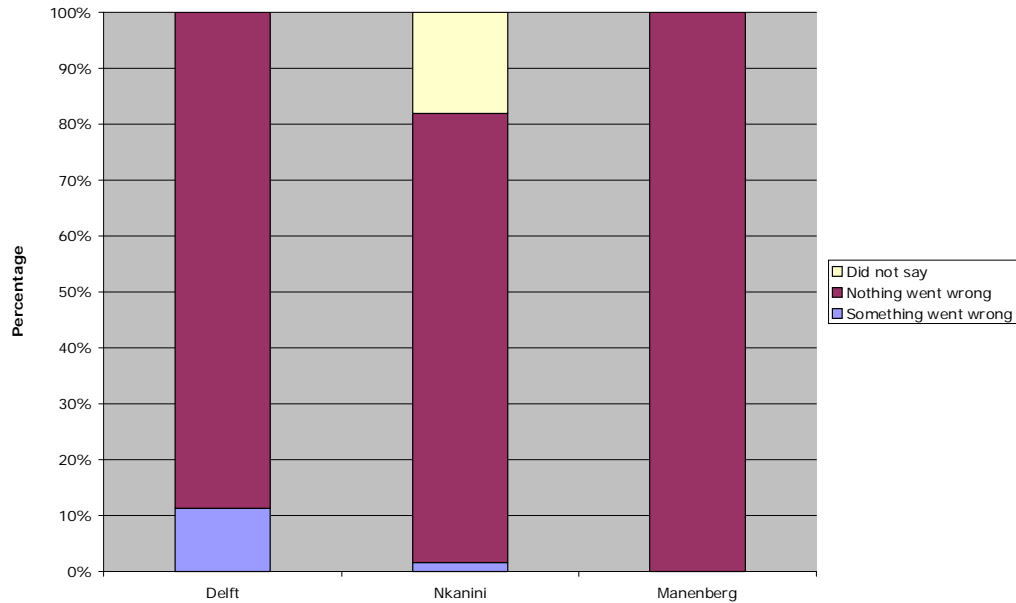


There are established methods for resolving problems when transactions do not turn out as intended in the Deeds Registry system. There is less predictability in relation to ‘off-register’ transactions.

In Figure 14, the research findings suggest that very little goes wrong as a result of transacting in these ways.<sup>11</sup> Perhaps unexpectedly, respondents in Delft reported the highest number of instances when something had gone wrong. This could be because there is potentially more valuable land at stake and people are willing to struggle more for their rights. Another explanation could be that because there is more transparency, it is easier to establish when something is going wrong with the transaction.

<sup>11</sup> It is important to note that there is an implicit bias in this response. It is likely that a certain percentage of people would have left their place if something had gone wrong with the agreement, and, therefore, there will be a greater percentage of people for whom nothing had gone wrong with the agreement. Notwithstanding this self-selection bias, the number of people for whom the process ‘works’ is remarkable.

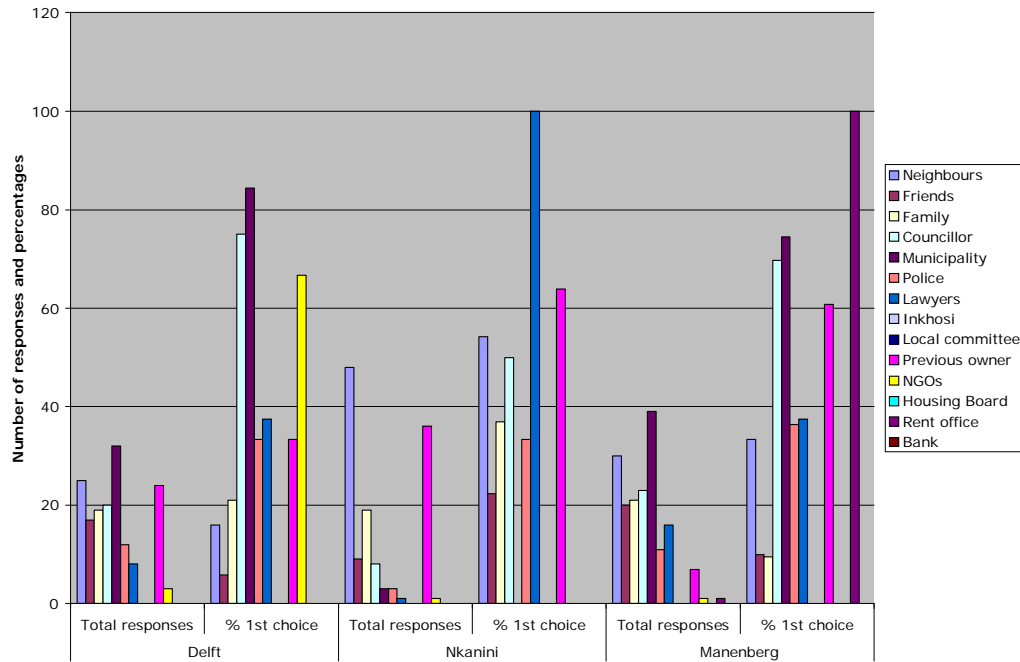
**Figure 14. Did anything go wrong (Cape Town)?**



#### 4.1.6.6 Dispute resolution

Assuming some part of a land transaction did go wrong, it was important to determine how household heads would resolve the disputes. In Figure 15, it is clear that in Delft most respondents record the municipality as their most important means of resolving disputes. The municipality both recorded the greatest number of responses and the highest percentage of responses as the first choice. In Nkanini, two clusters emerge around resorting to ‘neighbours’ and the ‘previous owner’ to resolve disputes. The fact that significant numbers of respondents resort to neighbours to resolve disputes reflects how social networks change in relation to stages in transactions and over time. While it seems obvious to first turn to your neighbours to resolve disputes in an informal settlement, it is worth recalling that neighbours were not the most important means of checking the price of transactions (see Figure 10) or witnessing agreements (see Figure 13). The importance of local social networks for substantiating claims to land is confirmed in both Nkanini and Manenberg, and to a lesser extent in Delft.

Figure 15. Dispute resolution (Cape Town)



It is important to note that Figure 15 contains two types of data. The first set is the unweighted and total number of responses to the category. The second set is the percentage of respondents that selected the category as the most important person/agent they would ask if there was a dispute about ownership. To be able to display the relationship between the total number of responses and the percentage chosen as a first choice, the unweighted responses were used in this case.

#### 4.1.6.7 How long it takes

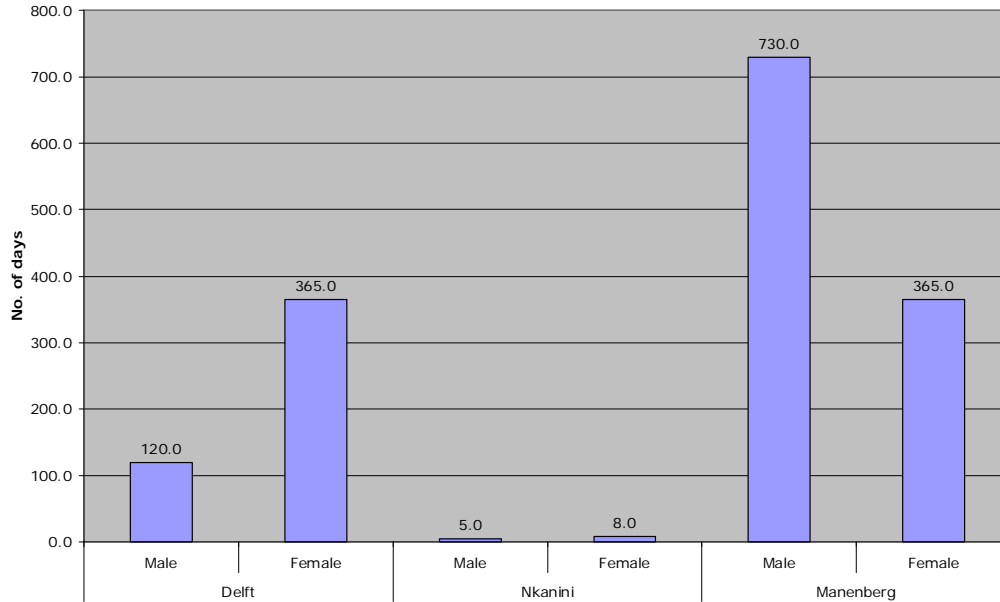
In this section, we report on the findings that relate to the time it takes to complete transactions around land in the case study areas. In the following section, we record the responses to the questions in the survey that related to the financial costs of the transaction process. Figure 16 reports the median total number of days by gender between when a respondent first heard about the place they were staying in now and when they perceived that it was theirs.<sup>12</sup> That is, the figure represents the duration of time it took from when the transaction process began to the step in the process where the agreement was made and the new household took occupation.

It is immediately clear from Figure 16 that accessing and trading land in Nkanini is vastly quicker than in either of the two other case studies. What is less clear is why the timeframes of transactions taking place in Delft and Manenberg vary so widely by the gender of the household heads involved. In Delft, female-headed households take nearly three times longer than male-headed households to complete transactions. In Manenberg, female-headed households take half the time to transact that male-headed households do. One possible

<sup>12</sup> The median number of days was used in this section because it appeared a more accurate reflection of the situation in the different settlements. This is because the average calculation included a wide range of times that distorted the analysis.

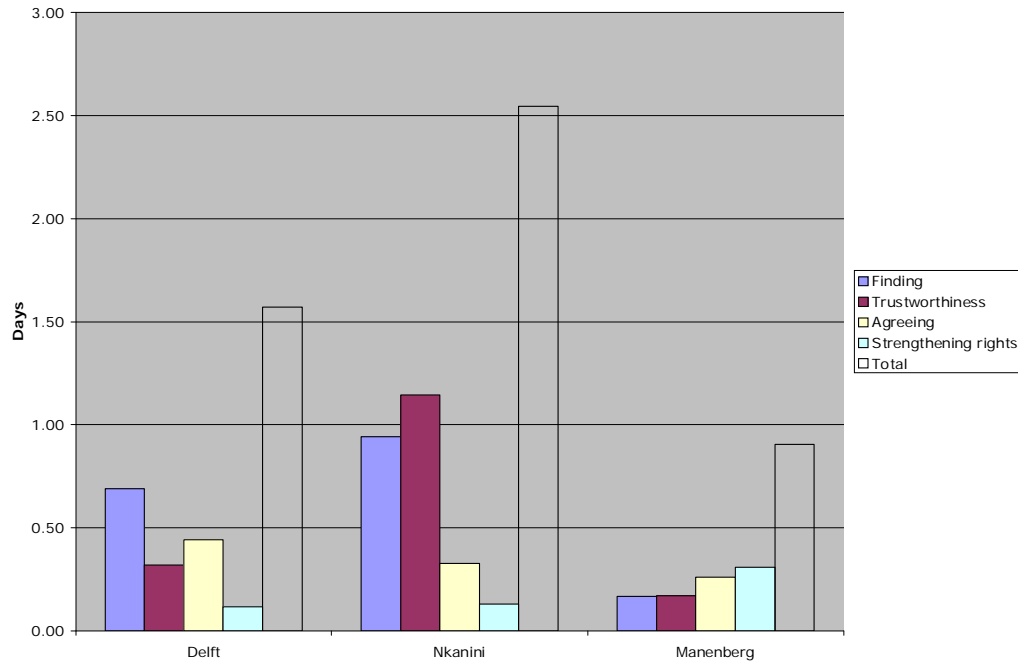
explanation in Delft may be that the quicker male-headed households' transactions reflect a higher incidence of 'off-register' transfers.

**Figure 16. Median total number of days between hearing about a place and getting it (Cape Town)**



In Figure 17, the data of Figure 16 is analysed in more depth and includes the element of the amount of time households spent strengthening their rights to land. Thus while the previous figure represents the duration of the process, Figure 17 represents the amount of time taken to complete each step as well as the total time actually spent transacting (as represented by the transparent column for each settlement). In all cases, the actual time spent transacting was relatively short. In Delft it was 1.5 days, in Manenberg less than 1 day and in Nkanini, 2.5 days on average. Thus despite households in Nkanini being able to 'take possession' of land far quicker than households in the other two settlement types, the actual process of finding, gaining assurance as to the trustworthiness of the other party and making the agreement takes longer. The financial cost implications of these differences are analysed in Section 4.1.6.8 below.

**Figure 17. Average time spent transacting and strengthening rights (Cape Town)**



The second aspect which Figure 17 reports on is the time households that are transacting ‘off-register’ spend on activities needed to strengthen their claims to rights to land. The issue tested for in the survey was the extent to which households transacting ‘off-register’ needed to engage in activities to strengthen their claims to rights to land in the absence of being able to resort to the Deeds Registry, local zoning or other planning regulations. Figure 17 suggests that households spend negligible amounts of time to strengthen their claims. It is evident that informal systems are less efficient in establishing whom to trade with.

#### 4.1.6.8 Costs

In addition to the amount of time households spent engaging in transactions, the survey calculated the financial costs of their transactions (in terms of transport, fees, people that had to be paid etc.) and the financial costs of strengthening their claims to rights to land.<sup>13</sup>

<sup>13</sup> The survey did not try to quantify the financial value of people’s time spent transacting.



**Figure 18. Average financial costs of transacting and strengthening rights (Cape Town)**

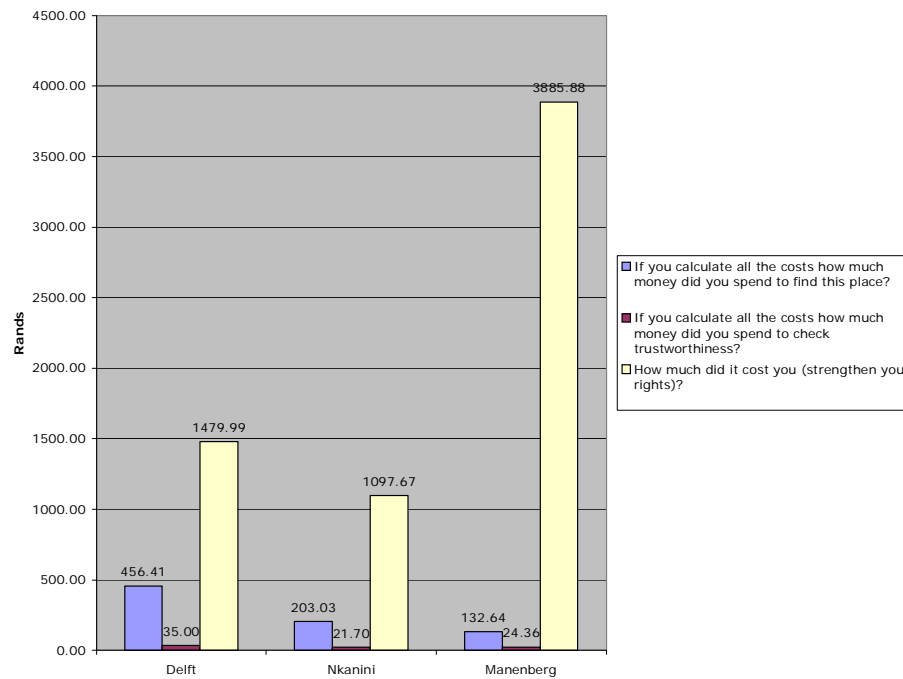


Figure 18 shows that the respondents associated spending more money on transactions in Delft than in the other two settlements. It is unclear why this is since in terms of the median calculations of the duration of the transactions there is little difference between Delft and Manenberg (See Figure 16).

While household heads indicated that they had not spent much time strengthening their rights, it is clear that there is a level of financial investment in this process. The amounts recorded in the columns ‘how much did it cost you’ provide a rough approximation of the level of investment that households have made since taking occupation of the land and dwellings. The data suggests that there are not significant differences in the levels of investment between Delft and Nkanini in financial terms. In real terms, respondents in Nkanini are starting with vacant land while those in Delft are investing in an existing structure.

We suggest that Figure 18 represents the most accurate depiction of the financial costs of transacting in these settlements since it includes the costs that respondents perceived that they needed to incur as investments in their claims. Thus the average cost of transacting in Delft is about R1971.39, in Nkanini it is R1322.41 and in Manenberg it is R4042.89. However, these figures are calculated without reference to the amount of time over which the costs of strengthening rights were incurred. When the median number of years that households have held the different claims is taken into account (See Figure 20) the picture changes and the levels of investment in Delft and Nkanini are very similar. The level of investment in Manenberg is found to be much lower than in both Delft and Nkanini when the investments are spread over the number of years of occupation.

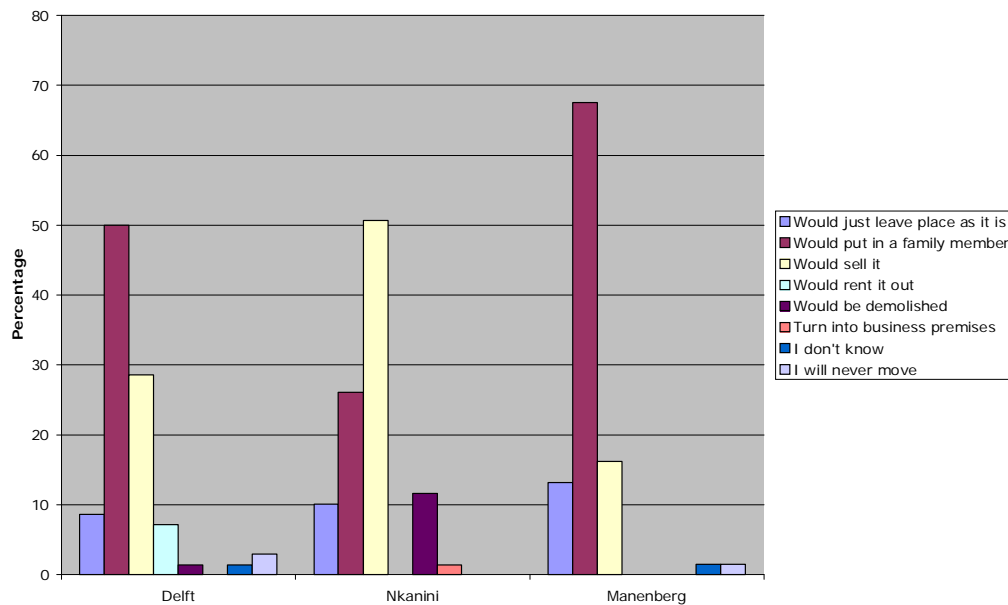
#### 4.1.6.9 Selling

One element of a market is the amount of land that is demanded. Another is the amount that is supplied. In Cape Town, the amount of serviced land that is being supplied to poor people has

slowed to a trickle in comparison with the estimated demand.<sup>14</sup> The issues of supply and demand are analysed in more detail in the next section. In this section we analyse the process of respondents trading their land holding.

In Delft, the largest proportion of households reported that they would not sell their land but would rather keep it in the family, suggesting that it will be very difficult for a financially dominated market to develop. Almost 30% of household heads in Delft indicated that they would be prepared to sell if they needed to move. In the public rental arrangements of Manenberg, it is evident that existing leaseholders would attempt to retain the lease within the family. The small proportion that indicated that they would be prepared to sell their land and dwelling are most likely to be located in the Downs area where households own their land. It is clear that there is more of a potential market in Nkanini. Approximately 50% of the household heads recorded that they would be prepared to sell their set of claims to rights to the land.

**Figure 19. What will happen to this place if you move (Cape Town)?**



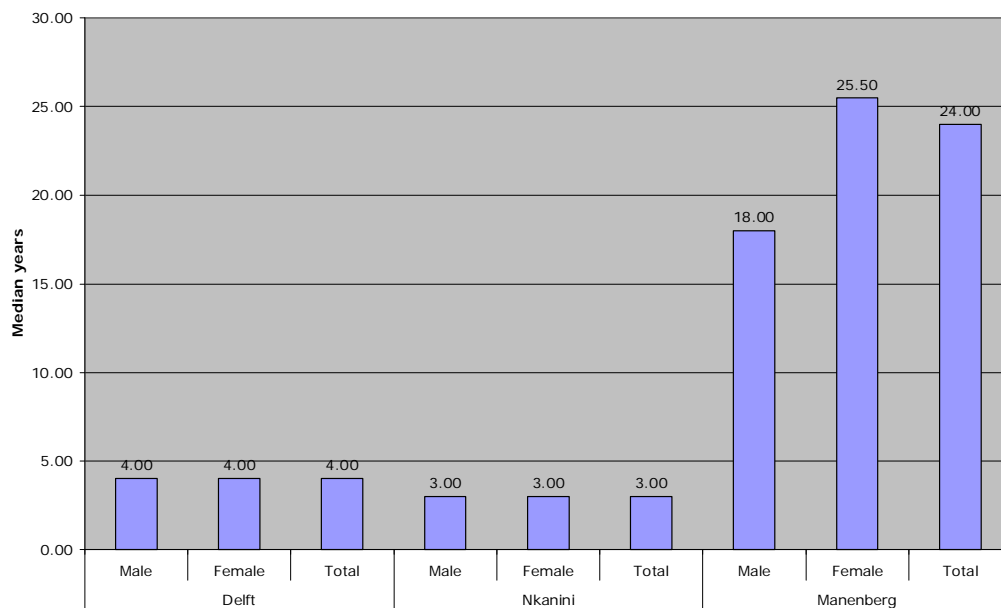
### 4.1.7 Supply and demand

In the following sections, we draw attention to broader implications for land markets of the transaction processes taking place in the case study areas. We begin by quantifying the amount of ‘turnover’ within the land markets before considering respondents’ perceptions of where the demand for land is coming from. This is followed by an analysis of the efficiency of these transactions and what the consequences for the individual households tend to be as a result of these transactions. The research findings conclude with an analysis of the respondents’ experiences of transacting within the Deeds Registry system.

<sup>14</sup> Delivery of RDP houses was as follows in Cape Town: 2001/02, 4110 units; 2002/03, 9729 units; 2003/04, 1808 units; 2004/05, 3500 units and 2005/06, 4585 units. This is against an estimated demand of 265000 units in 2006 (Kuhn 2007).

One element of the supply of land is the extent to which existing claims to land are exchanged. From Figure 19 it is evident that there is very little exchanging of claims to land. Nkanini is only about three years old as a settlement, and the median suggests that most people have not transacted around land in this period. This suggests that any expansion in size has occurred through the utilisation of unsettled land or the densification of existing land claims.<sup>15</sup> In Delft, the median is four years which suggests that there has been a level of exchange. The majority of last developments in the sample area were approved in 1997, although it is possible that some isolated and small areas were sampled that were only approved in 2002. There is almost no turnover in Manenberg, with land not being explicitly transacted over for about 24 years.<sup>16</sup> It is evident that, apart from Manenberg, there are no differences in holding land related to the gender of the household head.

**Figure 20. Median number of years that household heads by gender have lived on this site (Cape Town)**



In Table 8 and Table 9, the overall length of stay of households is analysed in terms of different claims they have made on land.

<sup>15</sup> The comparatively recent history of Nkanini means that it is not possible to determine the level of ‘churn’ in the informal settlement.

<sup>16</sup> This does not mean that there are informal and intra-household transactions occurring.

**Table 8. Length of stay for those who bought (Cape Town)**

		Mean	Median	Std Deviation	N
<b>Delft</b>	Bought	3.3	3.5	1.7	4
	Not Bought	4.1	4.0	1.3	67
	Total	4.0	4.0	1.3	71
<b>Nkanini</b>	Bought	1.8	2.0	0.8	6
	Not Bought	2.8	3.0	1.0	64
	Total	2.7	3.0	1.0	70
<b>Manenberg</b>	Bought	23.8	24.0	14.3	26
	Not Bought	21.8	23.0	14.5	44
	Total	22.6	23.0	14.4	70

In Nkanini, the data suggests that household heads who have 'bought' land in the area have done so subsequent to the first self-allocation of land about three years ago. In Table 9, the data is analysed further for those claims that are not categorised as ownership. There do not appear to be any significant differences in the length of holding land between the different types of claims that respondents have made *within* settlements.

**Table 9. Length of stay for other claims**

		Mean	Median	Std Deviation	N
<b>Delft</b>	I am renting	3.7	4.0	1.5	3
	I was allocated the place by the Municipality	4.2	4.0	1.2	5
	I inherited the place	4.0	.	.	1
	I am looking after it	2.5	2.5	1.3	4
	I occupied this place	5.5	5.5	1.3	4
	Total	<b>4.1</b>	<b>4.0</b>	<b>1.3</b>	<b>65</b>
<b>Nkanini</b>	I inherited the place	4.0	.	.	1
	I am looking after it	2.0	2.0	1.4	2
	I occupied this place	2.8	3.0	0.9	6
	Total	<b>2.8</b>	<b>3.0</b>	<b>1.0</b>	<b>64</b>
<b>Manenberg</b>	I am renting	24.2	24.0	15.6	1
	I was allocated the place by the Municipality	19.7	24.0	13.4	5
	I inherited the place	25.3	24.5	15.5	4
	I am looking after it	5.5	5.5	2.1	2
	I occupied this place	17.0	.	.	1
	Was renting but now am owner	40.0	.	.	1
	Total	<b>22.0</b>	<b>23.0</b>	<b>14.6</b>	<b>42</b>

The figures and tables in this section should be cross referenced against Section 4.1.6.9 because while the land may not be being exchanged over these periods with 'strangers' there is a high likelihood that the same land circulates within family networks.

Respondents were queried about their perceptions of where the demand for land was coming from. Although there is some mention of the demand for land originating from new people arriving from rural areas in all of the three case studies, it appears that the perceptions focus more on demographic issues such as ‘new households forming’ and ‘growing households’ and ‘households splitting’. These two trends are highlighted in all the settlements. About 20% of respondents in Nkanini suggested that the demand for land was coming from ‘people from other countries’.

**Figure 21. Perceptions of demand (Cape Town)**

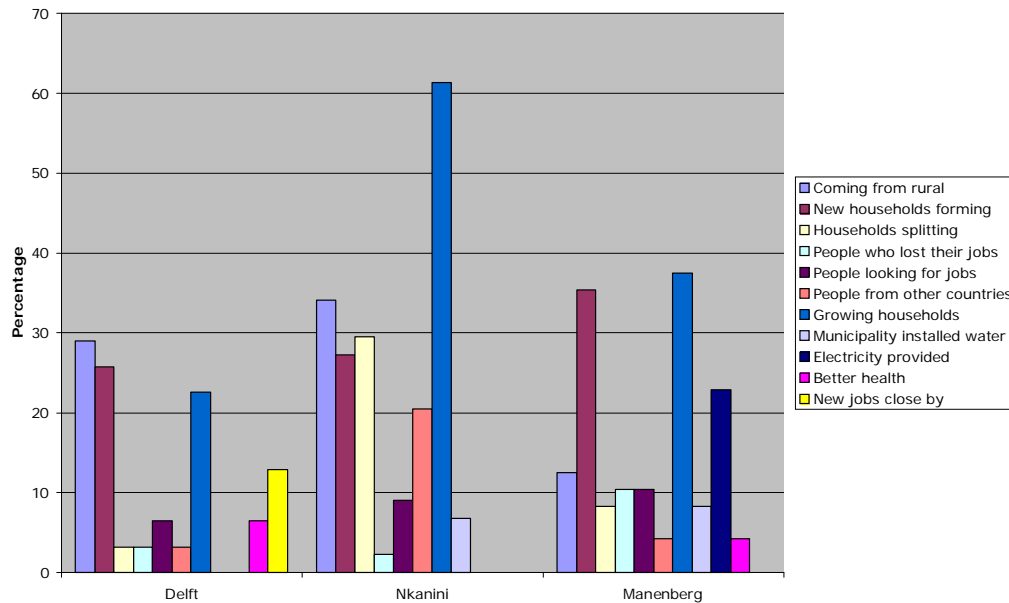


Table 10 provides an estimation of the number of transactions around land in the case study areas over the last five years (2002 – 2007). It is based on data generated in response to questions about when people moved to the settlement, what type of claim to the land they hold, whether they had bought a place and, if so, how much they paid. The percentage of households that have sold their place in the last five years is similar to the percentages recorded in Old Dunbar and Kingsway. This is reinforced by the fact that about 50% of the household heads indicated that they would ‘put a family member’ into the dwelling if they were to leave (See Figure 19).

The figure for Nkanini must include an additional 83.3% who ‘occupied’ the land in the last five years. The sales in Manenberg refer, at least in part, to the registered purchase of land and dwellings in the Downs area.

Table 9 contains data revealing that the average length of rental claim in Manenberg was 24.2 years. The number of transactions over the last 5 years is therefore the lowest in Manenberg.

**Table 10. Percentage of transactions, number of sales and value (Cape Town)**

	Delft	Nkanini	Manenberg
Total (weighted) number of transactions in the last 5 years (2002 – 2007) <sup>†</sup>	916	707	284
% of transactions in the last 5 years	14.08%	15.49%	15%
Total (weighted) sales between 2002 – 2007**	366	386	52
Total (weighted) value of sales between 2002-2007***	R6,226,310.00	R520,795.80	R206,246.60

<sup>†</sup> This value is calculated from the number of respondents who indicated that they had either bought, rented or were looking after a place between 2002 and 2007. The figure excludes those who had occupied land or inherited it.

\*\* This value is the total number of transactions identified by the respondents as a sale.

\*\*\* This value is calculated by multiplying *only* the transactions listed as sales by the median price paid.

#### 4.1.8 Efficiency and effectiveness

**In the preceding sections, we have drawn attention to the steps in the transaction process and the time and cost implications of the various steps. In this section, we review the respondents' ranking of how easy they found each step. Figure 22, Figure 23 and**

Figure 24 record the responses of the household heads in the various case study settlements by representing the step that had the highest percentage of responses. In Delft, it appears that all of the steps in the transaction process were experienced as 'easy' apart from finding the possibility to transact. This is not surprising given the comparatively low levels of RDP housing delivery in Cape Town over the last few years.

Nkanini presents a different picture. There respondents suggested that the only easy step would be to sell their claim to the rights to the land. This implies that there is a perception of demand for land in Nkanini amongst current holders of land. As is the case Delft, one of the most difficult steps is finding others to transact with. The difficulties experienced in 'ensuring their rights' reinforces the uncertainty and precariousness of these types of claims to land.. The large proportion of responses in the 'don't know' category can be explained by the fact that a large percentage of respondents in Nkanini self-allocated their claims to the rights to land.

In Manenberg, most respondents reported that all steps in the transaction process were experienced to be 'easy'.

Figure 22. Delft

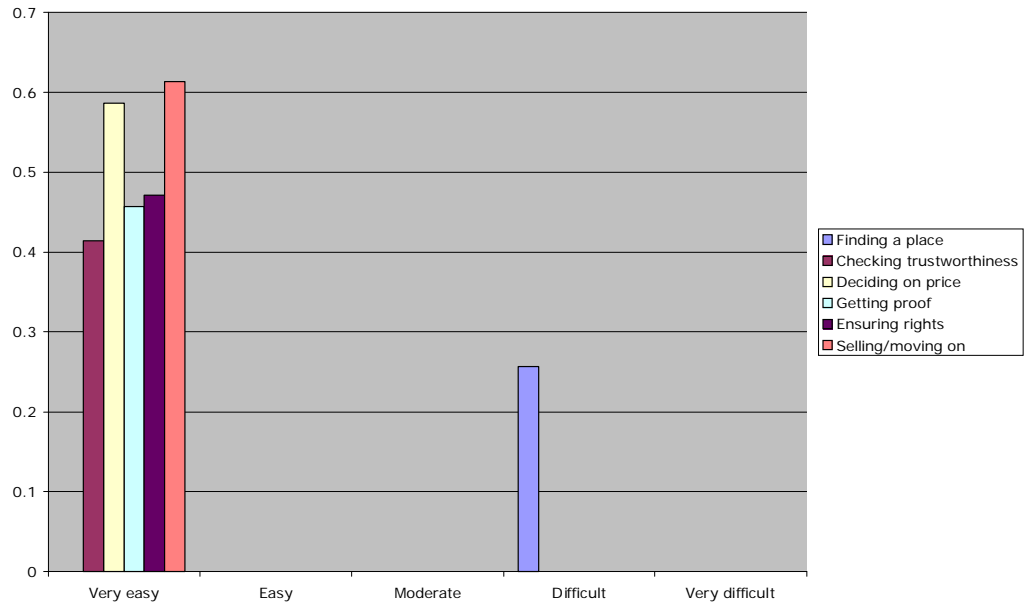


Figure 23. Nkanini

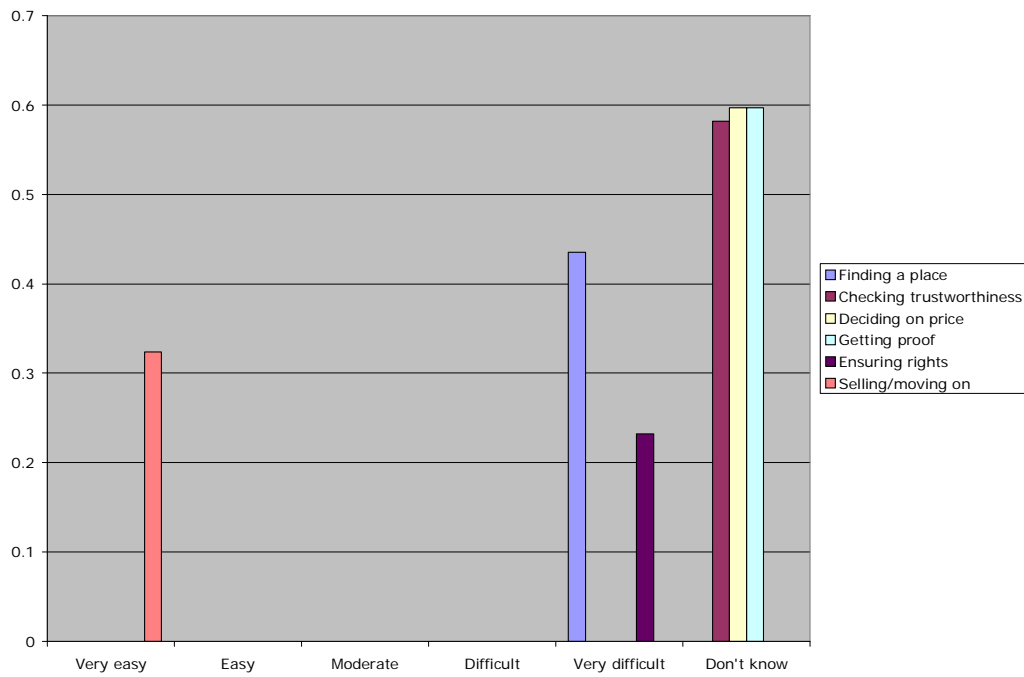
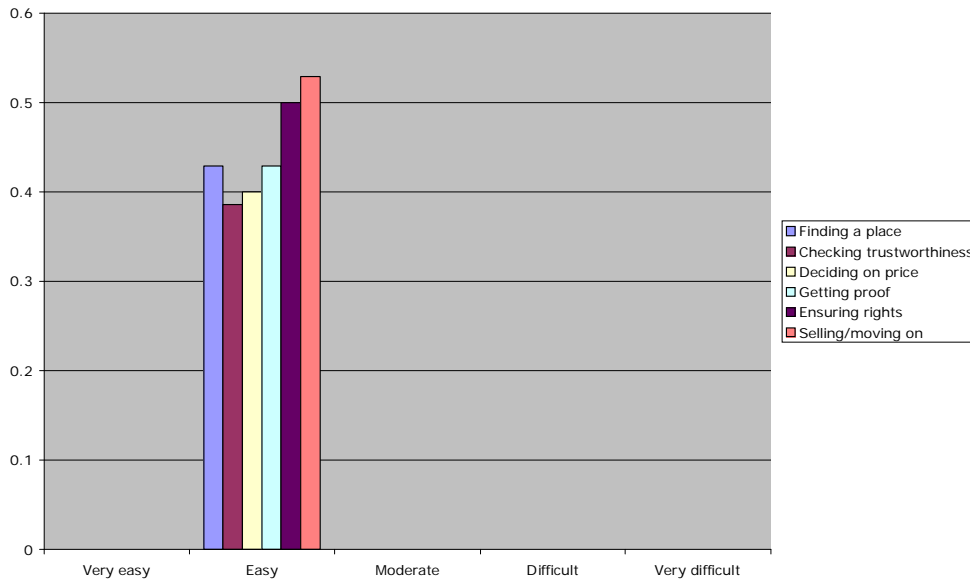


Figure 24. Manenberg

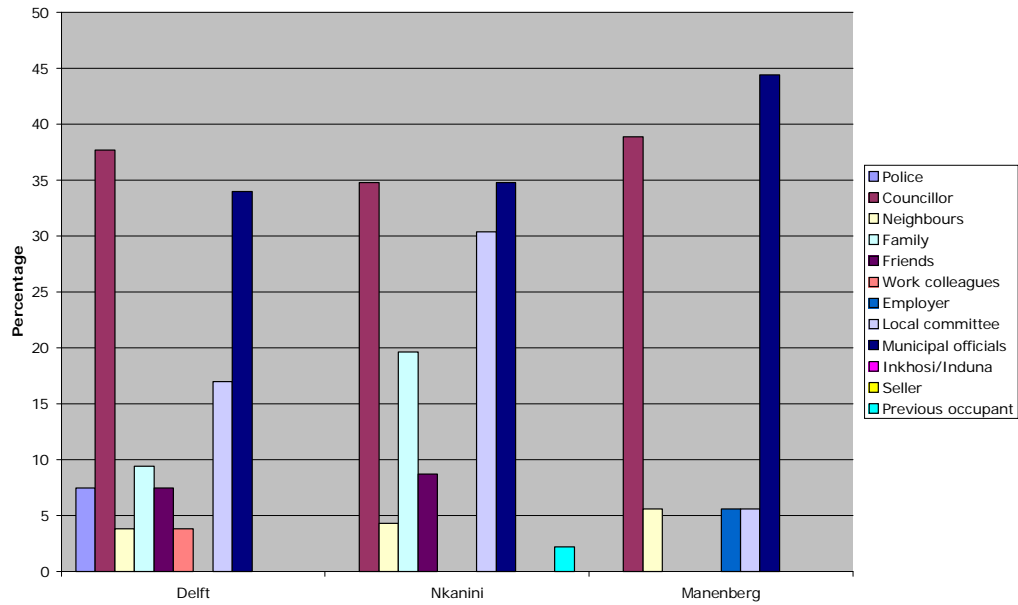


In an attempt to identify how the current system of land transactions and the operation of land markets could be made simpler, respondents were asked to identify who could make the process simpler. The answers to this question not only have relevance for those people or agencies identified but also speak to the perceptions of the respondents as to who or which agencies are important in Cape Town’s land markets.

In all settlements, two groups are identified as being able to make the process of transacting simpler: councillors and municipal officials. In Delft and Manenberg, this is perhaps not surprising, given the high profile of the city council in these areas and their role in the allocation of land and dwellings. But similar trends in Nkanini raise important questions about how the inhabitants of informal settlements perceive the role of the municipality in ‘off-register’ transactions and land markets and their hopes that this will somehow serve to formalise their claim to the land or a dwelling.



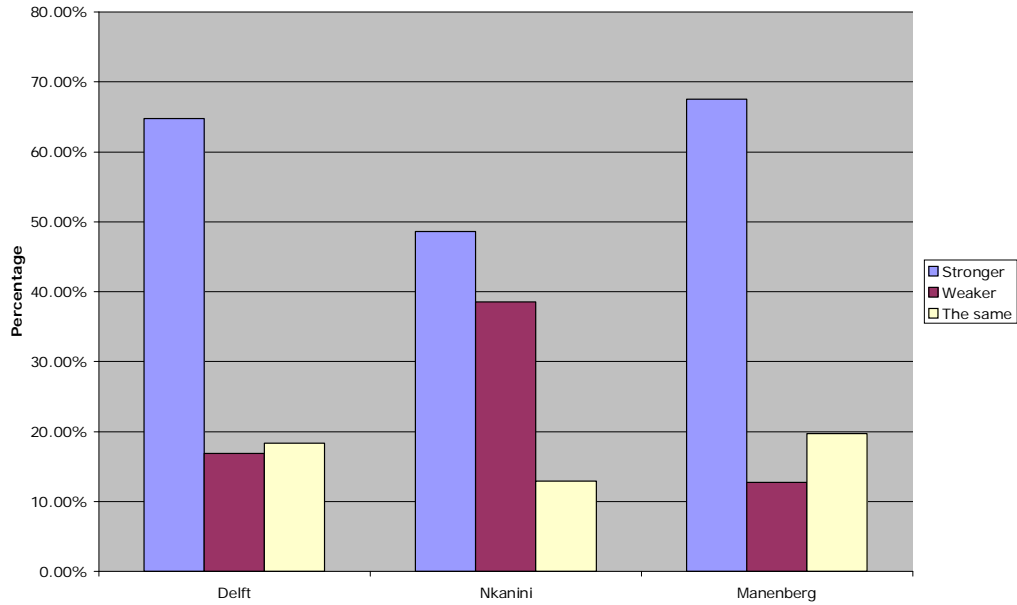
**Figure 25. Who could make the process simpler (Cape Town)?**



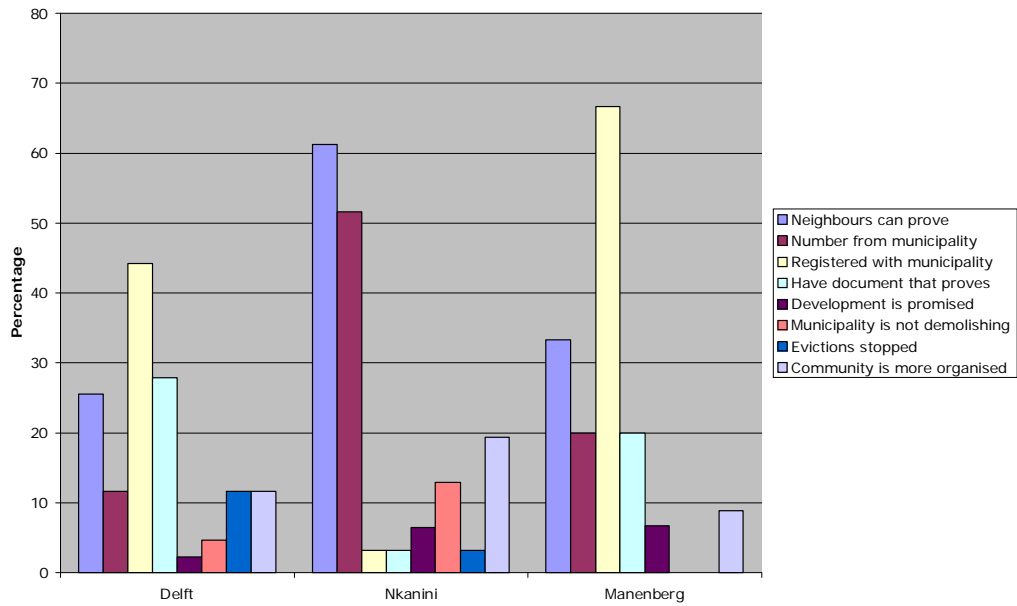
#### 4.1.9 Rights strengthened/weakened

In Figure 26, it is clear that most household heads in the different settlements feel that their rights to the land are stronger as a result of their occupation, despite the very different nature of these claims. Only in Nkanini is a degree of ambiguity and uncertainty evident, with nearly 40% of respondents indicating that they thought that their rights had become weaker. This aspect is analysed in more depth in Figure 30.

**Figure 26. Now that you have lived here for a while, do you feel your rights to this place are stronger or weaker (Cape Town)?**

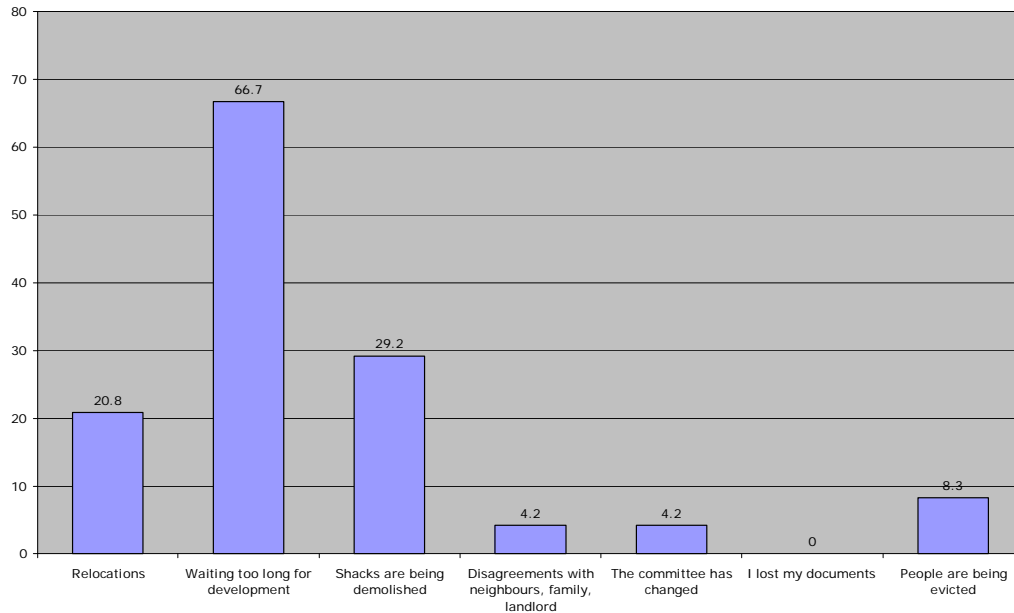


**Figure 27. Reasons why rights are stronger (Cape Town)**



In Figure 26 only Nkanini registered any significant number of households that perceived that their rights had become weaker since they moved to the area. In Figure 28 this is analysed in more detail.<sup>17</sup>

<sup>17</sup> For this question, respondents were asked to select all the options that applied.

**Figure 28. Reasons why rights are weaker (Nkanini - Cape Town)**

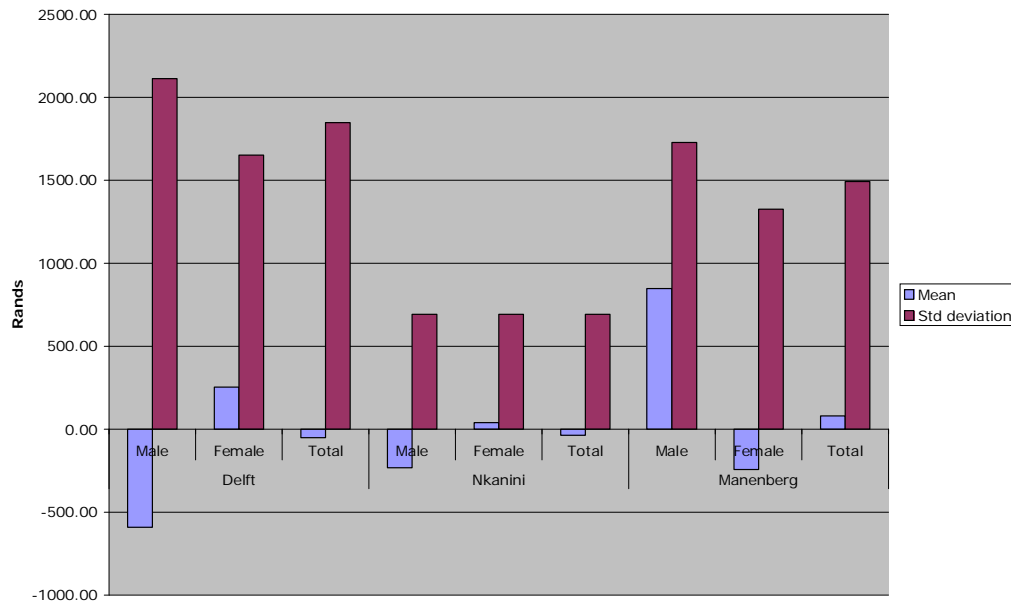
It is clear that the single most important factor explaining why household heads in Nkanini perceived that their rights had become weaker was because they were ‘waiting too long for development’.

#### 4.1.10 Consequences

Figure 29 presents the average difference in monthly household income between the previous place the household lived and the current place.<sup>18</sup> The aim is to provide some sense of whether people are able to improve their financial situation by transacting in the land market. Figure 29 shows trends similar to those taking place in the Ekurhuleni case studies. As a result of moving to an RDP housing project, male-headed household monthly incomes tend to decrease while female-headed household’s average monthly income improves. Another similarity is that the average financial situation of households worsens as a result of the move to the RDP housing project. We are unable to explain why this result is obtained, and this is an issue for further investigation.

<sup>18</sup> Income data was collected in terms of income categories. Therefore, the differences have been calculated by taking the mid-point of each category and the averages calculated for both the usual monthly household income at the previous place and the current place. The calculations do not take account of inflation. However, given the relatively small amounts we decided that adjusting for inflation would not make a significant difference. For these reasons, the figures should be taken as indicative rather than absolute.

**Figure 29. Average change in monthly income of household heads (Cape Town)**



#### 4.1.11 Inheritance and registered transactions

None of the respondents in any of the case studies in Cape Town had ever inherited a property. This raises important questions about the intergenerational accumulation of wealth and the ability of people who are experiencing chronic poverty to generate wealth.

#### 4.1.12 Summary

In sum, there are some clear patterns in the specific case study settlements that were investigated in Cape Town and some results that were inexplicable or contradictory. We will return to the complexity of the land markets in the recommendations. As previous research has shown, informal settlements, RDP housing projects and, in this case, Manenberg, contain greater proportions of poor people of the metropolitan population than other settlement types or areas. In the Cape Town case studies, most of the households are female-headed with fairly low levels of education. There was a definite pattern of people moving out of backyard shacks into informal settlements and other people moving out of informal settlements into RDP housing projects. This suggests a close linkage between these two types of settlements in Cape Town. Movement patterns in Manenberg suggest that households tend to circulate within a rental housing market and within Manenberg. This pattern of circulating within the same area and claims to rights to land is common in the specific areas studied in Ekurhuleni and eThekweni Municipality. In all settlements, the processes of transacting are relatively quick and easy (even if the duration of the process may be longer), and very little appears to go wrong. However, the consequences of transacting in this way do not appear to result in any substantial increases in monthly household income. The strongest indicator of strengthened claims to rights to land is the nature and quality of the relationship between the household and the local state.

## 4.2 Ekurhuleni

This is the second city profile in a series of three, the other two being Cape Town and eThekweni Municipalities. The profile outlines the research findings for Ekurhuleni. The section begins with a brief description of the three selected case study settlements and provides demographic data to locate these settlements in terms of broader data for Ekurhuleni obtained from the Census 2001.<sup>1</sup> The research findings consider what motivates people to transact around land, their origins in relation to the type of settlement they are in now and the types of land qualities they value when they move. The bulk of the research findings focus on the process of transacting before some broader analyses are presented on the nature of land markets in Ekurhuleni.

### 4.2.1 Description of the case studies

In this section, we present a brief history of the different case studies gained from the perspectives of key informants in the case studies.

#### 4.2.1.1 Kingsway

According to the community history, Kingsway was established in 1989 and was formed when the authorities relocated people from informal settlements in Wattville, Apex and Mandleni. This RDP housing project consists of about 2500 residential plots.

#### 4.2.1.2 Somalia

The land is formally owned by a private individual and was part of a farm when people started moving on to the land in 1989. The original wave of people came from nearby Vosloorus<sup>2</sup> and people working on farms. People had been attracted by the possibilities of working on the farms. These people had migrated from as far as the Transkei, Lesotho, Free State and Malawi. Most of the people were accommodated in farm compounds, but due to a greater influx the farm owner saw a need to build additional accommodations for them.<sup>3</sup> Gradually, some people got better employment in nearby factories, erected shacks and invited additional members of their families to come and work and stay in Somalia. As more and more people came, the number of shacks mushroomed, and it was necessary for a 'system' to be devised to allocate plots. The combination of Somalia's proximity to both work opportunities and town made it an attractive place to settle in the eyes of the residents.

#### 4.2.1.3 Wattville

The area was formally established in 1941, but respondents recalled that residents had started to rent out their garages to tenants as early as the 1960s. Wattville consists of about 3300 sites. About one-third of the sites have backyard shacks.

<sup>1</sup> This data is based on Census 2001 data as adjusted for the new municipal boundaries on 9 December 2005 (See <http://www.statssa.gov.za/census01/html/C2001Interactive.asp>).

<sup>2</sup> For those coming from Vosloorus, the motivation to move was dissatisfaction with paying rent in the 'location'. Residing in Somalia was considered a means of 'owning' a stand and not having to pay rent.

<sup>3</sup> This perhaps explains the orderly layout of the settlement.

## 4.2.2 Demographic data

This section compares demographic data generated in our research with broader data for Ekurhuleni to allow for a set of conclusions to be drawn about the characteristics of the respondents in the three case study settlements.<sup>4</sup>

### 4.2.2.1 Age

The age of household head is important because it provides an indication of the stage in a household lifecycle. The household lifecycle is a useful measure for predicting the potential future demand for land. For example, a predominance of young households in an area would normally suggest that the demand for land would increase as these households mature and grow.<sup>5</sup>

**Table 1. Age by race group of household head (Ekurhuleni)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
0-14	0.05%	0.05%	0.00%	0.04%	0.00%	0.04%
15-24	7.29%	4.55%	5.05%	3.09%	0.00%	6.36%
25-44	59.61%	57.43%	56.25%	41.27%	0.00%	55.84%
45-64	27.19%	31.35%	32.68%	39.85%	0.00%	29.86%
65+	5.87%	6.63%	6.02%	15.75%	0.00%	7.85%
Not applicable	0.00%	0.00%	0.00%	0.00%	100.00%	0.05%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Source: Census 2001*

The Census 2001 suggests that African household heads in Ekurhuleni are relatively more youthful than the other race groups. This is important in a context where African household heads comprise 76.63% of all household heads in Ekurhuleni. As a consequence, we can hypothesise that the demand for urban land is going to increase in the future as the young households grow and fragment. In Table 2 below, we take the Census 2001 results for Ekurhuleni and compare them with the demographic results generated in our research on the case study settlements.

<sup>4</sup> The time lapse between the surveys makes strict comparisons difficult. However, the comparisons are useful for drawing attention to broad trends.

<sup>5</sup> For added analysis, the stage in the lifecycle should be correlated with household structure (See Section 4.2.2.8).

**Table 2. Age by race group of household head by settlements (Ekurhuleni)**

	Total Ekurhuleni (Census 2001)	Somalia	Kingsway	Wattville
0-14	0.04%	0%	0%	0%
15-24	6.36%	8%	3%	7%
25-44	55.84%	56%	62%	80%
45-64	29.86%	27%	35%	14%
65+	7.85%	7%	0%	0%
Not applicable	0.05%			
Total	100.00%			

*Source: Census 2001*

Somalia and Kingsway more or less mirror the relatively youthful age distribution of household heads in metropolitan Ekurhuleni as a whole. What is marked though is how few older household heads remain in backyard shacks in Wattville. This suggests that rented backyard shacks in Wattville attract relatively younger household heads. This is confirmed by calculating the median ages of the household heads: it is 39 years in Somalia, 41 years in Kingsway and 32 years in Wattville.

#### 4.2.2.2 Race

In all of the case study settlements in Ekurhuleni, all of the respondents were African. Race remains strongly associated with income, and hence the racial composition of settlements is not only an important parameter of social identity but also income poverty levels.

#### 4.2.2.3 Gender

Our research shows that there are significant numbers of female-headed households in the case study settlements. This section compares the distribution of male- and female-headed households across Ekurhuleni (Table 3) with the distribution of household heads in the case study settlements (Table 4). Gender emerges as a key demographic aspect because female-headed household tend to be poorer and take longer to transact than male-headed households. The importance of gender in land transactions has been confirmed by previous research (c.f. Rakodi and Leduka 2004).

The distribution of male- and female-headed households is more or less consistent across the different race groups in Ekurhuleni. Although all of the respondents in the case studies were African, there is a small possibility that some other race groups could be present in these areas. For this reason and the fact that the total gender breakdown of household heads in Ekurhuleni closely resembles that of the African population, we have selected the Total column in Table 3 for metropolitan Ekurhuleni as a whole to provide the comparative basis for Table 4 (as indicated by the shaded columns).

**Table 3. Gender of head of household by race group (Ekurhuleni)**

	African	Coloured	Indian/Asian	White	Total
Male	65.49%	62.67%	75.70%	73.71%	67.20%
Female	34.51%	37.33%	24.30%	26.29%	32.80%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2001

**Table 4. Gender of head of household by settlement (Ekurhuleni)**

	Total Ekurhuleni (Census 2001)	Kingsway	Somalia	Wattville
Male	67.20%	31.9%	38.4%	65.7%
Female	32.80%	68.1%	61.6%	34.3%

It is most striking that there is much a higher proportion of female-headed households in the case study informal settlement and RDP housing project than in Ekurhuleni as a whole.

#### 4.2.2.4 Tenure status

The Census 2001 essentially recognises three categories of tenure: ownership, rental and ‘informal occupation’ (disregarding the category of ‘not applicable’). It is useful to consider the distribution of households within race groups across the tenure types to gain a sense of the patterns of familiarity with different forms of tenure. While the definitions of tenure in the Census 2001 are narrower than the concept of claims we have relied upon in this research, the Census 2001 serves to indicate broad patterns which are explored in more depth as the research findings are presented.

From Table 5 we can see that there are fewer African household heads that have formal tenure and that there is a relatively high percentage of household heads in all race groups that have a rental tenure arrangement. It is evident that living in informal settlements is most important for African household heads in Ekurhuleni (Table 6).

**Table 5. Tenure status within race groups (Ekurhuleni)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal ownership	43.35%	57.09%	65.69%	75.11%	0.00%	50.24%
Rented	28.03%	34.52%	31.20%	19.99%	0.00%	26.59%
Occupied rent-free	24.22%	6.94%	1.52%	1.65%	0.00%	19.06%
Not applicable	4.40%	1.44%	1.59%	3.26%	100.00%	4.12%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2001

**Table 6. Tenure status by race group (Ekurhuleni)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal ownership	66.12%	2.37%	1.69%	29.81%	0.00%	100.00%
Rented	80.78%	2.70%	1.52%	14.99%	0.00%	100.00%
Occupied rent-free	97.41%	0.76%	0.10%	1.72%	0.00%	100.00%
Not applicable	81.82%	0.73%	0.50%	15.78%	1.17%	100.00%

Source: Census 2001



Despite only 43.35% of African household heads having formal ownership (from Table 5), African household heads make up 66.12% of household heads with formal ownership. This is perhaps a legacy of the Apartheid-built townships on the East Rand, and provides a substantial stock of landowners with the capacity to cater for backyard shacks. Similarly, 80.78% of African household heads account for rental tenure arrangements, and 97.41% of African household heads account for informal settlements. This points towards strong commonality for transactions conducted within informal settlements and between those renting and those renting backyard shacks from formal owners.

#### 4.2.2.5 Type of dwelling

In the table below (Table 7), it is evident that informal dwellings and backyard shacks are more important for African households than any other group.<sup>6</sup> The significance of this is that the parties to land transactions in informal settlements and backyard shacks are generally going to have a common racial identity.

**Table 7. Type of dwelling (Ekurhuleni)**

	African	Coloured	Indian/Asian	White	Not applic	Total
Formal dwelling	59.00%	86.21%	96.43%	94.77%	0.00%	67.16%
Traditional dwelling	1.01%	0.86%	1.22%	1.16%	0.00%	1.04%
Backyard shack	8.23%	4.75%	0.27%	0.15%	0.00%	6.44%
Informal dwelling	27.05%	6.20%	0.36%	0.36%	0.00%	20.93%
Caravan or tent	0.29%	0.54%	0.13%	0.28%	0.00%	0.29%
Private ship/boat	0.02%	0.01%	0.00%	0.02%	0.00%	0.02%
Not applicable (institution)	4.40%	1.44%	1.59%	3.26%	100.00%	4.12%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

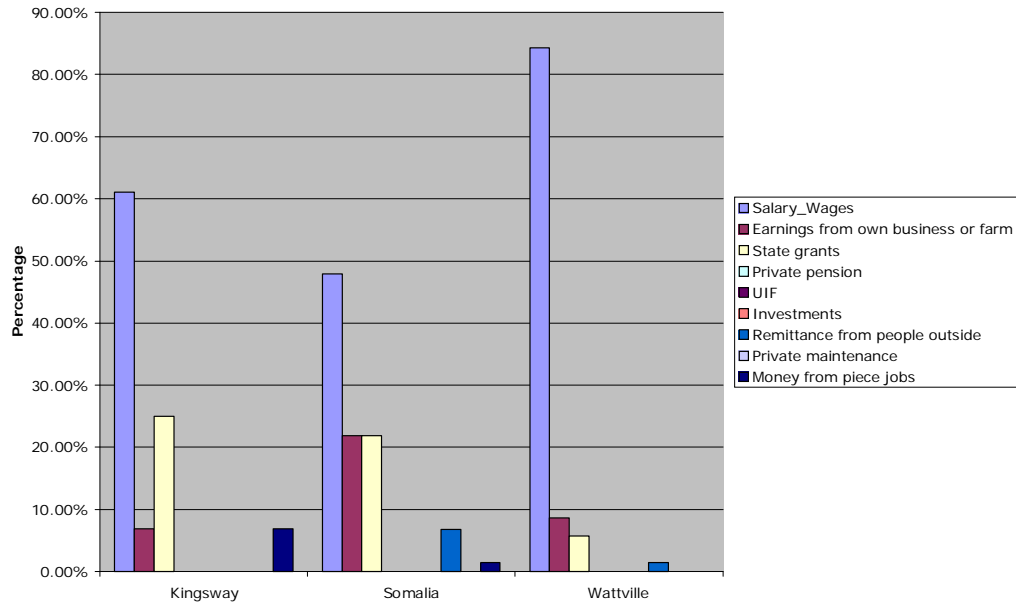
*Source: Census 2001*

#### 4.2.2.6 Source of earnings

The source of earnings is important to consider because it provides some indication of the extent to which transacting 'off-register' around land is associated with informal types of employment. In Figure 1 it is clear that salaries and wages are the most important source of household income in all of the settlements in Ekurhuleni. Although 'earnings from own business or farm' are an indicator of working in the informal economy and are important in Somalia, it appears that despite living in an informal settlement, the majority of household heads have formal employment.

<sup>6</sup> The percentage of Coloured household heads in Ekurhuleni (6.2%) that live informally is an important element, and, given the isolated cultural histories of South Africa's different population groups, it would be important to investigate the nature of land market transactions in areas inhabited predominantly by Coloured household heads.

**Figure 1. Most important source of household income (Ekurhuleni)**



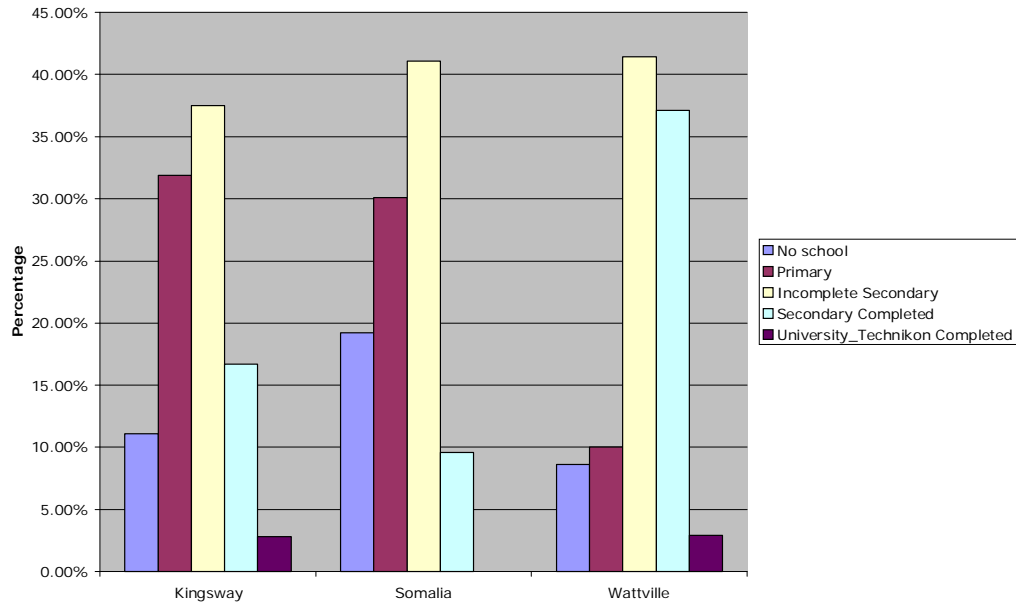
Slightly more household heads report ‘state grants’ as their most important source of income in Kingsway than in Somalia and Wattville. We are unable to explain why this is. One explanation could be that households in Kingsway are more visible to the state when they are living in formally designated areas of the city.

#### 4.2.2.7 Level of education

Levels of education are generally positively related to possibilities of obtaining higher paying employment and are therefore a good predictor of income levels in South Africa.<sup>7</sup> The level of education of the household heads varies across the settlements but tends to remain low overall. The implication is that the possibilities of obtaining employment with higher earnings are relatively low. The levels of education are highest in Wattville and reflect the ability of these respondents to be able to earn a higher and regular income and hence pay rent.

<sup>7</sup> Calculations of levels of household income are provided in the settlement profiles.

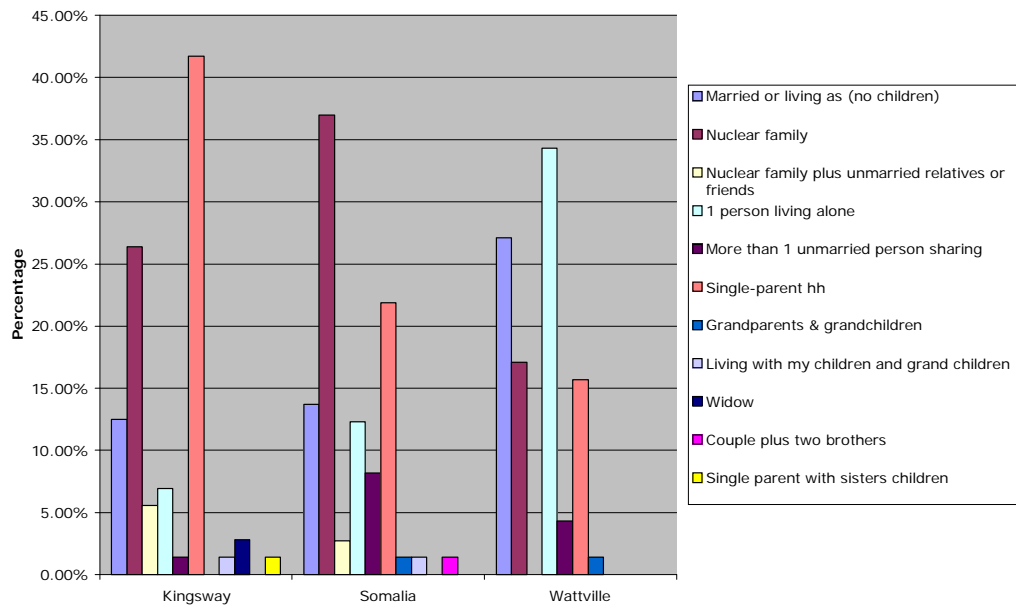
**Figure 2. Highest level of education of household head by settlement (Ekurhuleni)**



#### 4.2.2.8 Household structure

It is important to cross reference household structure with the age of the household head and his or her level of education. This combination provides a better sense of whether the household is likely to be able to improve its situation in the short term.

**Figure 3. Household structure (Ekurhuleni)**



There are marginally more single parent households (41.2%) in Kingsway than ‘married’ or ‘nuclear families’ combined (38.9%). Recall from Table 4 that more than two-thirds of household heads in Kingsway are female. This is in contrast to Wattville where two-thirds of the household heads are male, and the dominant household structure is a ‘single person living alone’. Somalia falls somewhere between these types of household structures, and most of the households are categorised as ‘married or living as’ and ‘nuclear family’. The next most significant category is ‘single parent households’.

#### 4.2.2.9 Summary

The demographic data for the case studies in Ekurhuleni suggests that:

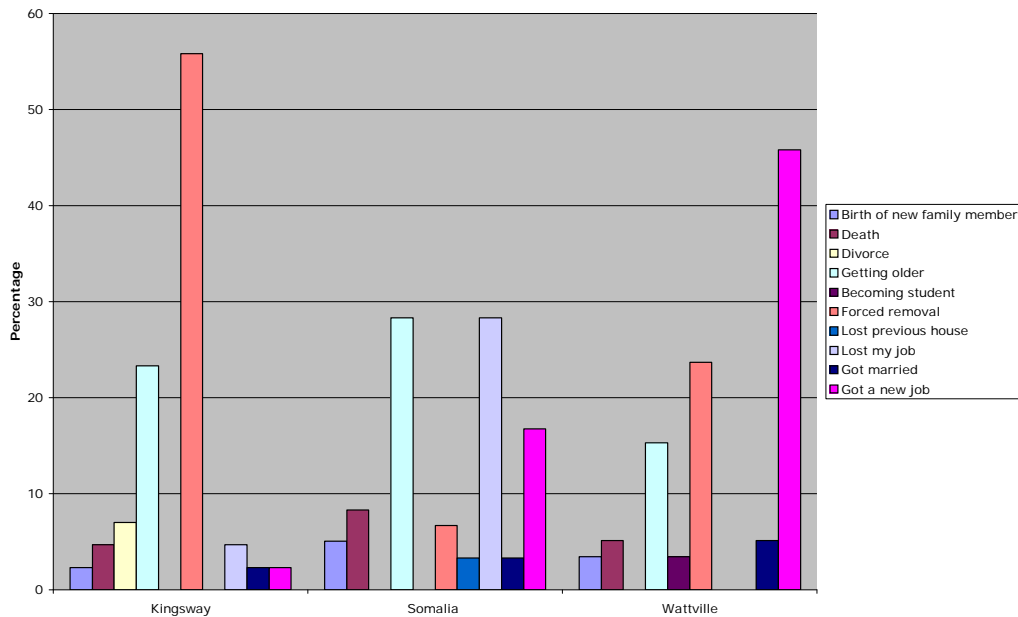
- The household heads tend to be female, younger and African in Kingsway and Somalia. This has implications for both the social identities these household heads express and the social networks they belong to. In Wattville, the households tend to be younger, more educated and male-headed.
- Transacting ‘off-register’ in informal settlements is important for about 20% of the African population of Ekurhuleni. Almost another 30% of Ekurhuleni’s African population hold rental tenure claims.
- The majority of household heads are linked into the formal/registered metropolitan economy which has implications for people’s sense of purpose in the city as well as their expressions of social value amongst their family and friend networks.
- Single parent household structures are common in all three settlement types, but mostly in the RDP Housing project.

#### 4.2.3 Motivations

In Kingsway, the majority of household heads likened their motivation to move to the area as a form of ‘forced removal’. This suggests that they felt that they had little choice in moving to Kingsway. The next most important motivation in Kingsway was a motivation of ‘getting older’ that so definitively characterised the Cape Town settlements.

The search for independence appears as important in Somalia as the fact that motivated almost 30% of household heads to move because they had lost their job. Indeed, factors relating to employment are important motivators for approximately 15% of household heads who were motivated to move to Somalia because they had got a new job. In this way, Somalia appears to be acting as a means for some people who might have experienced the shock of unemployment to minimise their living costs and for other households a means of asserting their independence. The dynamic around employment is clearest in Wattville with almost 50% of household heads moving because of getting new employment. This is correlated with the predominance of young male-headed households with better education levels.

Figure 4. Motivation to move (Ekurhuleni)

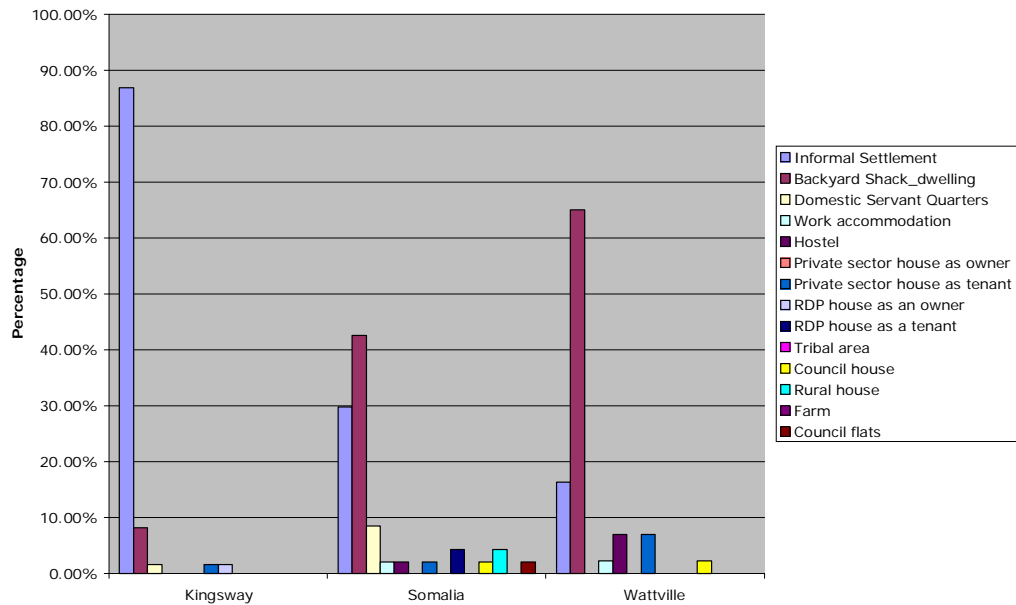


#### 4.2.4 Origins and movement

There are no noticeable differences in terms of a gendered breakdown of the previous location of household heads in Kingsway. About 86% of male-headed households and 88% of female-headed households came from informal settlements. In Somalia, there are greater differences. For example, 48% of male-headed households came from backyard shacks, while 29% came from informal settlements. For female-headed households, 31% came from informal settlements, and 39% came from backyard shacks. Another 8% came from domestic quarters, and 8% from a rural house. There was no instance of anybody coming from an RDP house as an owner, although one male-headed household and one female-headed household had previously resided in RDP houses as tenants. In Wattville, more female-headed households (28.6%) moved from informal settlements to backyard shacks than male-headed households (10.7%). The move from private sector houses as tenants is also more prevalent among female-headed households (14.3%) than male-headed households (3.8%).

Figure 5 shows that in Kingsway the most important prior location of respondents was informal settlements. Statistics such as these lend credence to a popular view that living in an informal settlement in Ekurhuleni is the almost exclusive means by which it is possible to access RDP housing. While other informal settlements and backyard shacks account for the greatest proportion of previous locations for respondents in Somalia, Somalia also indicates a far wider range of locations from which people came. This perhaps indicates the diversity of social networks of which people in Somalia are a part. Wattville is striking in that the greatest proportions of respondents were already backyard shack tenants with a smaller proportion coming from informal settlements. This does not suggest that there is significant progression from informal settlements to backyard shacks in Ekurhuleni.

**Figure 5. Location of previous place (Ekurhuleni)**

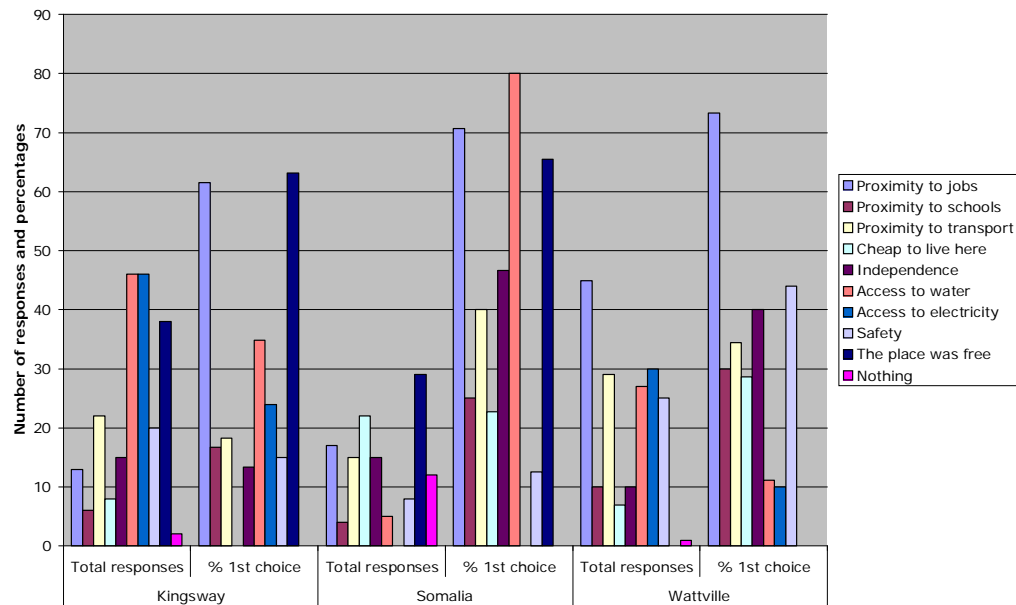


### 4.2.5 Valuations

The survey sought to understand what household heads valued about the location and qualities of the land they were moving to, before they moved. The most valued aspect of Kingsway amongst household heads was the fact that it was free. This option was chosen consistently, and of those that selected the category more than 60% ranked this as the most valued aspect. Access to services such as water and electricity was the next most valued quality of Kingsway. A similar pattern can be observed in Somalia where the quality that was primarily valued was that the place was free and secondly that it was cheap to live in Somalia. Respondents in Wattville reported different values. By far the most important quality about Wattville noted by respondents was its proximity to jobs. The next most important value was that it was perceived as safer to live there.

It should be noted that Figure 6 contains two types of data. The first set is the unweighted and total number of responses to the category. The second set is the percentage of responses that selected the value category as their first choice. To be able to display the relationship between the total number of responses and the percentage chosen as a first choice, the unweighted responses were used in this case. This combination of data enables a comparison between the number of total responses and the percentage chosen as a first choice. For example, a large number of total responses but a small percentage choosing a category as their first choice will indicate that the issue expressed by the category is generally important but not the most important. Conversely, a small number of total responses but a high percentage as a first choice indicates that the value represented by the category is very important but only for a few people.

**Figure 6. At the time of moving here, what did you value about this place (Ekurhuleni)**



## 4.2.6 Transactions

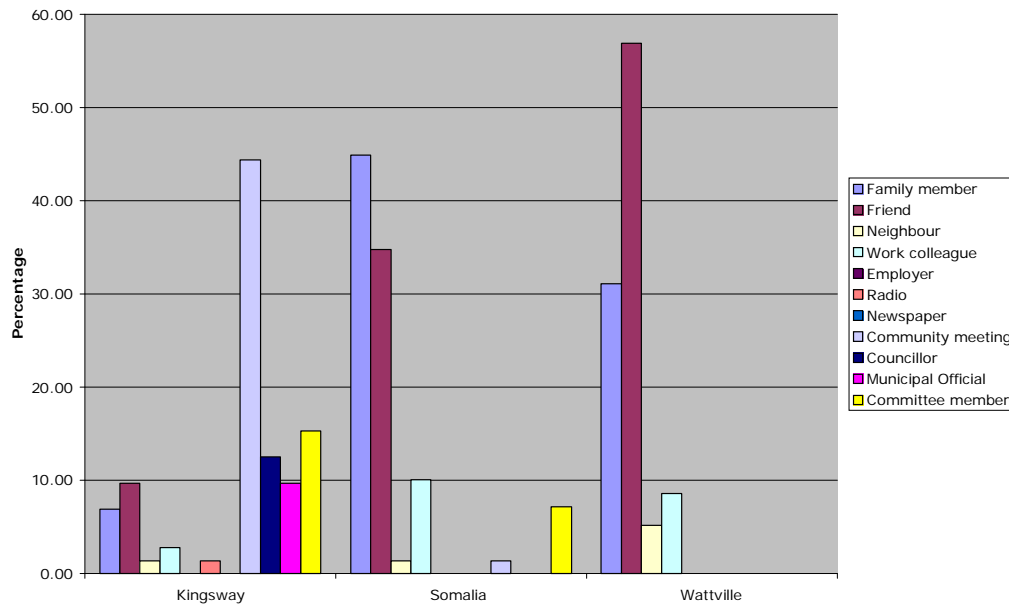
This section outlines key aspects of the different steps in the transaction process:

- finding others to transact with,
- checking the trustworthiness of the other parties and
- making the agreement.

### 4.2.6.1 Finding others to transact with

In Kingsway, community meetings are considered the most important means by which people find out about accessing land. The councillor for Kingsway and municipal officials appear to have played a small role. In contrast to almost all the other case studies in all the other metropolitan areas, family and friendship networks are not considered the most important means of accessing land in Kingsway. In contrast, the importance of family and friendship networks is clearly evident in Somalia and Wattville. The absence of family and friendship networks in finding out about opportunities in Kingsway suggests that the project may have been implemented without much involvement of the eventual beneficiaries. This is partly supported by the high number of respondents who felt that their motivation to move to Kingsway was akin to a ‘forced removal’ (Figure 4).

Figure 7. Finding others to transact with (Ekurhuleni)



The importance of social networks that involve work colleagues emerges in Somalia and Wattville. This suggests that some people may have access to more diverse sources of information and opportunities than those who rely more heavily on family and friendship networks.

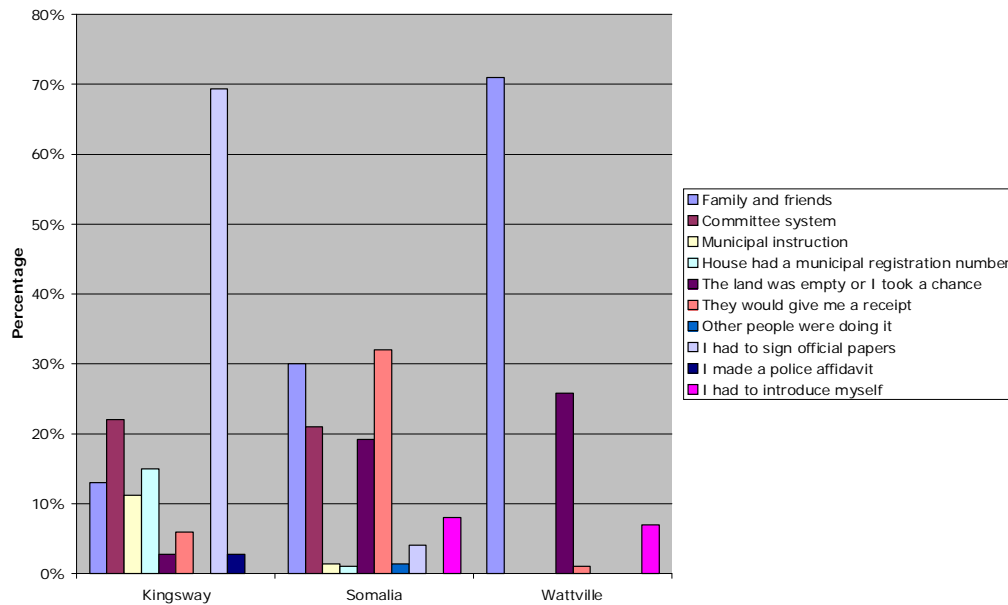
#### 4.2.6.2 Establishing trustworthiness

In ‘registered’ land transactions, professional conveyancers are used to establish the trustworthiness or legitimacy of claims of rights to land. ‘Off-register’ transactions do not normally have access to these services. Therefore, the survey analysed how parties to ‘off-register’ transactions establish the *bona fides* of the claims of the other parties to the transaction.

For respondents in Kingsway, the most important means of gaining assurance of the legitimacy of the transaction was through signing official papers. Family and friends appear to play a slightly more important role in this step of the transaction than in the previous step of finding the opportunity to access the land. The importance of family and friendship networks is dominant in Wattville, and this follows from the reliance on these same networks to find others to transact with. The means of gaining assurance of the trustworthiness of the other parties to a transaction in Somalia are more mixed. The use of documentation in the form of a receipt is the most important means recorded, with family and friends slightly less popular as an option. There are significant percentages of households that ‘took a chance’ in both Somalia and Wattville. This points toward the current precariousness and uncertainty of these claims to rights to land.



**Figure 8. Means of gaining assurance of trustworthiness of the other party (Ekurhuleni)**



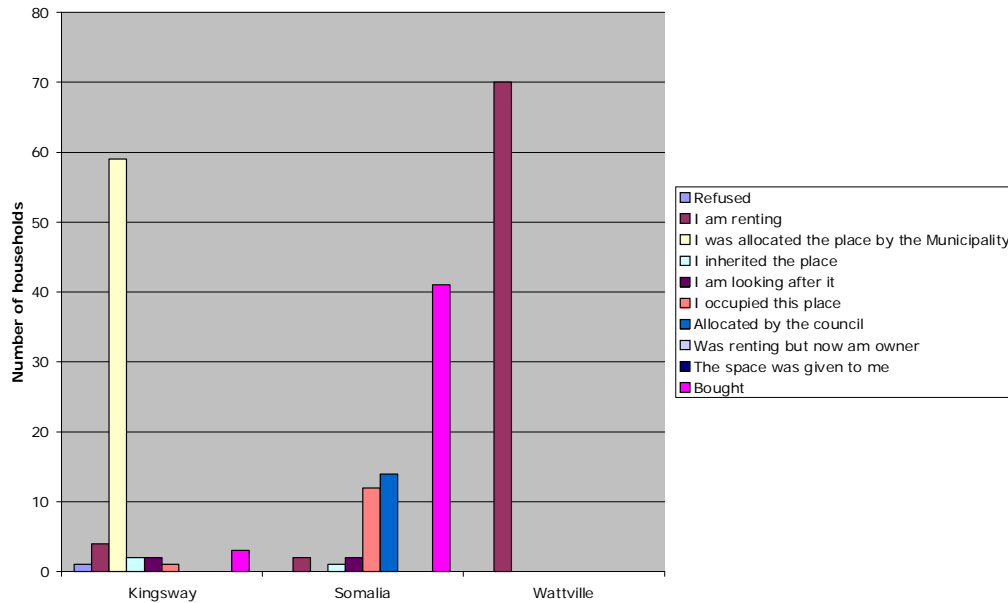
#### 4.2.6.3 Types of claims

In this research, we have distinguished between four main categories of claims: ownership, rental, sharing and temporary borrowing. In Kingsway, the delivery mechanism within the Deeds Register was through public allocation and resulted in claims of ownership. In Somalia, the delivery system was through a form of self-allocation and resulted in claims to temporarily borrow the land. Wattville consists of informally arranged rental claims.

As in the other case studies in the other metropolitan areas, one type of claim tends to dominate each settlement. In Kingsway, this is ownership through the Deeds Registry. Somalia is characterised by ownership of a future right to development. In Wattville, rental claims to rights to land predominate. The lack of diversity within settlement types is a characteristic of all the case studies in all the metropolitan areas.

The small percentage of responses to the option of ‘bought’ in Kingsway suggests that a small number of ‘off-register’ transactions have occurred (See Table 10).

Figure 9. Types of claims per settlement (Ekurhuleni)

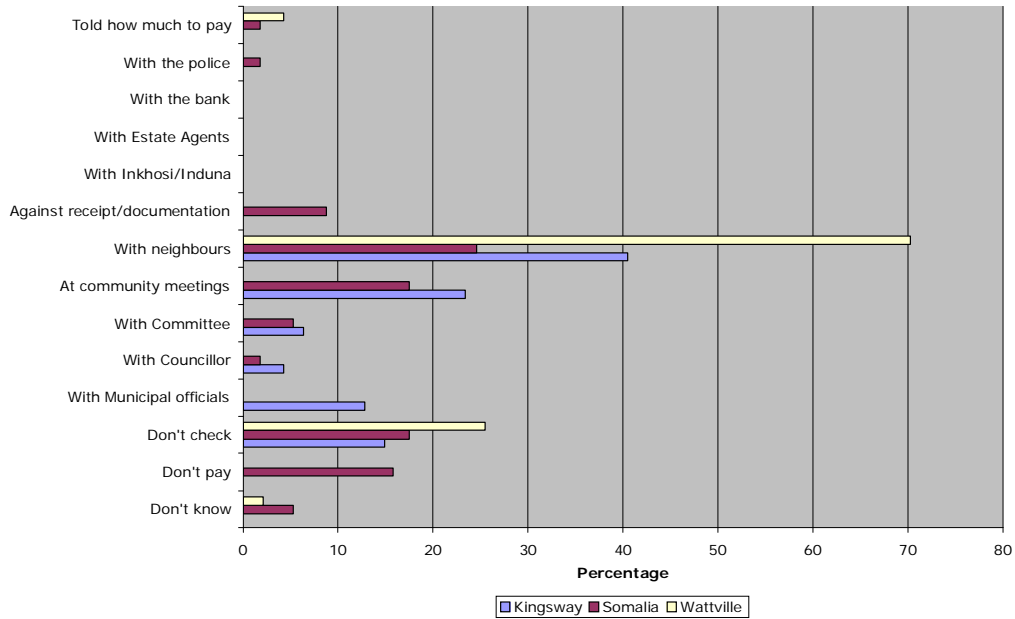


#### 4.2.6.4 Calculating

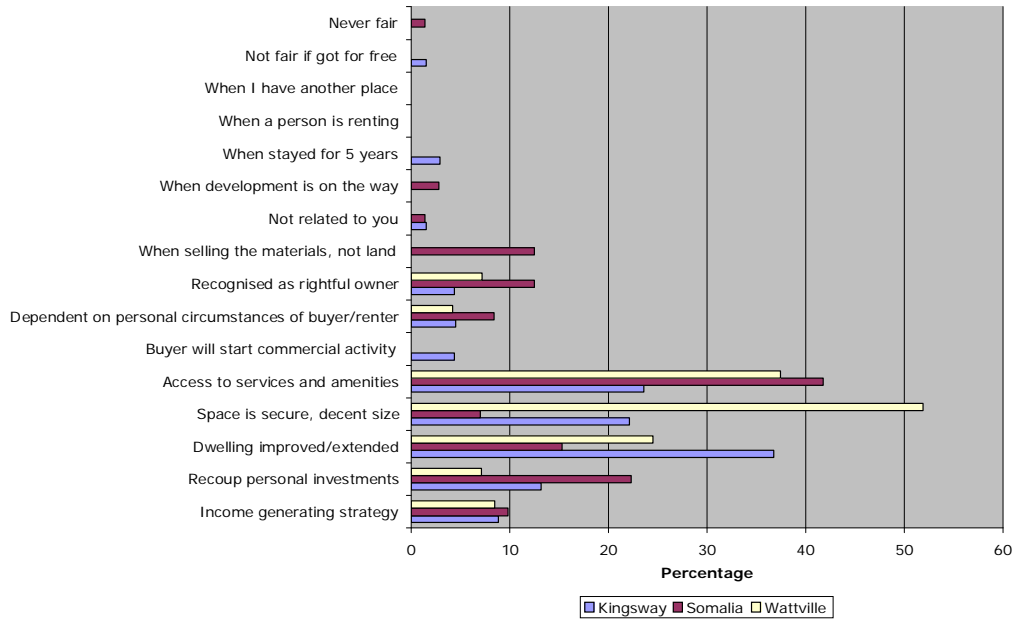
There is less evidence of a socially dominated market in existence in responses to questions around how household heads calculated what would be exchanged in different transactions. It is not surprising in rental situations that tenants will pay more attention to the amount of rent that they have to pay, and their responses suggest that the most important source of information is through neighbours. There are generally far fewer households that either ‘don’t check’ or ‘don’t know’ than in the other case studies in the other metropolitan areas. This suggests that the socially dominated markets of accessing land may give way to a financially dominated market once people are holding land in Ekurhuleni.

In a socially dominated market, the ability to make a profit is mediated by the social relations established through the transaction. This is to be differentiated from a financially dominated market where the profit is mediated by the price that sellers are willing to set and buyers willing to accept for particular claims to land. The survey sought to understand the conditions under which it would be considered fair and unfair to make a profit in the different settlements. In support of the conclusions of the previous section that once people are holding land that more of financially dominated market is in existence, there are far more situations in the case studies in Ekurhuleni when it would be thought fair to make a profit than the other metropolitan areas. There still appear to be strong social norms operating on what is a decent size as in the case of Wattville. However, the role of the municipality in supplying services appears to provide a justification for making a profit in Somalia.

**Figure 10. How do you check the price (Ekurhuleni)?**

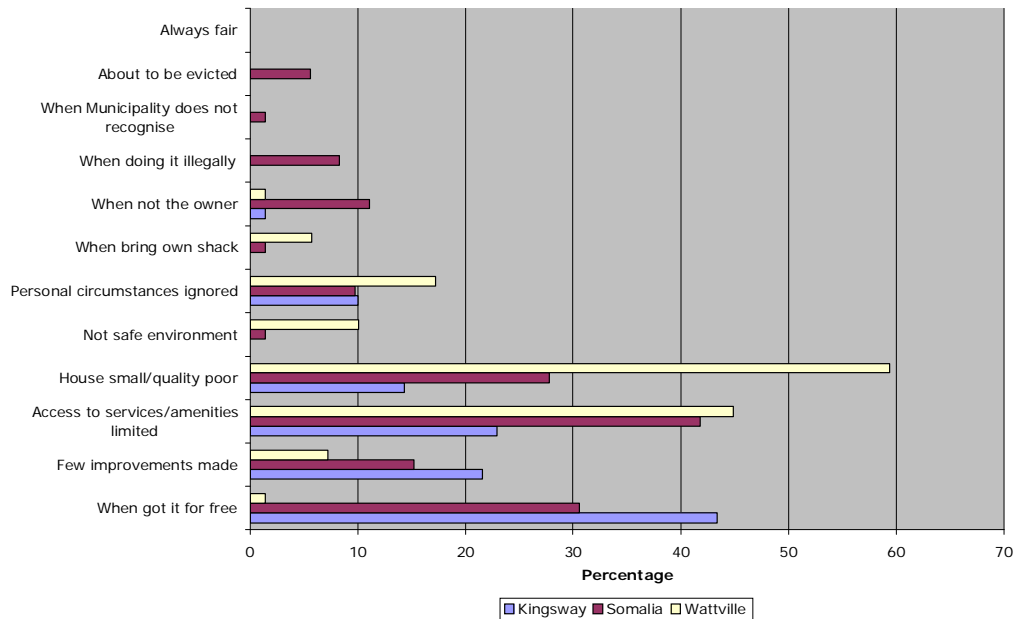


**Figure 11. When is it fair to make a profit (Ekurhuleni)?**



As in the other metropolitan areas, the factors that make it unfair to make a profit are often the converse of when it is fair. However, there are important differences between Figure 11 and Figure 12. For example, there appear to be strong social norms operating which suggest that it is considered unfair in Somalia and Kingway for a person to make a profit if the land was accessed for free.

**Figure 12. When is it unfair to make a profit (Ekurhuleni)?**



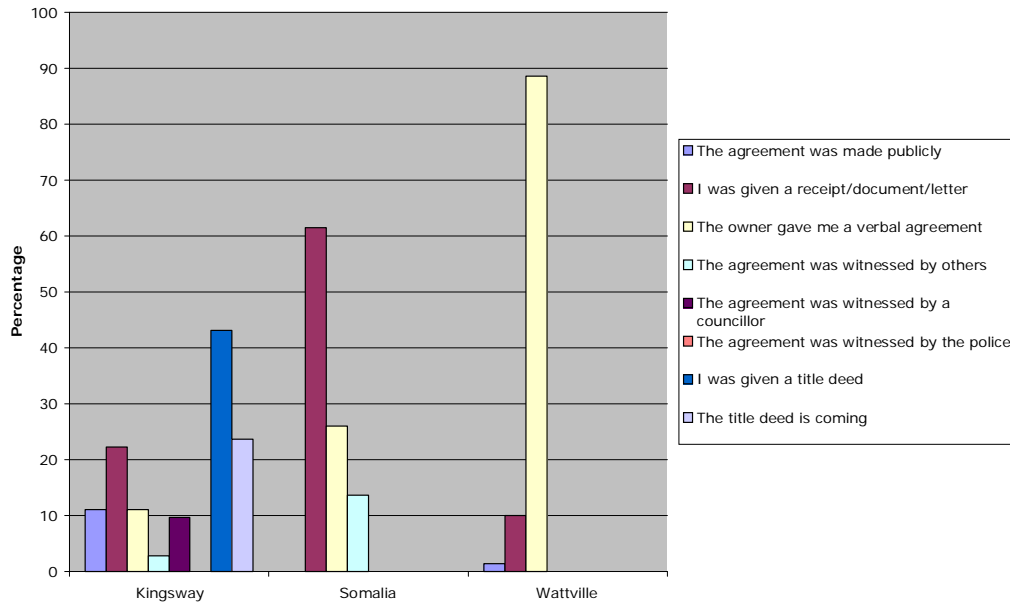
The evidence that households consider their claim to rights to land to be a form of temporary pledging is contained between Figure 11 and Figure 12. There was a small but important proportion of household heads that responded that it was not fair to make a profit if people are ‘not the owner’, if the land was originally accessed for free or if the person was only selling the shack and not the land.

#### 4.2.6.5 Making an agreement

In land market research that imposes market models on the way in which the data is approached, the moment of making the agreement typically represents the transaction. However, as more nuanced accounts of land markets have shown, a transaction consists of far more than the moment or process through which claims to rights to land are exchanged. The research findings indicate that how people make an agreement is dependent on the types of claims they are pursuing, which opportunities their social networks facilitate and what expressions of social identities are necessary to be able to transact.

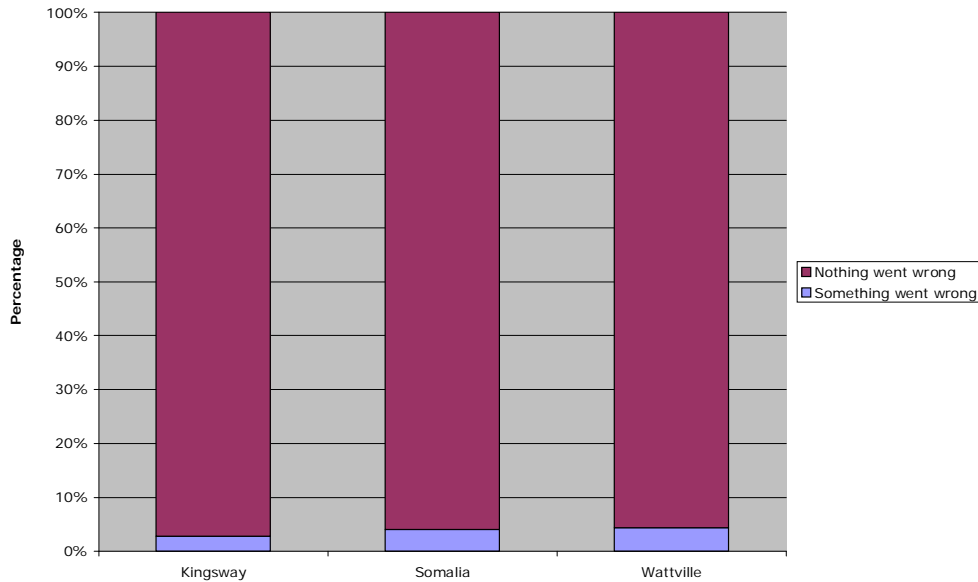
In this section, we investigate how agreements to exchange claims to rights to land were made. The reliance on verbal agreement is striking in Wattville and highlights how tenuous the situation of both a tenant and a landlord can be in this type of transaction. The use of documentation in Somalia mimics the reliance on documentation in Kingsway. The small number of verbal agreements in Kingsway is possible evidence of ‘off-register’ transactions. The percentage of responses categorised as ‘verbal agreements’ is roughly equivalent to the percentage of sales (11%) recorded in Table 10.

**Figure 13. Means of making an agreement (Ekurhuleni)**



As in the other RDP housing projects where beneficiaries are still waiting for their title deeds, this is one of the ways in which the actions of the state encourage ‘off-register’ transactions (notwithstanding the fact that the pre-emptive clause on the sale of the land and dwelling will not have expired).

**Figure 14. Did anything go wrong after the agreement was made (Ekurhuleni)?**



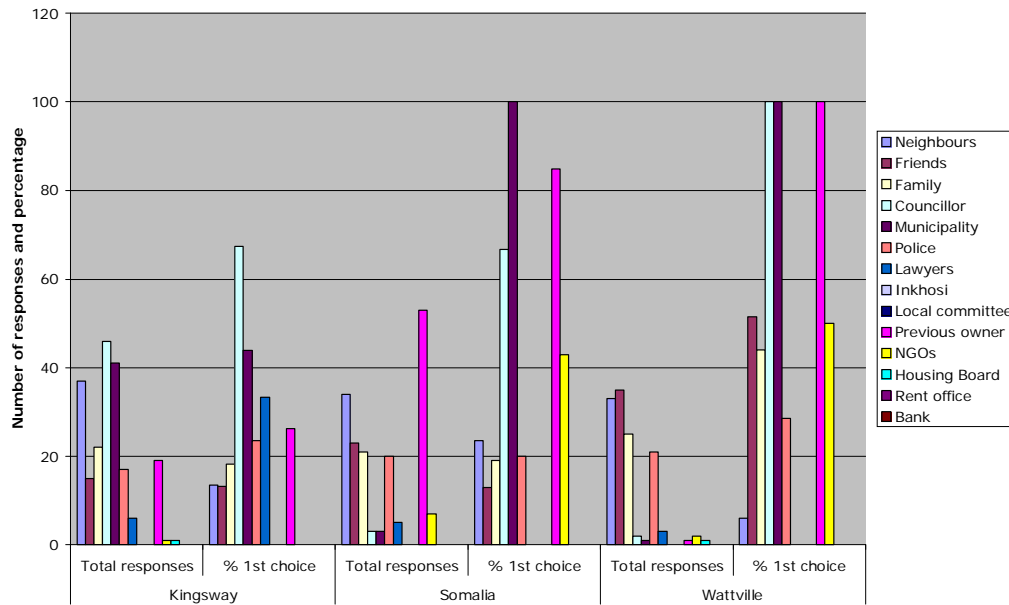
There are established methods for resolving problems when transactions do not turn out as intended in the Deeds Registry system. There is less predictability in ‘off-register’ transactions. It is a testament to the robustness and capability of the social norms and

standards that have emerged that very little appears to go wrong with transactions conducted in the ways described above.<sup>8</sup>

### 4.2.6.6 Dispute resolution

Assuming some part of a land transaction did go wrong, it was important to determine how household heads would resolve the disputes. The councillor and municipality emerge as the most important means of resolving disputes for household heads in Kingsway. The next most important option chosen was to resolve the dispute with the previous owner. Resolving any dispute with the previous owner stands out as the most important option for respondents in Somalia. In Wattville, the most important means of resolving disputes is to resort to family and friendship networks, followed to a lesser extent by resorting to the police. The point to note about these different means of resolving disputes is that they have different cost implications. Relying on neighbours of family and friendship networks is probably the cheapest form unless the previous owner or municipal officials come looking for the parties involved in the dispute.

**Figure 15. Dispute resolution (Ekurhuleni)**



It is important to note that Figure 15 contains two types of data. The first set is the unweighted and total number of responses to the category. The second set is the percentage of respondents that selected the category as the most important person/agent they would ask if there was a dispute about ownership. To be able to display the relationship between the total number of responses and the percentage chosen as a first choice, the unweighted responses were used in this case.

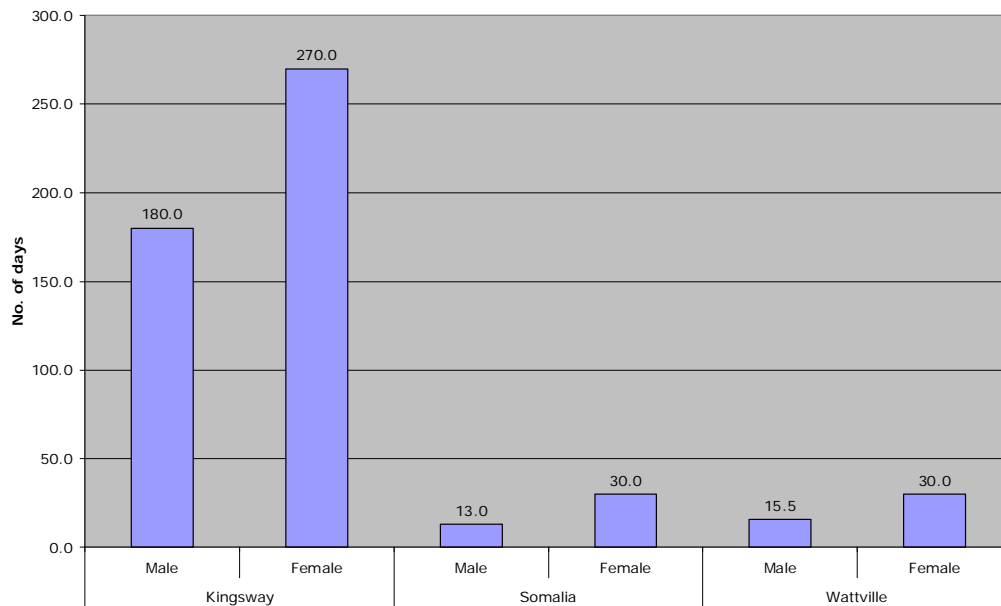
<sup>8</sup> It is important to note that there is an implicit bias in this response. It is likely that a certain percentage of people would have left their place if something had gone wrong with the agreement and therefore, there will be a greater percentage of people for whom nothing had gone wrong with the agreement. Notwithstanding this self-selection bias, the number of people for whom the process 'works' is remarkable.

### 4.2.6.7 How long it takes

In this section, we report on the findings that relate to the time it takes to complete transactions around land in the case study areas. In the following section, we record the responses to the questions in the survey that related to the financial costs of the transaction process. Figure 16 reports the median total number of days by gender between when a respondent first heard about the place they were staying in now and when they perceived that it was theirs.<sup>9</sup> That is, the figure represents the duration of time it took from when the transaction process began to the step in the process where the agreement was made and the new household took occupation.

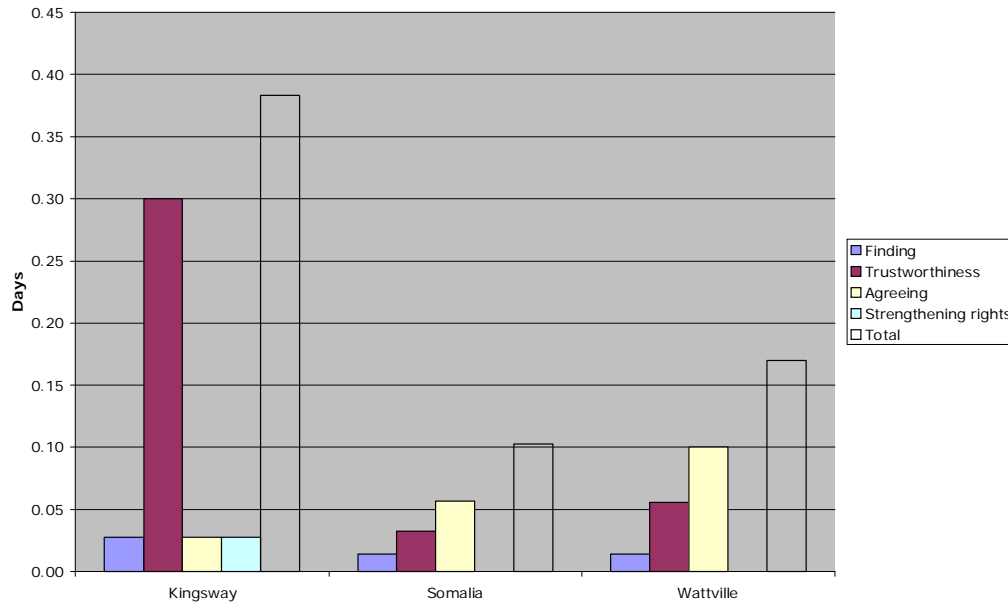
In Ekurhuleni, there is a clear pattern of female-headed households taking longer to transact than male-headed households in the case study settlements. Male-headed households in Somalia and Wattville take roughly two weeks to transact, while the equivalent is approximately one month for female-headed households. In Kingsway, the process appears to take between six months for male-headed households to nine months for female-headed households.

**Figure 16. Median total number of days between hearing about a place and getting it by gender (Ekurhuleni)**



<sup>9</sup> The median number of days was used in this section because it appeared a more accurate reflection of the situation in the different settlements. This is because the average calculation included a wide range of times that distorted the analysis.

**Figure 17. Time spent transacting and strengthening rights (Ekurhuleni)**



In Figure 17, the data of Figure 16 is analysed in more depth and includes the element of the amount of time households spent strengthening their rights to land. Thus while the previous figure represents the duration of the process, Figure 17 represents the amount of time taken to complete each step as well as the total time actually spent transacting (as represented by the transparent column for each settlement). In all the case studies in Ekurhuleni, the amount of time actually spent transacting was minimal – less than one day for all of the steps. It remains to examine whether there were any cost implications of transacting in this way.

The second aspect which Figure 17 reports on is the time households that are transacting ‘off-register’ spend on activities needed to strengthen their claims to rights to land. The issue tested for in the survey was the extent to which households transacting ‘off-register’ needed to engage in activities to strengthen their claims to rights to land in the absence of being able to resort to the Deeds Registry, local zoning or other planning regulations. Apart from an almost negligible amount of time spent for this purpose by Kingsway respondents, none of the other household heads in Wattville or Somalia invested any time in strengthening their claims to rights to the land.

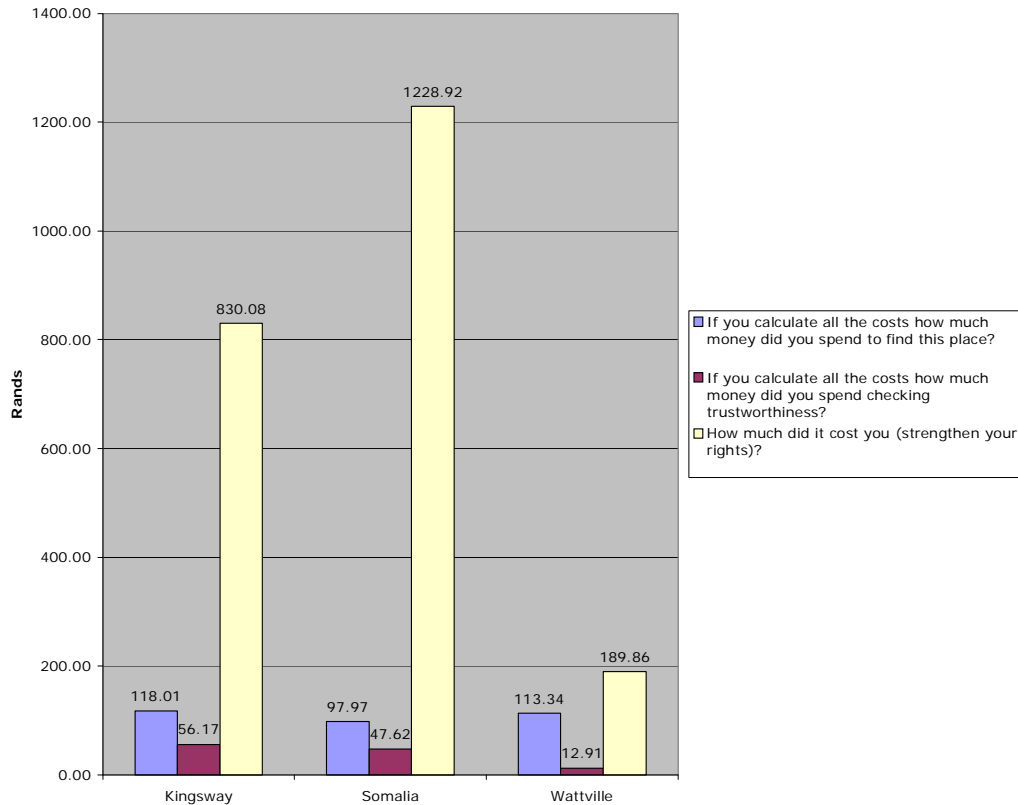
#### 4.2.6.8 Costs

In addition to the amount of time households spent engaging in transactions, the survey calculated the financial costs of their transactions (in terms of transport, fees, people that had to be paid etc.) and the financial costs of strengthening their claims to rights to land.<sup>10</sup>

<sup>10</sup> The survey did not try to quantify the financial value of people’s time spent transacting.



**Figure 18. Estimated financial costs of transacting (Ekurhuleni)**

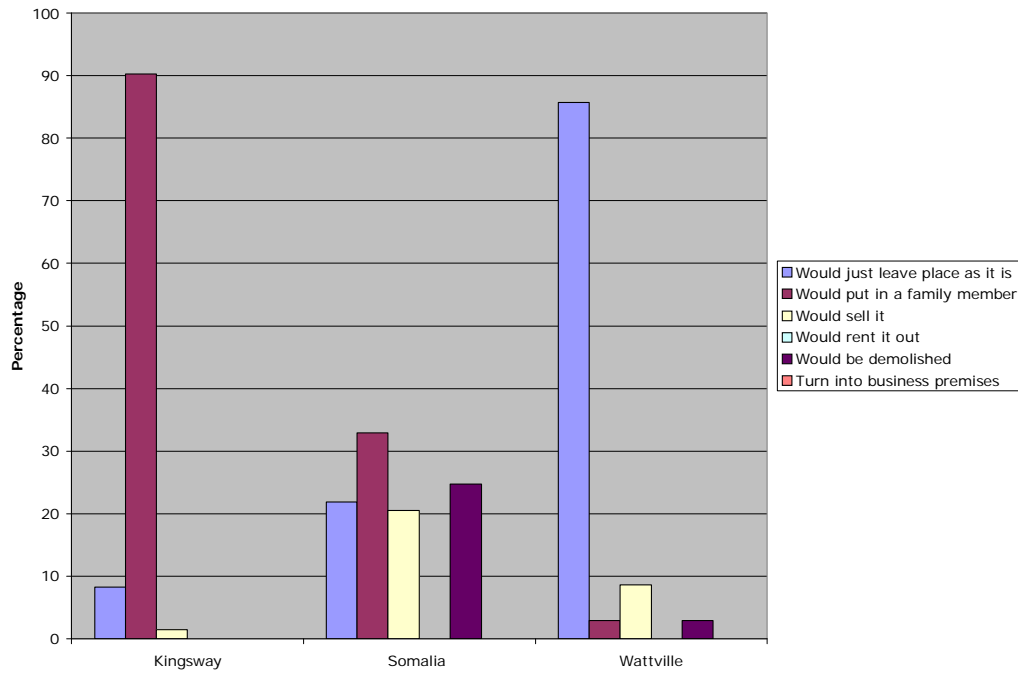


The costs of finding others to transact with are roughly similar across the case study settlements in Ekurhuleni. It is slightly cheaper to gain assurance about the trustworthiness of the other parties in Wattville, and this may be due to the fact that family and friendships networks are involved in finding others, gaining assurance and making the agreement. Given the rental arrangements in Wattville it is to be expected that there are not high levels of investment there in strengthening claims to rights to land. The total average cost of transacting is R1004.26 in Kingsway, R1374.51 in Somalia and in Wattville it is R316.11. It is noteworthy that households in Somalia spend nearly one-third more than households in Kingsway to strengthen their claims to rights to land. However, these figures are calculated without reference to the amount of time over which the costs of strengthening rights were incurred. When the median number of years that households have held the different claims is taken into account (See Figure 20) the picture changes, and the difference in levels of investment between Kingsway and Somalia are increased as the investments in Kingsway are spread over more years. The view that it is more expensive to transact in an informal settlement in Ekurhuleni may well be true in Somalia.

#### 4.2.6.9 Selling

One element of a land market is the amount of land that is demanded. Another is the amount that is supplied. In Ekurhuleni, the amount of serviced land that is being supplied to poor people has not kept pace with the estimated demand.

**Figure 19. What will happen to this place if you leave (Ekurhuleni)?**



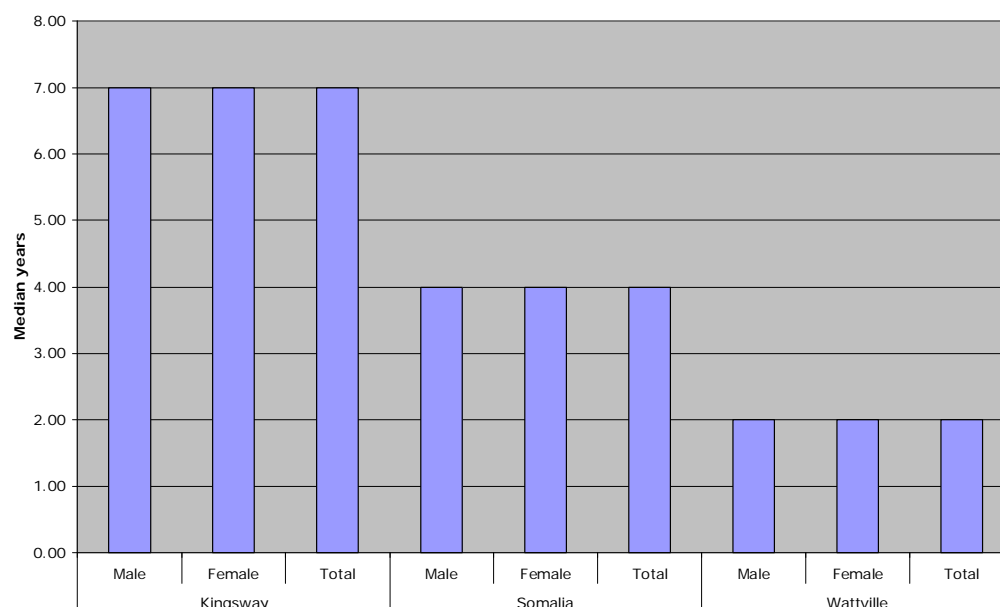
The issues of supply and demand are analysed in more detail in the next section. In this section, we analyse the process of respondents trading their land holding.

In Kingsway, where land and dwellings were provided for free, 90% of respondents indicated that if they were to move away they would put a family member into their dwelling rather than sell. This has particular consequences for the development of any land market and suggests that when it comes to trading land, a socially dominated market may be a more appropriate frame of reference. Characteristically in a rental situation, most tenants in Wattville would just leave the place as it was if they were to move. Results in Somalia are more mixed. Most household heads indicated that they would put a family member into their dwellings if they were to move. Approximately 20% reported that they would sell their claims to rights to land. We can anticipate that it would be far easier to move from Wattville, moving from Somalia would take some co-ordination and moving from Kingsway would take the most co-ordination (within the family).

### 4.2.7 Supply and demand

In the following sections, we focus on the broader implications for land markets of the transaction processes taking place in the case study settlements. We begin by quantifying the amount of ‘turnover’ within the land markets before considering respondents’ perceptions of where the demand for land is coming from. This is followed by an analysis of the efficiency of these transactions and what the consequences for the individual households tend to be as a result of these transactions. The research findings conclude with an analysis of the respondents’ experiences of transacting within the Deeds Registry system.

**Figure 20. Median number of years that household heads by gender have lived in the area (Ekurhuleni)**



One element of the supply of land is the extent to which existing claims to land are exchanged. The graph of how many years household heads have resided in each settlement is useful for establishing the rate of turnover of each parcel of land. From Figure 20, we can conclude that land is not transacted within a median of seven years for RDP housing, four years in the informal settlement and two years in the rented backyard shacks of Wattville. It is clear that the highest level of ‘churning’ is occurring in Wattville. In none of the Ekurhuleni settlements were differences noted between the turnover rates of male- and female-headed households.

In Table 8 and Table 9 the overall length of stay is analysed in terms of different claims that people have made on land.

**Table 8. Length of ownership for those who bought (Ekurhuleni)**

Area	Did you buy this place?	Mean	Median	Std. Deviation	N
Kingsway	Bought	3.0	3.0	1.0	3
	Not Bought	6.5	7.0	2.7	69
	Total	6.3	7.0	2.8	72
Somalia	Bought	5.6	5.0	4.0	41
	Not Bought	5.6	4.0	5.3	31
	Total	5.6	4.0	4.5	72
Wattville	Not Bought	3.7	2.0	3.4	70
	Total	3.7	2.0	3.4	70

In Kingsway, there is confirmation of ‘off-register’ transactions occurring since the small number of transactions is less in terms of years than the public allocation. In Somalia, there is little difference in years of holding between the different claims. This implies that there is no benefit in pursuing particular claims in Somalia.

**Table 9. Length of stay by other claim**

Area		Mean	Median	Std. Deviation	N
Kingsway	I am renting	2.8	3.0	1.3	4
	I was allocated the place by the Municipality	7.0	7.0	2.6	59
	I inherited the place	3.0	3.0	2.8	2
	I am looking after it	4.0	4.0	2.8	2
	I occupied this place	5.0	.	.	1
	<b>Total</b>	<b>6.5</b>	<b>7.0</b>	<b>2.7</b>	<b>69</b>
Somalia	I am renting	10.5	10.5	13.4	2
	I inherited the place	2.0	.	.	1
	I am looking after it	1.0	.	0.0	2
	I occupied this place	3.3	3.0	1.9	12
	Allocated by the council	7.9	5.5	5.4	14
	<b>Total</b>	<b>5.6</b>	<b>4.0</b>	<b>5.3</b>	<b>31</b>
Wattville	I am renting	3.7	2.0	3.4	70

In Table 9, the data is analysed further for those claims that are not categorised as ownership. There do not appear to be any significant differences in the length of holding land between the different types of claims that respondents have made *within* settlements. There do appear to be differences *across* the different settlements in median lengths of holding land. The figures and tables in this section should be cross referenced against Section 4.2.6.9 because while the land may not be being exchanged over these periods with 'strangers' there is a high likelihood that the same land circulates within family networks.

Respondents were queried about their perceptions of where the demand for land was coming from. In all of the settlements, there was a perception that the demand for land was coming from rural migrants, and this was particularly so in Somalia. The next most important source of demand in the view of respondents in Somalia was people looking for jobs. Returning to the conclusion that Somalia is both a place for people obtaining new jobs and those experiencing shocks, the third most important source of demand was from household heads losing their jobs.

The importance of jobs and the location of new jobs were the most important reasons explaining the demand for land in the view of respondents in Wattville. In Kingsway, and apart from demand from rural migrants, the most important explanation for demand for land in the RDP housing project was access to water and electricity.

**Figure 21. Perceptions of demand for land (Ekurhuleni)**

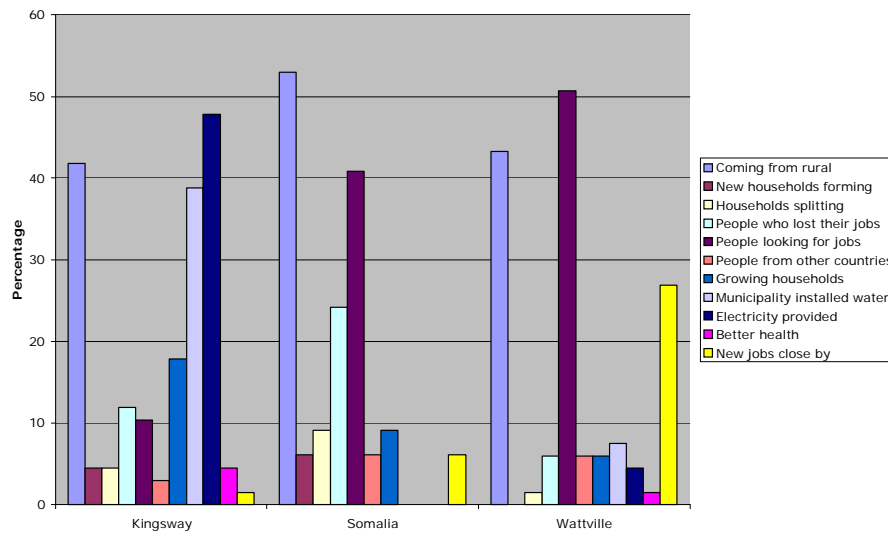


Table 10 provides an estimation of the level of transactions around land that has occurred over the last five years (2002 – 2007) in the three settlement areas. It is based on data generated in response to questions about when people moved to the settlement, what type of claim to the land they hold, whether they had bought a place and, if so, how much they paid. As in the other RDP housing project areas of Delft and Old Dunbar, the level of transactions is relatively low, with the number of sales making up an even smaller percentage of transactions. This suggests that rental, rather than sale, of land is a preferred strategy in Kingsway. This is reinforced by the percentage of household heads that stated that they would ‘put a family member in it’ (90%) rather than sell (See Figure 19). The level of transactions in Wattville is not surprising given that the median number of years of a tenancy is two years (See Table 9). To obtain a truer reflection of the level of change in Somalia, it is necessary to add the 23.68% of households who ‘just occupied’ the land in the last five years.

**Table 10. Percentage of transactions, number of sales and value**

	Kingsway	Somalia	Wattville
Total (weighted) number of transactions in the last 5 years (2002 – 2007) <sup>†</sup>	286	1200	754
% of transactions in the last 5 years	11.11%	38.36%	68.57%
Total (weighted) sales between 2002 – 2007**	107	1072	0
Total (weighted) value of sales between 2002-2007***	R1,606,875.00	R53,578.77	0

<sup>†</sup> This value is calculated from the number of respondents who indicated that they had either bought, rented or were ‘looking after’ a place between 2002 and 2007. The figure excludes those who had occupied land or inherited it.

\*\* This value is the total number of transactions identified by the respondents as a sale.

\*\*\* This value is calculated by multiplying *only* the transactions listed as sales by the median price paid.

In the qualitative survey, the average rental per month in Wattville was an inclusive rate of R275. To gain an approximation of the financial value of the rental in Wattville per month we

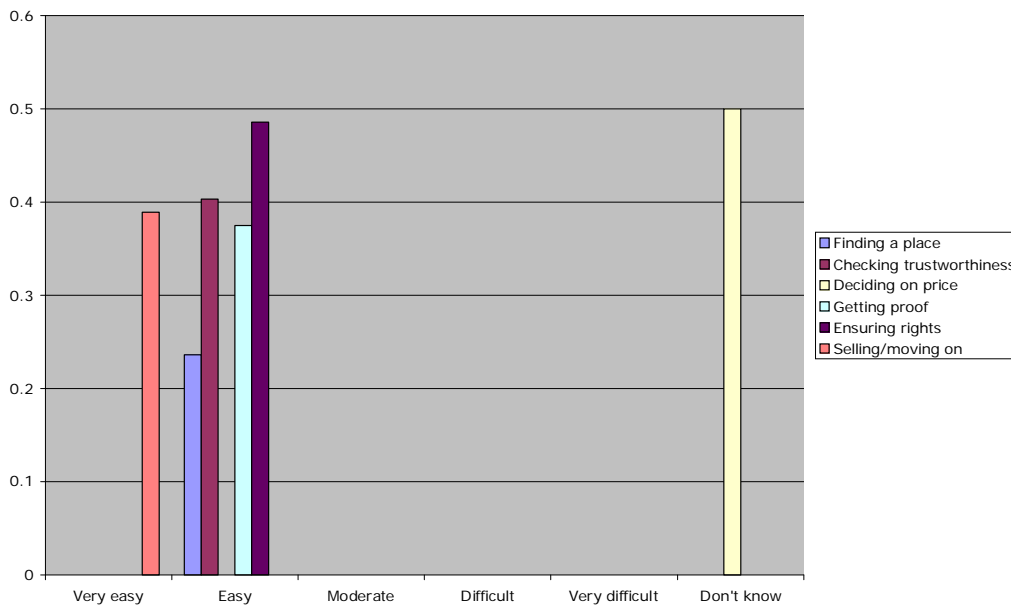
have multiplied the average rental by the number of backyard shacks to obtain a figure of R302,500.00 per month or an annual amount of the value of transactions of R3,630,000.00.<sup>11</sup>

### 4.2.8 Efficiency and effectiveness

In the preceding sections, we have drawn attention to the steps in the transaction process and the time and cost implications of the various steps. In this section, we review the respondents' ranking of how easy they found each step. Figure 22, Figure 23 and Figure 24 record the responses of the household heads in the various case study settlements by representing the step that had the highest percentage of responses.

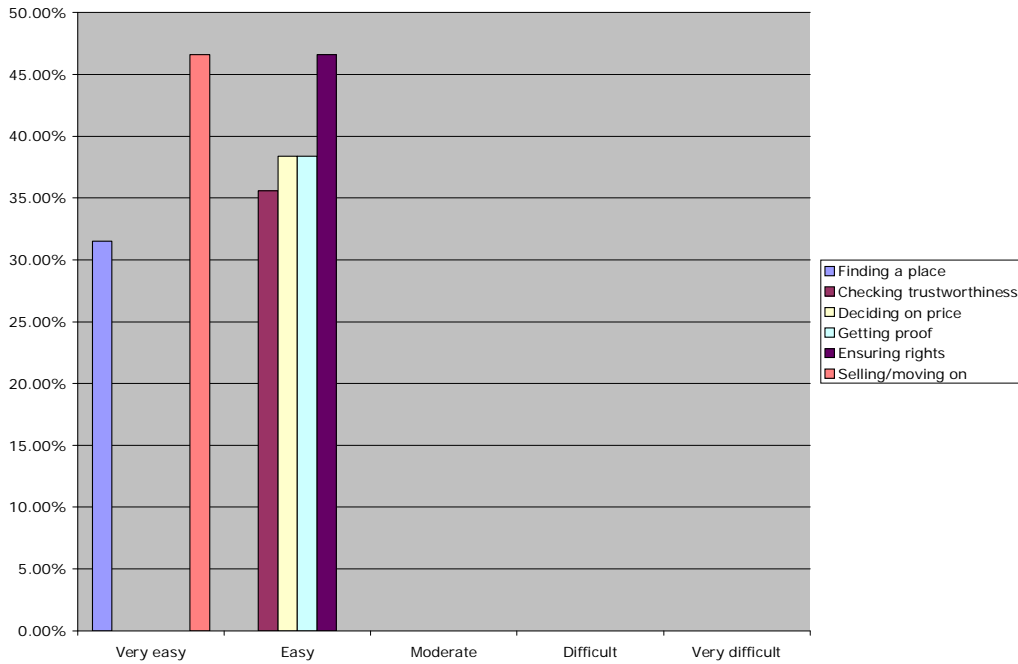
In Kingsway, all of the steps in the process of transacting were experienced as 'easy' or 'very easy'. The fact that the land and dwellings were publicly allocated explains the high percentage of responses for not knowing how to decide on the price.

**Figure 22. Kingsway**



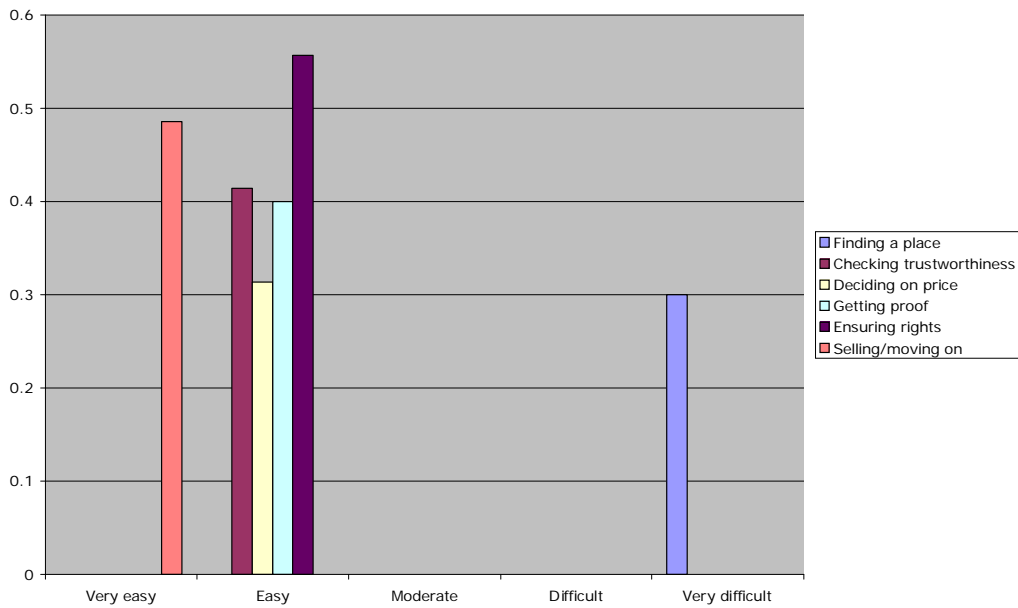
<sup>11</sup> This figure should be treated with caution. The data does not allow us to determine the level of turnover within a year and hence, to calculate accurately the annual value of transactions.

**Figure 23. Somalia**



In Somalia, all of the steps in the process of transacting were experienced as 'easy' or 'very easy'. A similar picture emerges in Wattville, with only the step of finding others to transact with being experienced as very difficult.

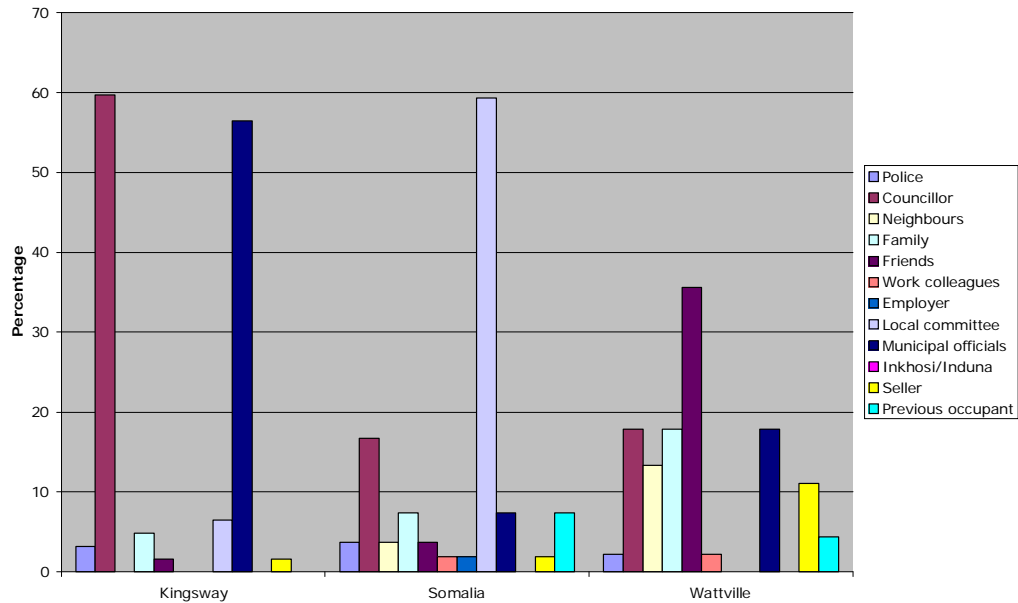
**Figure 24. Wattville**



In an attempt to identify how the current system of land transactions and the operation of land markets could be made simpler, respondents were asked to identify who could make the process simpler. The answers to this question not only have relevance for those people or

agencies identified but also speak to the perceptions of the respondents as to who or which agencies are important in Ekurhuleni’s land markets.

**Figure 25. Who can make the process simpler (Ekurhuleni)?**



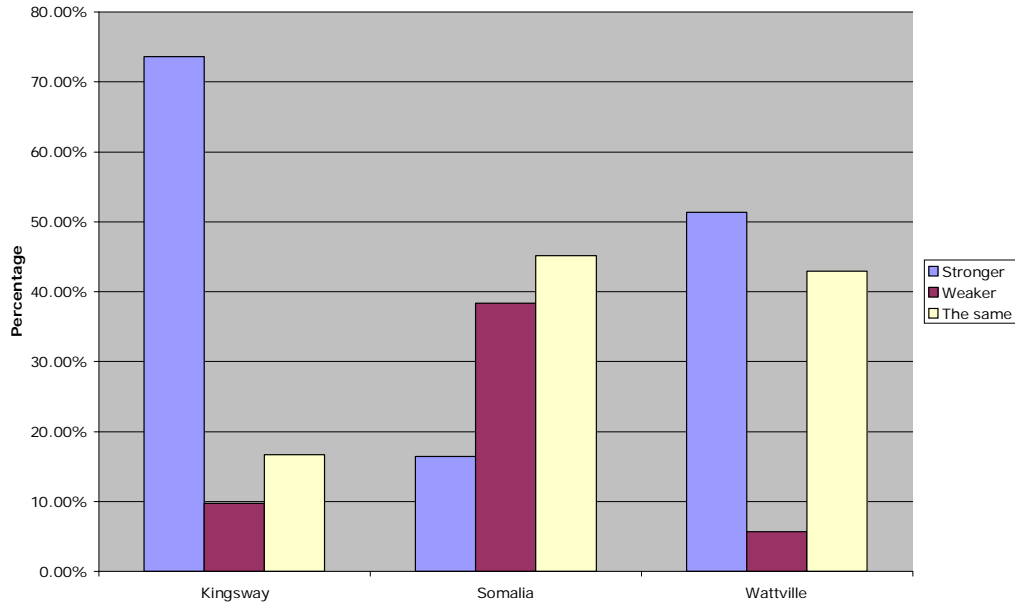
In Kingsway, it is evident that the respondents perceived that the councillor and municipal officials could make the process simpler. In Somalia, the most important agent is considered to be the local committee, while friends are identified as being able to make the process simpler in Wattville. There is also a cluster of responses in Wattville identifying the councillor and municipal officials on the one hand, and families on the other hand, as being able to make the process simpler.

#### 4.2.9 Rights strengthened/weakened

In Figure 26, it is evident that the respondents in Kingsway feel that their rights have strengthened over time in ways that have not occurred in either Somalia or Wattville. Most respondents in Somalia perceive that their rights have become weaker or stayed the same. In Wattville, the majority of households feel that their rights have either stayed the same or strengthened.

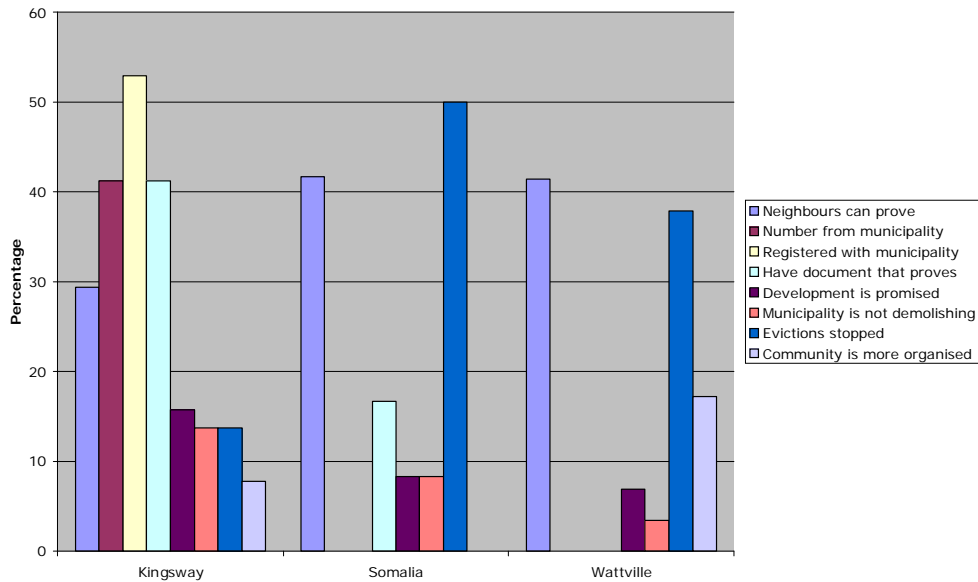


**Figure 26. Now that you have lived here for a while, do you feel your rights to this place are stronger or weaker (Ekurhuleni)?**



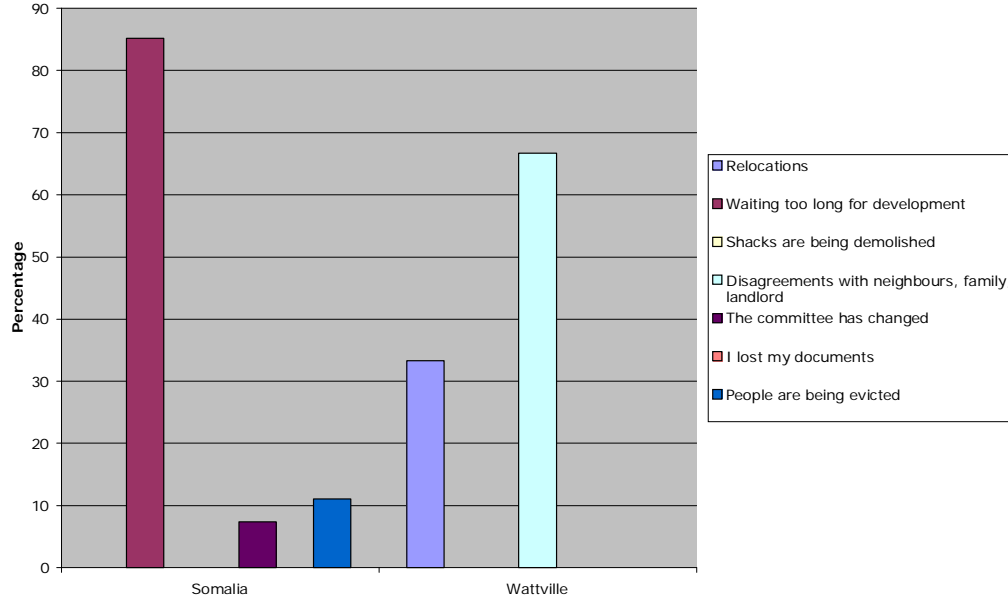
The data in Figure 26 is analysed in more detail in Figure 27 and Figure 28 below. The importance of the strength of neighbourly networks for strengthening rights is evident in all of the settlements, particularly in Wattville. There, the cessation of evictions also appears as an important reason why respondents feel their rights have been strengthened. A similar pattern is evident in Somalia. In Kingsway, the most important cluster of reasons why people feel their rights are stronger is because of their relationship to the municipality and the documents and numbers that they hold.

**Figure 27. Ways in which rights are stronger (Ekurhuleni)**



In Figure 28, only Somalia and Wattville reported ways in which they felt that their rights had become weaker. It is clear that ‘waiting too long for development’ undermines the claims to rights to land in informal settlements such as Somalia.

**Figure 28. Ways in which rights are weaker (Ekurhuleni)**



The fact that 7.4% indicated that ‘a change in the committee’ had weakened their rights suggests that the informal systems do not always work as well for everybody all the time. The prosecution of evictions is also undermining the perceptions of the strength of people’s rights in Somalia. In Wattville, the dominant reason for feeling that rights have become weaker is because of disagreements with neighbours, family or the landlord. To recall, almost all agreements are made verbally in Wattville. It is not surprising that these disagreements would have the effect of weakening claims. In an area of life where there are very few state-enforced regulations and standards, this is perhaps not surprising.<sup>12</sup>

### 4.2.10 Consequences

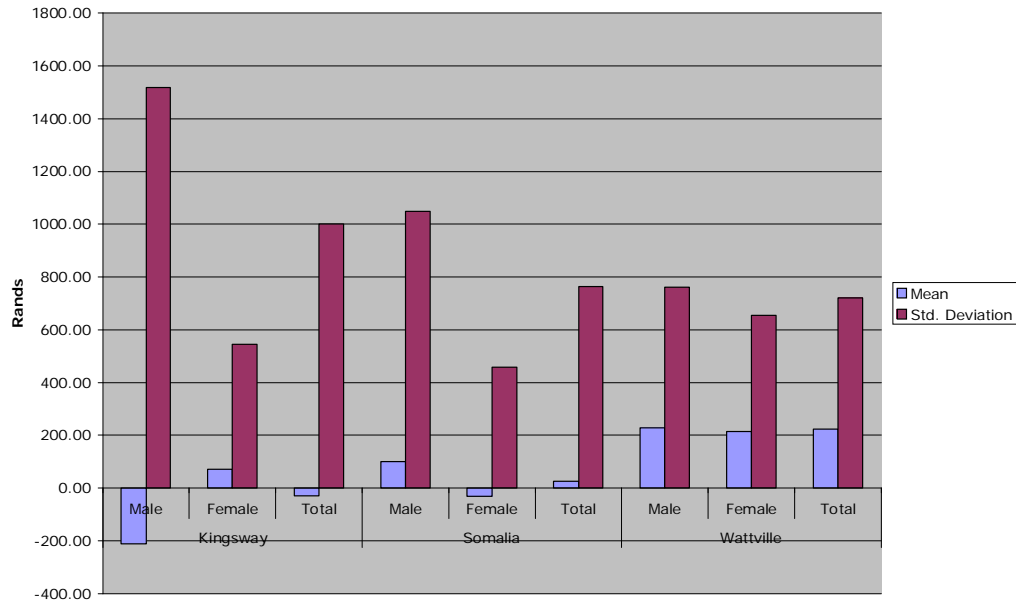
Figure 29 provides data on the average difference in monthly household income between the previous place the household head lived and the current place.<sup>13</sup> The purpose is to provide some sense of whether people are able to improve their financial situations by transacting in the land market. There are a number of conclusions that can be drawn from this figure. The first is that there are significant standard deviations in all cases and that these standard

<sup>12</sup> It is important to note that the disagreements that arise from unregistered arrangements of renting a backyard shack are not exclusive to informal situations and that disagreements are just as likely to arise in the formal sector. However, there might be less variability in the standards amongst registered arrangements.

<sup>13</sup> Income data was collected in terms of income categories. Therefore, the differences have been calculated by taking the mid-point of each category and the averages calculated for both the usual monthly household income at the previous place and the current place. The calculations do not take account of inflation. However, given the relatively small amounts we decided that adjusting for inflation would not make a significant difference. For these reasons, the figures should be taken as indicative rather than absolute.

deviations are greater for male-headed households. This suggests that a few male-headed households are doing much better than others. It is worth noting that for male-headed households moving to Kingsway, their monthly household income has decreased on average (although these respondents indicated the greatest variability of incomes). In contrast, for female-headed households moving to Kingsway, their average monthly income has increased. Overall, and despite female-headed households accounting for two-thirds of household heads, the average income of households in Kingsway has gone down as a result of their move to Kingsway.

**Figure 29. Average change in monthly income of household heads (Ekurhuleni)**



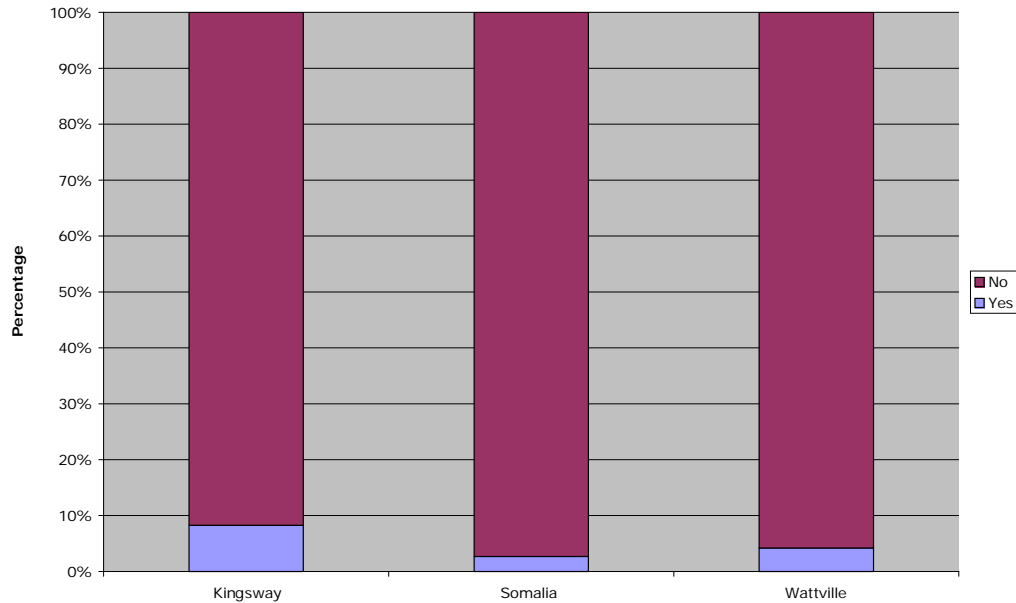
Different trends are observable in Somalia. As a result of their move to the informal settlement, male-headed households have seen their average monthly income increase while female-headed households have experienced a decrease in average monthly income. As a whole, though, the total of male- and female-headed households indicates that there has been a small improvement in the financial situation of households in Somalia.

It is only in Wattville, where respondents moved to backyard shacks, that the land transactions have contributed to an overall improvement in average household incomes.

#### 4.2.11 Inheritance

It is clear that very few of the survey respondents have ever inherited a property in Ekurhuleni. This raises important questions about the intergenerational accumulation of wealth and the ability of people who are experiencing chronic poverty to generate wealth.

**Figure 30. Number of household heads that have ever inherited a property (Ekurhuleni)**



#### 4.2.12 Summary

In sum, the case study settlements have proportionately more of Ekurhuleni’s poorer households. In the informal settlement and RDP housing project, the majority of household heads are female. In the backyard shacks, the majority of household heads are male and tend to be better educated. Access to employment opportunities is an important motivating factor amongst both the heads of households in the backyard shacks and the informal settlement. The informal settlement appears to provide opportunities for households experiencing positive ‘triggers’ and negative ‘shocks’ such as unemployment. The main trend in movement in the informal settlement case study is from backyard shacks. In the RDP housing project, people are coming from informal settlements. The households in backyard shacks tend to circulate within this form of claim to rights to land. It is almost as if the backyard shacks in Wattville attract a higher socio-economic group and that the linkage with informal settlements is predominantly that informal settlements act as a safety net for households that are unable to maintain (even minimal) living arrangements or as a release valve for those seeking independence from being tenants in backyard shacks. The process of transacting is quick and easy although the consequences for generating wealth are mixed in the informal settlement and RDP housing project case study, and positive amongst households transacting in backyard shacks.

### 4.3 eThekweni

This is the third city profile in a series of three, the other two being Ekurhuleni and Cape Town. The profile outlines the research findings for eThekweni. The section begins with a brief description of the three selected case study settlements and provides demographic data to locate these settlements in terms of broader data for eThekweni obtained from the Census 2001.<sup>1</sup> The research findings consider what motivates people to transact, their origins in relation to the type of settlement they are in now and the types of land qualities they value when they move. The bulk of the research findings focus on the process of transacting before some broader analyses are presented on the nature of land markets in eThekweni Municipality.

#### 4.3.1 Description of the case studies

In this section, we present a brief history of the different case studies gained from the perspectives of key informants in the case studies.

##### 4.3.1.1 Old Dunbar

In 1993, people started erecting shacks in the Old Dunbar area of Cato Manor, and the first phase of the formal allocation of sites began in 1998. The ‘invasion’ of other parts of Cato Manor had begun prior to 1993, and as people were passing the Old Dunbar area they noticed it was “empty”. They mobilised themselves and started erecting shacks. Most of the people had come from areas around eThekweni that had experienced political violence in the turbulent period of the late 1980s and early 1990s. In the polarised political terrain people were fleeing, or were expelled from, Cato Manor represented a more neutral political space where political affiliation was not as important. Cato Manor is also well located in relation to work opportunities and urban amenities and was vacant at the time.

In the informal settlement, people faced harassment from the old regime, and some people’s shacks were destroyed. People did not have money to buy materials to build shacks, and there was a lack of infrastructure and sanitation. The development of the area has brought many benefits to the people. Some have started small businesses, and there are standpipes and streetlamps in every street. The eThekweni Municipality subsidises a community garden.

##### 4.3.1.2 Blackburn Village

Blackburn Village was originally settled by Indian people, and, according to African residents, they first started living in Blackburn Village about 20 years ago. For the most part, the original African settlers were seasonal farmworkers who came from rural parts of Kwazulu-Natal and the Eastern Cape: Bizana, Eshowe, Nkandla, Flagstaff and Port St Johns. The settlement now consists of about 4500 people, or 900 households, and has a mix of African and Indian residents.

The seasonal workers were originally accommodated in farm compounds on the Blackburn Estate and would then go and seek work in surrounding towns in the off-seasons. Eventually, some people grew tired of moving according to the farm seasons and decided to erect shacks

<sup>1</sup> This data is based on Census 2001 data as adjusted for the new municipal boundaries on 9 December 2005 (See <http://www.statssa.gov.za/census01/html/C2001Interactive.asp>).

and wait for the season to come around. As they started to get better paid employment, they were able to invite their families and relatives to occupy their previous employment positions on the farms. The proximity of Blackburn Village to work opportunities increased its value to people seeking work.

The original African settlers faced hostility from Indian people who were reluctant to share their space. The police harassed new settlers, and there was originally no access to water, sanitation and electricity. Subsequently, however, services were provided by eThekweni Municipality, and residents now have access to water and electricity.<sup>2</sup> Some residents operate small businesses, and because they have low living costs they are able to remit money to other households in the family network. The settlers have organised themselves into a committee that can interface with the councillor.

### 4.3.1.3 Sobonakona Makhanya

One of the most important features of the Makhanya Tribal area is the Adams Mission. The mission was established in 1859 and acted as an important educational facility. Prominent political figures are recorded as attending Adams Mission.<sup>3</sup> Perhaps more importantly, the mission helped to contribute to an atmosphere of relative peace during the periods of political violence in Kwazulu-Natal. The tribal area was incorporated within the boundaries of the eThekweni Municipality when the boundaries of municipal government were finally redemarcated in 2000. It is estimated that the entire area has a population of about 500,000 people. People generally moved from other tribal areas, but those that moved from other places found it easy to obtain land in the area.

Sobonakona Makhanya is a unique but important category of settlement, largely because it is within land held by tribal authorities. Fifty-two per cent of land in eThekweni Municipality is under tribal authority control.

## 4.3.2 Demographic data

In order to get some indication of the broader trends, data contained in the 2001 Census was compared with the demographic data generated in our research to provide an indicative sense of the demographics of the case studies and the types of settlements they represent.<sup>4</sup>

### 4.3.2.1 Age

In this section, we consider the age of the household head as an indicator of the stage in the household life cycle. The household life cycle is a useful measure for predicting the potential future demand for land. The stage in the household life cycle is also an important indicator of the financial resources of the household. Generally, the younger the household is, the less the amounts of financial assets available to it. The data can be used to determine in general terms where, for example, poorer and younger households are likely to access and trade land in urban areas.

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<sup>2</sup> Electricity access is informal.

<sup>3</sup> These include: Nkosazana Dlamini-Zuma, Mangosuthu Buthelezi, Kenneth Kaunda and Chief Albert Luthuli.

<sup>4</sup> The time lapse between the surveys makes strict comparisons difficult. However, the comparisons are useful for drawing attention to broad trends.

**Table 1. Age by race group of household head (eThekweni)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
0-14	0.12%	0.03%	0.01%	0.01%	0.00%	0.08%
15-24	9.25%	4.40%	2.23%	2.74%	0.00%	7.01%
25-44	53.52%	46.44%	42.98%	31.78%	0.00%	48.70%
45-64	29.54%	36.94%	44.57%	39.34%	0.00%	33.73%
65+	7.56%	12.20%	10.21%	26.12%	0.00%	10.39%
Not applicable	0.00%	0.00%	0.00%	0.00%	100.00%	0.08%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2001

The Census 2001 shows that the African household heads in eThekweni are relatively younger than the other race groups. This is important because African households make up two-thirds (66.56%) of all households in the eThekweni Municipality (Census 2001). It is important to bear this in mind because it suggests that the demand for land will increase in eThekweni as these young households mature and grow.

**Table 2. Age by race group of household head by settlements (eThekweni)**

	Total eThekweni (Census 2001)	Old Dunbar	Blackburn Village	Sobonakona Makhanya
0-14	0.08%	0%	0%	0%
15-24	7.01%	7%	19%	39%
25-44	48.70%	56%	63%	38%
45-64	33.73%	32%	15%	21%
65+	10.39%	5%	3%	0%
Not applicable	0.08%			
Total	100.00%			

In Table 2, the shaded column is transposed from the Census 2001 statistics in Table 1. In Table 2, the informal settlement of Blackburn Village and customary tenure area of Sobonakona Makhanya comprise proportionately more young households than the metropolitan area as a whole. This data suggests that younger households find it easier to obtain land in informal settlements and the customary areas than other types of areas.

The median age of household heads is 31 years for Blackburn Village and 40 years for Old Dunbar. Despite 39% of Sobonakona Makhanya's household heads being in a younger age cohort, the median age of household heads is 47 years reflecting a majority of older household heads. However, the increasing numbers of younger households in Sobonakona Makhanya suggests that the area is becoming more attractive for such households. It is evident that there has been an increase in the number of transactions in this area over the last few years.

### 4.3.2.2 Race

In Old Dunbar, 100% of the respondents were African. In Blackburn Village, 91% were African, and 9% were Indian. In Sobonakona Makhanya, 100% of the respondents were African. Race remains strongly associated with income, and hence the racial composition of

the settlements is not only an important parameter of social identity but also income poverty levels.

### 4.3.2.3 Gender

Previous research has concluded that gender is an important aspect of urban land transactions because gender is associated with differences in income levels, patterns of inheritance, bargaining systems and household reproduction responsibilities. In Table 3, we provide data on the gender of household heads for metropolitan eThekweni. While overall the distribution of household heads between the genders is roughly equivalent to that of Cape Town and Ekurhuleni, the distribution amongst the African, Coloured and Indian race groups shows greater differences. Amongst the African and Coloured groups, there are greater numbers of female-headed households in eThekweni than Cape Town and Ekurhuleni. However, amongst the Indian race groups, there are proportionately more male-headed households than the other groups which is the same in Ekurhuleni.

The Census 2001 shows that there are higher proportions of female-headed households in the African and Coloured race groups than the other groups. However, the respondents in some of the areas included African and Indian household heads. The purpose of these comparisons is to obtain an indicative sense of the demographics of the case study areas and for this reason we have calculated an average of the distribution of the gender of African and Indian household heads in eThekweni (reflected in the two grey columns in Table 3 being combined into one column in Table 4).

**Table 3. Gender of head of household and race group (eThekweni)**

	African	Coloured	Indian/Asian	White	Total
Male	57.58%	59.52%	73.43%	67.23%	61.81%
Female	42.42%	40.48%	26.57%	32.77%	38.19%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

*Source: Census 2001*

**Table 4. Gender of head of household by settlements (eThekweni)**

	African and Indian (Census 2001)	Old Dunbar	Blackburn Village	Sobonakona Makhanya
Male	61.12%	37.3%	67.2%	36.6%
Female	38.88%	62.7%	32.8%	63.4%

Table 4 shows that the RDP Housing project and customary tenure area have a higher proportion of eThekweni Municipality's female-headed households. The informal settlement more closely resembles the distribution of the gender of household heads for the metropolitan area as a whole.

### 4.3.2.4 Tenure status

The Census 2001 recognises three categories of tenure: ownership, rental and 'informal occupation' (disregarding the category of 'not applicable'). It is useful to consider the distribution of households within race groups across the tenure types to gain a sense of the patterns of familiarity with different forms of tenure. While the definitions of tenure in the Census 2001 are narrower than the concept of claims we have relied upon in this research, the



Census 2001 serves to indicate broad patterns that are explored in more depth as the research findings are presented.

**Table 5. Tenure status within race groups (eThekweni)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal ownership	51.06%	56.77%	71.98%	72.13%	0.00%	57.67%
Rented	23.35%	39.11%	25.29%	22.15%	0.00%	23.91%
Occupied rent-free	19.84%	2.93%	1.94%	1.75%	0.00%	13.85%
Not applicable	5.75%	1.20%	0.80%	3.96%	100.00%	4.56%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Source: Census 2001*

Nearly a quarter of African household heads have a rental tenure arrangement, and nearly a fifth live in some form of informal settlement.<sup>5</sup> There is a higher level of ownership amongst African households in eThekweni than in Ekurhuleni and Cape Town. This could be as a result of the historical proximity of the Kwazulu ‘homeland’ to Durban’s municipal boundaries prior to 1994.

**Table 6. Tenure status by race groups (eThekweni)**

	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal ownership	58.93%	2.23%	23.82%	15.01%	0.00%	100.00%
Rented	64.99%	3.71%	20.18%	11.12%	0.00%	100.00%
Occupied rent-free	95.33%	0.48%	2.67%	1.52%	0.00%	100.00%
Not applicable	83.87%	0.60%	3.34%	10.42%	1.78%	100.00%

*Source: Census 2001*

As in the other metropolitan areas, transacting ‘off-register’ is most important for African household heads. Africans comprise 95.33% of the population of informal settlements.

#### 4.3.2.5 Type of dwelling

Although informal settlements are most important for African households, the incidence of backyard shacks is not as high as in Cape Town (8.32%) or Ekurhuleni (8.23%). Traditional dwellings are the most likely equivalent in eThekweni. Unlike in Cape Town, there are more African households that transact within the Deeds Registry than ‘off-register’ in eThekweni (assuming that formal dwellings are generally associated with at least one transaction that involves the Deeds Registry).

<sup>5</sup> This is based on the assumption that, for the most part, ‘occupied rent-free’ equates to informal settlements. This data is analysed further in Section 4.3.2.5.

**Table 7. Type of dwelling (eThekweni)**

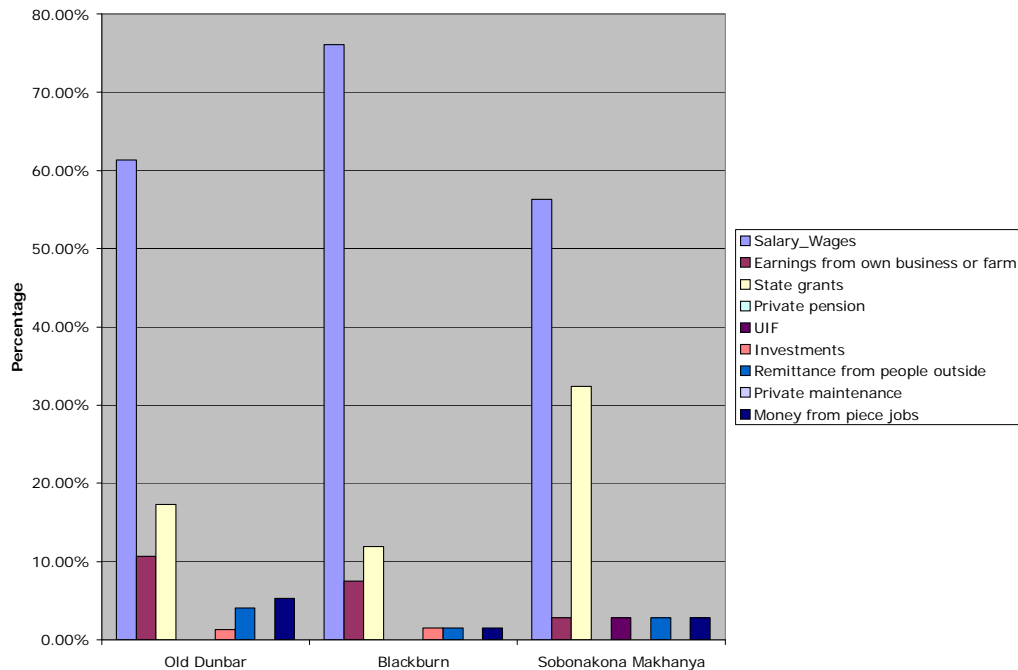
	African	Coloured	Indian/Asian	White	Not applicable	Total
Formal dwelling	56.57%	94.38%	96.43%	93.93%	0.00%	69.48%
Traditional dwelling	10.31%	1.97%	1.29%	1.22%	0.00%	7.30%
Backyard shack	4.83%	0.67%	0.33%	0.14%	0.00%	3.31%
Informal dwelling	22.08%	1.56%	0.88%	0.25%	0.00%	14.93%
Caravan or tent	0.42%	0.22%	0.23%	0.47%	0.00%	0.39%
Private ship/boat	0.03%	0.01%	0.03%	0.02%	0.00%	0.03%
Not applicable (institution)	5.75%	1.20%	0.80%	3.96%	100.00%	4.56%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2001

### 4.3.2.6 Source of earnings

The source of earnings is important to consider because it provides some indication of the extent to which transacting ‘off-register’ around land is associated with informal types of employment. Figure 1 shows that for all the eThekweni case studies, salaries and wages are the most important source of household income.

**Figure 1. Most important source of household income (eThekweni)**



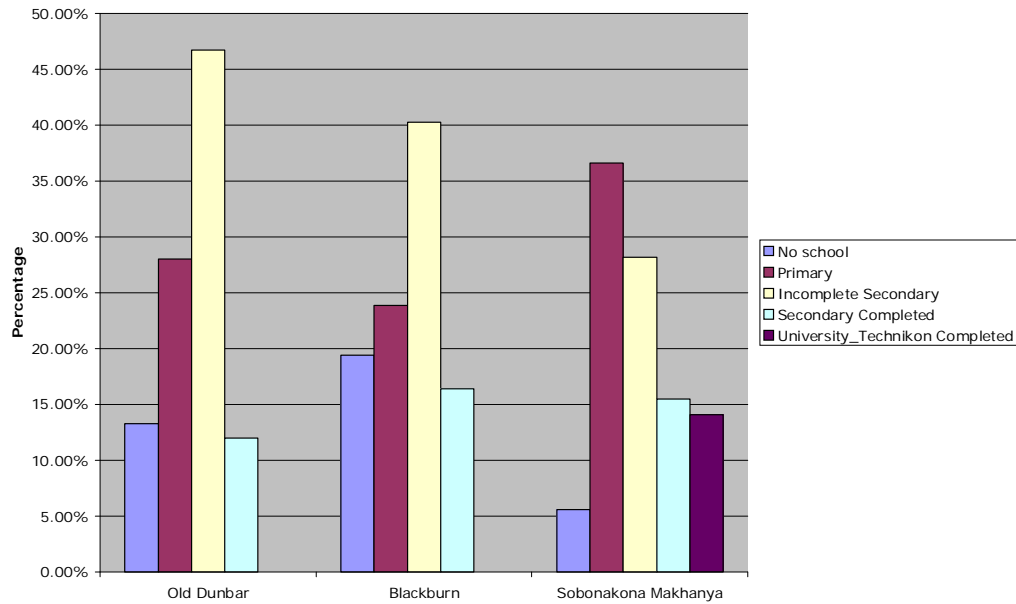
The proportions are the greatest for Blackburn Village and, perhaps contrary to expectations, indicates that living informally does not denote an informal source of income from an ‘own business’. This suggests that the household heads in Blackburn Village are strongly linked into the local economy. There is also a marked difference in the reliance on state grants, with

the importance of state grants increasing from the informal settlement to the RDP project to the customary tenure area. This could reflect the increased level of formality in the case of Old Dunbar and the older age of the population and higher levels of education in Sobonakona Makhanya.

### 4.3.2.7 Level of education

Levels of education are generally positively related to possibilities of obtaining higher paying employment and are therefore a good predictor of income levels in South Africa.<sup>6</sup> The levels of education of the household heads vary across the settlements but tend to remain low overall. The implication is that the possibilities of obtaining employment with higher earnings are relatively low. Old Dunbar tends to be characterised by the lowest level of education, while Sobonakona Makhanya has the highest level by a significant margin. This could reflect the historical effect of the educational facilities in nearby Adams Mission or the recent increase of younger household heads relocating to the area.

**Figure 2. Highest level of education of household head by settlement (eThekweni)**



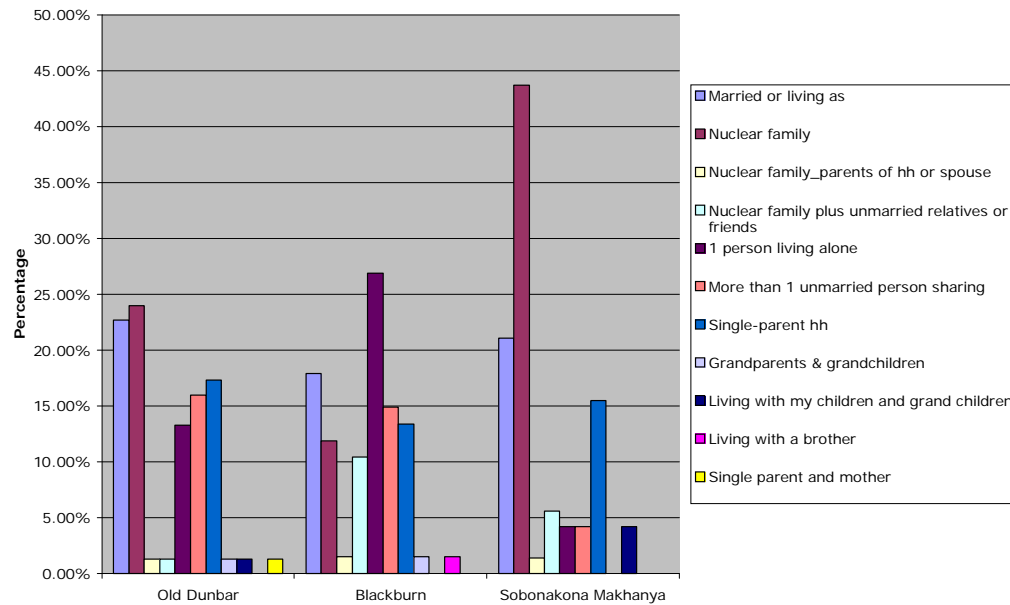
### 4.3.2.8 Household structure

It is important to cross reference household structure with the age of the household head and level of education. This combination provides a better sense of whether the household is likely to be able to improve their situation in the short term. For example, a young and single parent, female-headed household with a low level of education is unlikely to be able to improve their income levels within the short term, and any significant changes might only be realised in the next generation. The household structure also has important implications for the next generation’s inheritance of land.

<sup>6</sup> Calculations of levels of household income are provided in the settlement reports.

The data in Figure 3 suggest different household structures predominate in the different settlements. In Old Dunbar, the largest cluster of household structures consists of people ‘married or living as’ and ‘nuclear families’. This is despite almost two-thirds of the household heads being female. Noticeably, there is another cluster of households that consist of ‘1 person living alone’ and ‘more than 1 unmarried person sharing’. This is unexpected in an RDP Housing project and could reflect the existence of ‘off-register’ transactions. Old Dunbar also includes the highest proportion of single-parent households in comparison with the other settlements.

**Figure 3. Household structure (eThekweni)**



In Blackburn Village, the dominant household structure is ‘1 person living alone’, and this coincides with the migration pattern of most household heads coming from rural areas (Figure 5) to seek work (See Figure 4). Qualitative results reveal that as household heads consolidate their position in the city, they invite other members of their families to join them.

Sobonakona Makhanya comprises a predominant cluster of ‘nuclear families’ and ‘married or living as’ and a smaller group of single parent households.

### 4.3.2.9 Summary

The demographic data for the case studies in eThekweni suggest that:

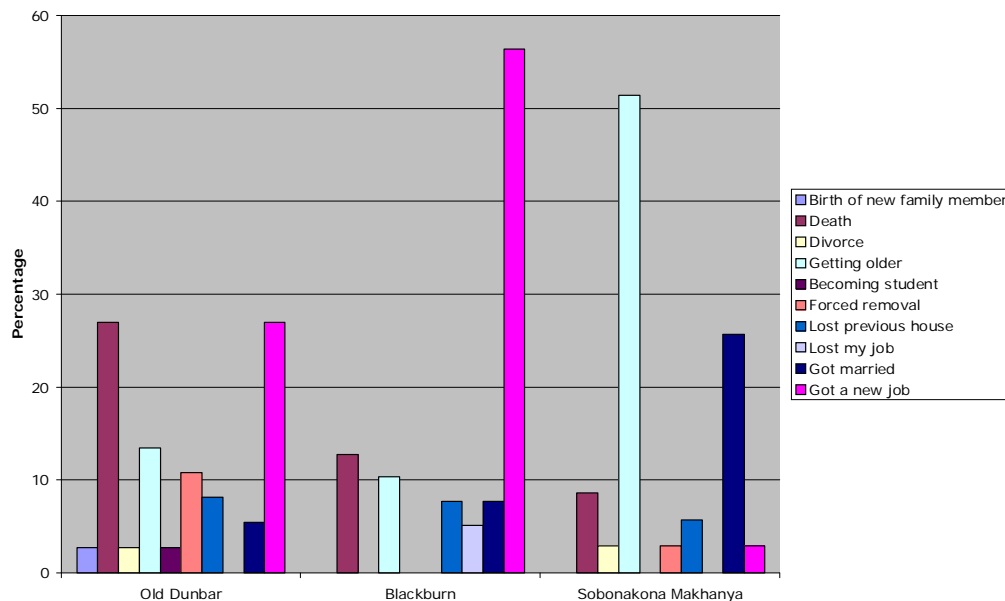
- The household heads tend to be female, younger and African. This has implications for both the social identities these household heads express and the social networks they belong to.
- Transacting ‘off-register’ is less important for African household heads in eThekweni Municipality when compared with Cape Town; however, about 10% of the transactions can be considered to occur in the customary system. The combination of a smaller proportion of ‘off-register’ transactions, the migration of respondents from rural areas and the extent of customary tenure systems within the metropolitan area combine so that experiences of customary tenure spill over into and are adapted in informal settlements.

- The majority of household heads are linked into the formal metropolitan economy which has implications for people’s sense of purpose in the city as well as their expressions of social value amongst their family and friend networks

### 4.3.3 Motivations

All three case study settlements suggest that the types of claims people are transacting over and the settlement types are informed by dominant social factors and processes. In Old Dunbar, the two dominant motivations are linked to ‘death’ within the family and employment. Any attempt to link the motivation to move because of a death to the HIV epidemic would be purely speculative, and this requires further investigation.

Figure 4. Motivations to move (eThekweni)



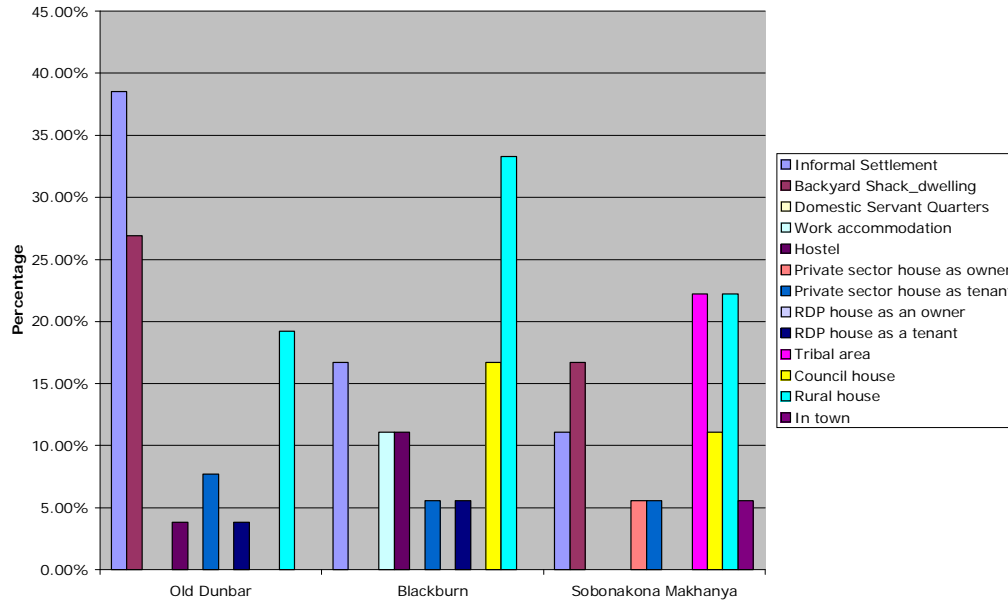
A more robust explanation is linked to people fleeing the political violence that occurred in Kwazulu-Natal in the early 1990s. As a result of this violence, a large number of African people settled in the Cato Manor area of which Old Dunbar is a part. Indeed the identity of being a survivor of political violence is an important additional element that is not present to the same extent in the Cape Town or Ekurhuleni case studies. The motivation for employment is related to the good location of Old Dunbar in relation to the centre of the city and employment opportunities in the southern industrial areas. In Blackburn Village, the largest proportion are seeking employment and taking advantage of the settlement’s location in proximity to the economic growth in the north of the city. In Sobonakona Makhanya, the expression of identities surrounding parenthood, age and the associated norms of living independently appear to play a far greater role than that of being a work seeker.

### 4.3.4 Origins and movement

In Figure 5, the dynamic of moving from a rural area to the city is clearly visible in all three settlement types, if unexpectedly in Old Dunbar. The lower number of responses to this question makes it difficult to draw too many conclusions. Nonetheless, it is interesting that in

the customary tenure area of Sobonakona Makhanya the greatest proportion of respondents have remained within customary tenure situations. Old Dunbar represents an in-situ upgrading of an informal settlement, which explains why the largest proportion of respondents cited living in an informal settlement as their previous location.

**Figure 5. Location of previous place (Ethekewini)**



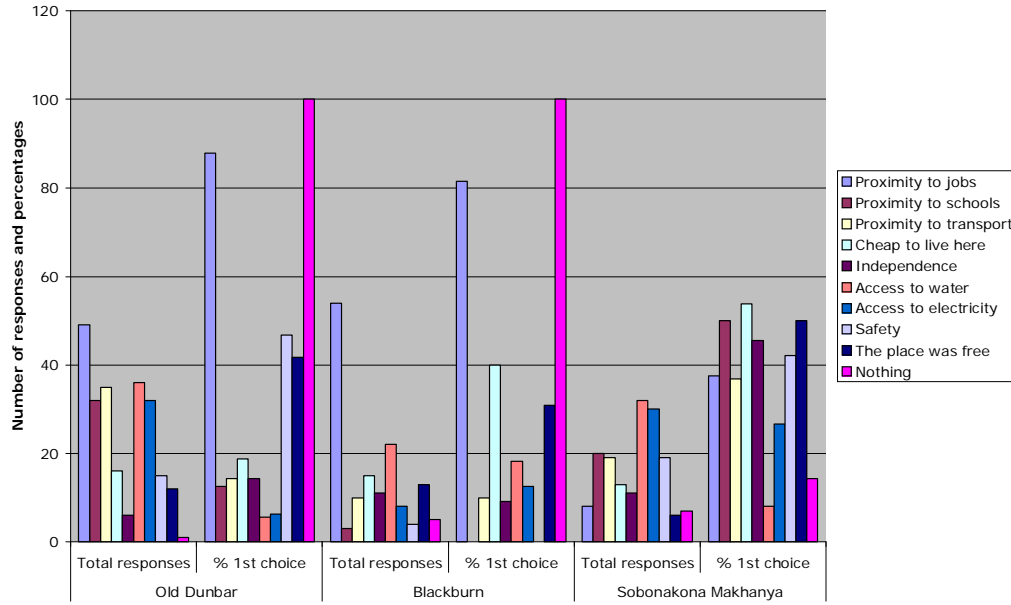
In Old Dunbar, a large proportion (40%) of male-headed households came from backyard shacks. Another 30% came from informal settlements, while a further 30% came from rural houses. Only about half as many female-headed households (18.8%) came from backyard shacks, and more female-headed households (44%) came from informal settlements. There appears to be a more important trend for female-headed households of moving out of rental situations to Old Dunbar. For example, 6.3% moved from hostels, 13% moved from being tenants in private sector houses and 6% moved from RDP houses as tenants. In Blackburn Village, one-third of male-headed households came from rural houses, while 17% came from informal settlements, 17% came from hostels and 17% came from work accommodations. One male household head had come from an RDP house as a tenant. No male household heads had come from an RDP house as an owner. Among female-headed households, 2 household heads were Indian and came from council houses. One African female-headed household came from a council house. One-third of female-headed households came from rural houses. In Sobonakona Makhanya, most male-headed households (33.3%) came from backyard shacks. For female-headed households, the most common previous locations were tribal areas (27%) and rural houses (27%).

### 4.3.5 Valuations

The survey sought to understand what household heads valued about the location and qualities of the land they were moving to, before they moved. The close proximity of Old Dunbar to the city and possibilities for employment are the most valuable aspect about Old Dunbar for the respondents. There is a range of other aspects recorded, but none stand out as particularly dominant. This can be interpreted to mean that Old Dunbar offers a diverse set of values for different households. A similar point about proximity to employment can be made

about Blackburn Village. The settlement’s proximity to work opportunities makes the location of the land valuable to the inhabitants. The only other trend that emerges in Blackburn Village is the importance of being able to minimise living costs. Sobonakona Makhanya reveals similarities to Old Dunbar in that no particular value appears dominant. As in Old Dunbar, this suggests that the area is able to cater for a wide range of needs.

**Figure 6. At the time of moving here, what did you value about this place (eThekweni)?**



It should be noted that Figure 6 contains two types of data. The first set is the unweighted and total number of responses to the category. The second set is the percentage of responses that selected the value category as their first choice. To be able to display the relationship between the total number of responses and the percentage chosen as a first choice, the unweighted responses were used in this case. This combination of data enables a comparison between the number of total responses and the percentage chosen as a first choice. For example, a large number of total responses but a small percentage choosing a category as their first choice will indicate that the issue expressed by the category is generally important but not the most important. Conversely, a small number of total responses but a high percentage as a first choice indicates that the value represented by the category is very important but only for a few people. A good example of this is in Figure 6 where a small number of people valued ‘nothing’ about Old Dunbar, but of those that did, all of them ranked it as their first choice.

### 4.3.6 Transactions

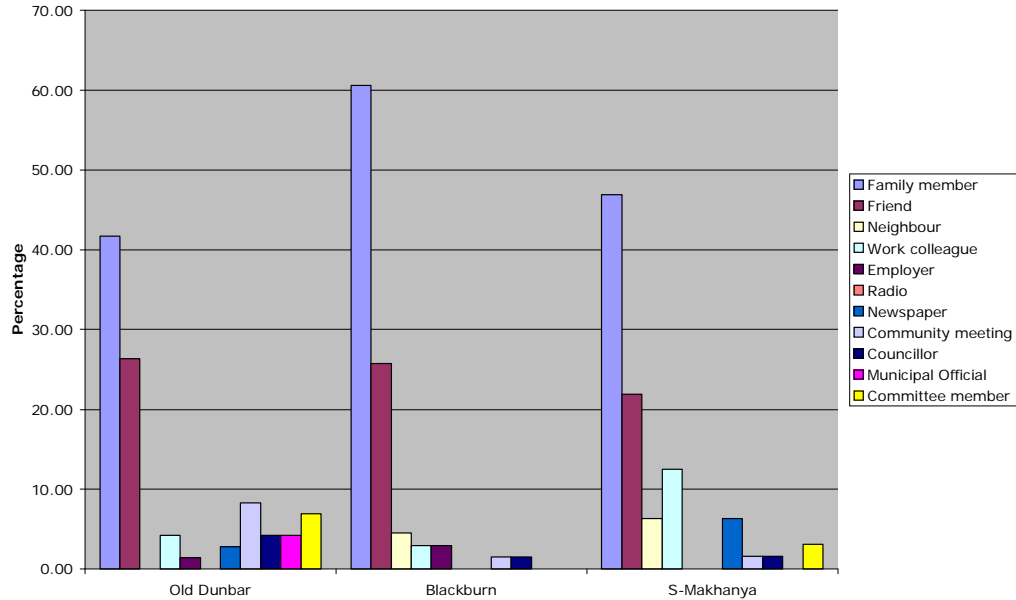
In this section, we describe key steps in the process of transacting:

- finding others to transact with,
- checking the trustworthiness of the other parties and
- making the agreement.

#### 4.3.6.1 Finding others to transact with

The process of finding other parties to transact with is mediated by family and friendship networks to a very significant degree in all of the case study settlements in eThekweni (see Figure 7).

**Figure 7. Finding others to transact with (eThekweni)**



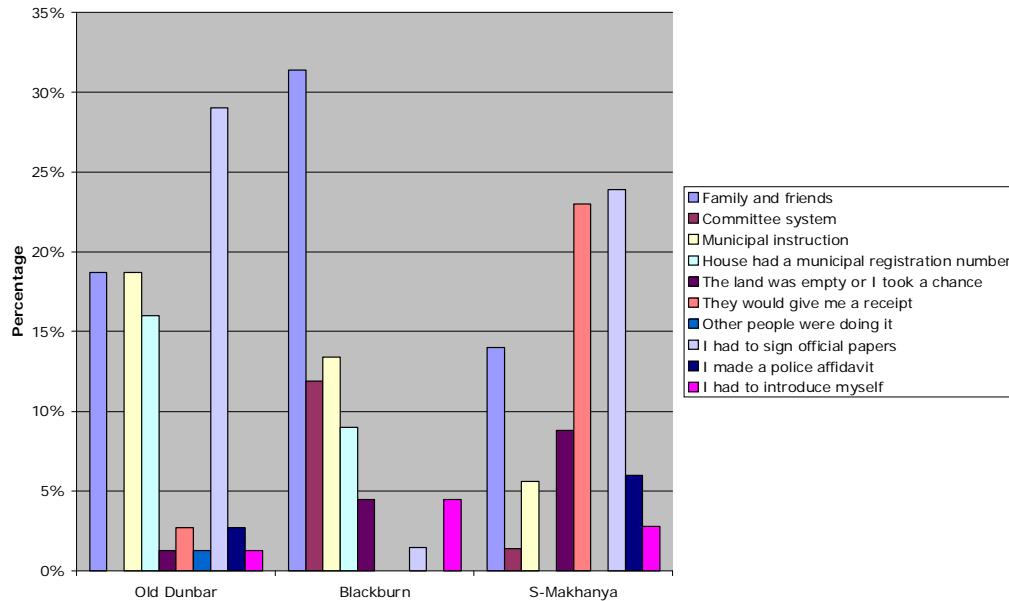
The implications are that the process of finding people is as extensive and intensive as family networks allow. It also means that knowledge and information is likely to flow through and be validated by family and friendship networks. Given that family and friendship networks are so strong and important for finding others to transact with, expressions of identity are also important because only certain identities make sense in particular networks.

### 4.3.6.2 Establishing trustworthiness

In ‘registered’ land transactions, professional conveyancers are used to establish the trustworthiness or legitimacy of claims to rights to land. ‘Off-register’ transactions do not normally have access to these services. Therefore, the survey analysed how parties to ‘off-register’ transactions establish the *bona fides* of the claims of the other parties to the transaction.



**Figure 8. Means of gaining assurance of trustworthiness of the other party (eThekwini)**

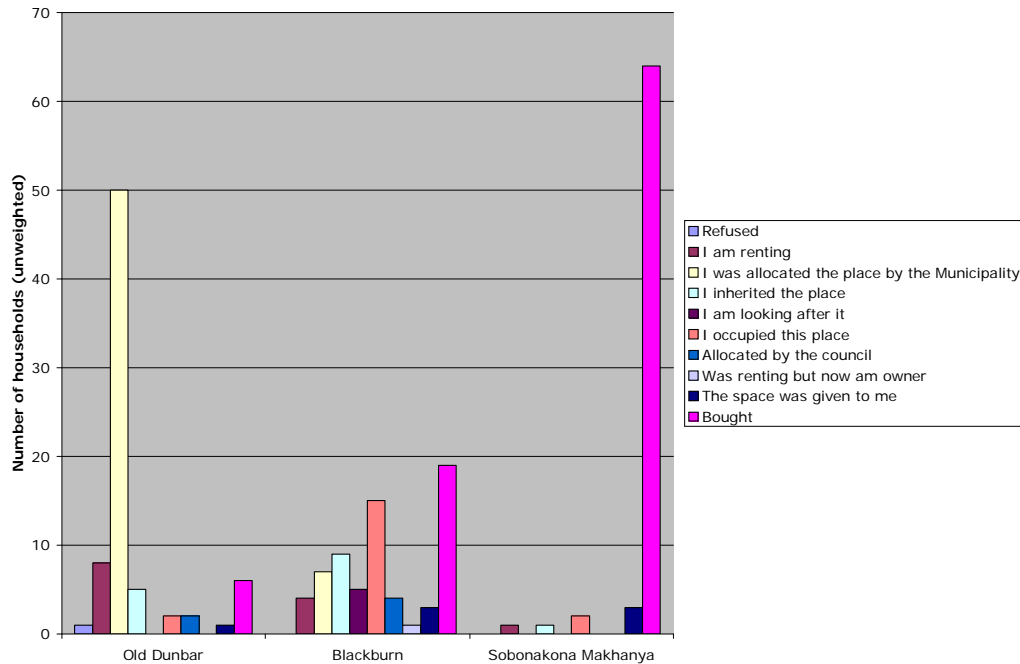


Given that family and friendship networks are so important for finding others to transact with, it is not surprising that these same networks figure as important for checking the trustworthiness of the other parties to the transaction. These networks are most important in Blackburn Village but also emerge in Old Dunbar and Sobonakona Makhanya. The use of various types of documentation provides more assurance in Old Dunbar and Sobonakona Makhanya, especially if this is coming from an institutional source such as the eThekwini Municipality or the Inkhosi/Induna. The widespread use of documentation amongst transacting parties in Sobonakona Makhanya echoes the findings of the Rutsch Howard Consortium (2003). The household heads in Sobonakona Makhanya are also the highest users of police affidavits amongst all the case studies in all the metropolitan areas.

### 4.3.6.3 Types of claims

In this research, we have distinguished between four main categories of claims: ownership, rental, sharing and temporary borrowing. In Old Dunbar, the delivery mechanism was through public allocation within the Deeds Register and resulted in claims of ownership. In Sobonakona Makhanya the delivery system is through the traditional authorities and results in customary claims of ownership. The claims to rights to land that respondents have ‘bought’ in Blackburn Village relate to a right to access future development benefits from the state. As in the case study settlements in Cape Town and Ekurhuleni, each settlement appears dominated by one type of claim to rights to land.

Figure 9. Types of claims per settlement (eThekweni)

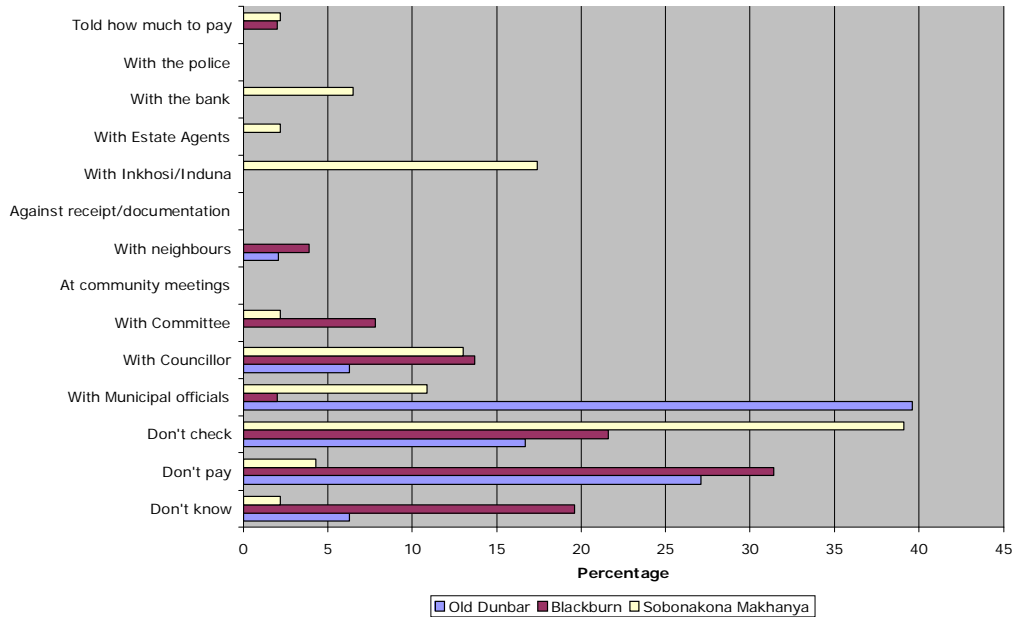


The dominance of the claims in Old Dunbar and Sobonakona Makhanya meant that to analyse the steps of the transactions by claim by settlement was not necessary. The diversity of claims in Blackburn Village resulted in a sample size that was too small to draw conclusions from. Consequently, the most prevalent claim type in each of the settlements was selectively analysed in terms of different steps in the transaction process.

#### 4.3.6.4 Calculating

Evidence of a socially dominated market emerges clearly in response to questions around how household heads calculated what would be exchanged in different transactions. This is most apparent in Blackburn Village where the greatest proportion of households ‘don’t check’, ‘don’t know’ or ‘don’t pay’. For those that do check, the councillor and local committee are important sources. The picture is less clear in Old Dunbar because there is a substantial proportion of households that check with ‘municipal officials’ for information on prices. As it is an RDP housing project, it is perhaps not surprising that the role of local government or other external agencies becomes more prominent as it suggests a greater level of formalisation. However, there is significant cluster of households that ‘don’t check’, ‘don’t know’ or ‘don’t pay’. In Sobonakona Makhanya, the majority of household heads do not check to see if they are paying the right prices. This can be interpreted as being already resolved through the family and friendship networks. For those that do check, it is not surprising that the Inkhosi/Induna is important. A small percentage of household heads in Sobonakona Makhanya are turning to financial institutions and agents, thereby crossing between ‘formal’ and ‘informal’ sources of information on prices.

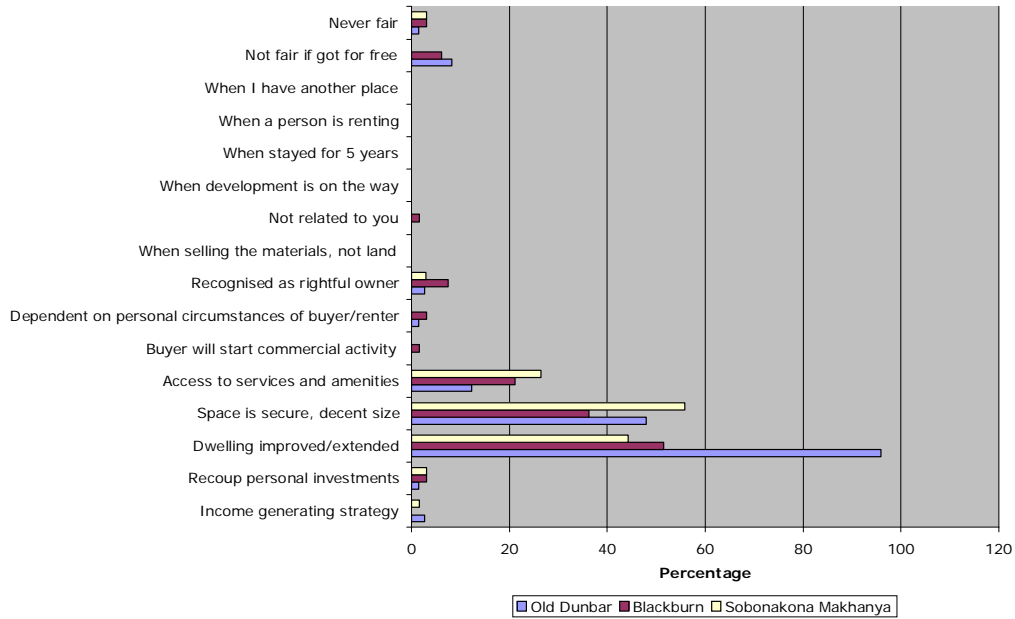
Figure 10. How do you check the price (eThekweni)?



In a socially dominated market, the ability to make a profit will be mediated by the social relations established through the transaction. This is to be differentiated from a financially dominated market where the profit will be mediated by the price that sellers are willing to set and buyers willing to accept for particular claims to land. The survey sought to understand the conditions under which it would be considered fair and unfair to make a profit in the different settlements.

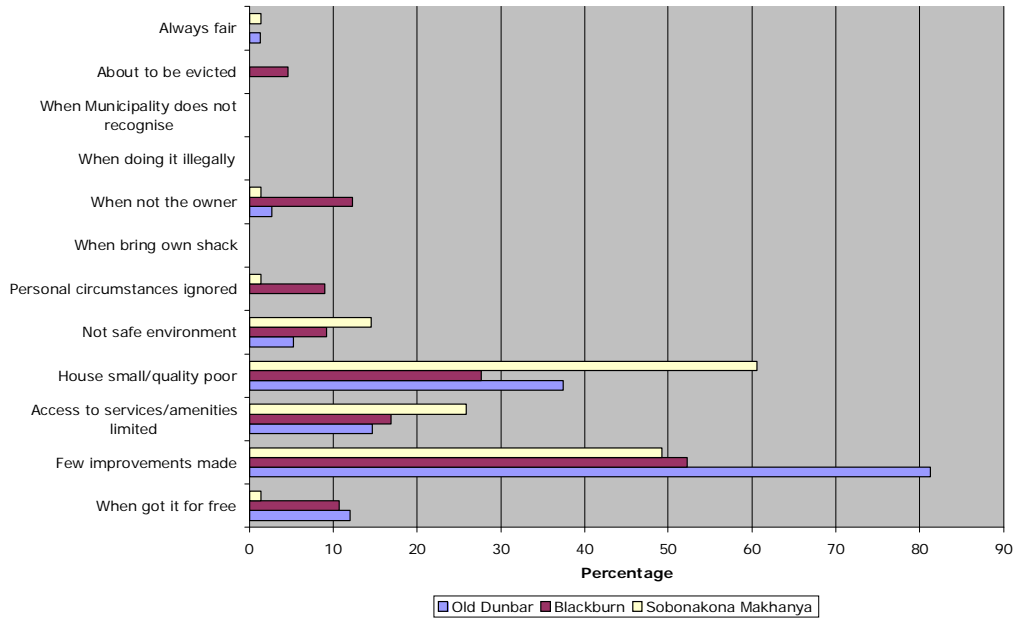
In Old Dunbar it is considered fair to make a profit if there have been improvements or extensions to the dwellings on the land. As in Cape Town, it appears that there are social norms around what is considered a decent size and space and hence the amount of money that it is possible to charge for space. Similar rationales appear to hold in Blackburn Village. It is considered fair to make a profit if the dwellings have been improved or extended and the space is of a decent size. Access or improved access to municipal services is more of an issue in (peripheral) Sobonakona Makhanya when it comes to thinking about making a profit. This is perhaps because access to services is taken for granted in Old Dunbar and is not really expected in Blackburn Village.

**Figure 11. When is it fair to make a profit (eThekweni)?**



The results represented in Figure 12 confirm the trends observed in relation to when household heads thought it was fair to make a profit from another person wanting to live in the area. Social norms are in evidence in that what counts as ‘small’ or ‘quality’ space is highly subjective and that a few household heads indicated that it would be unfair to make a profit if ‘personal circumstances’ were taken into account.

**Figure 12. When is it unfair to make a profit (eThekweni)?**



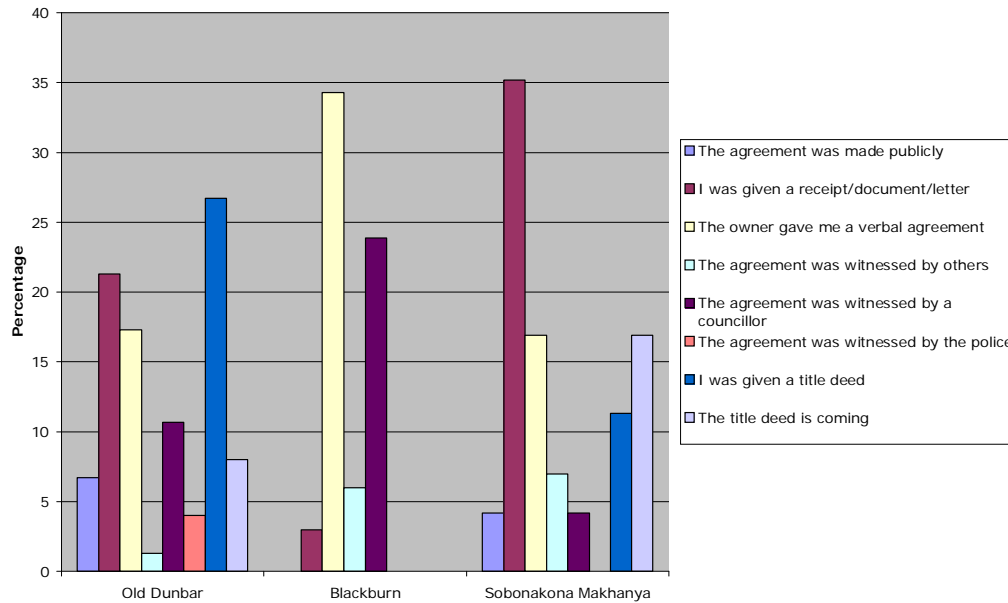
It is considered unfair to profit if the dwellings have not been improved or extended, particularly in Old Dunbar. Interestingly, there is a small cluster of responses in Blackburn

Village that equate ‘ownership’ with the ability to make a profit. There is a similar proportion in Nkanini in Cape Town and Somalia in Ekurhuleni that hold the same view.

### 4.3.6.5 Making an agreement

In land market research that imposes market models on the way data is approached, the moment of making the agreement typically represents the transaction. However, as more nuanced accounts of land markets have shown, a transaction consists of far more than the moment or process through which claims to rights to land are exchanged. In this section we investigate how agreements to exchange claims to rights to land were made.

**Figure 13. Making an agreement (Ethekwini)**



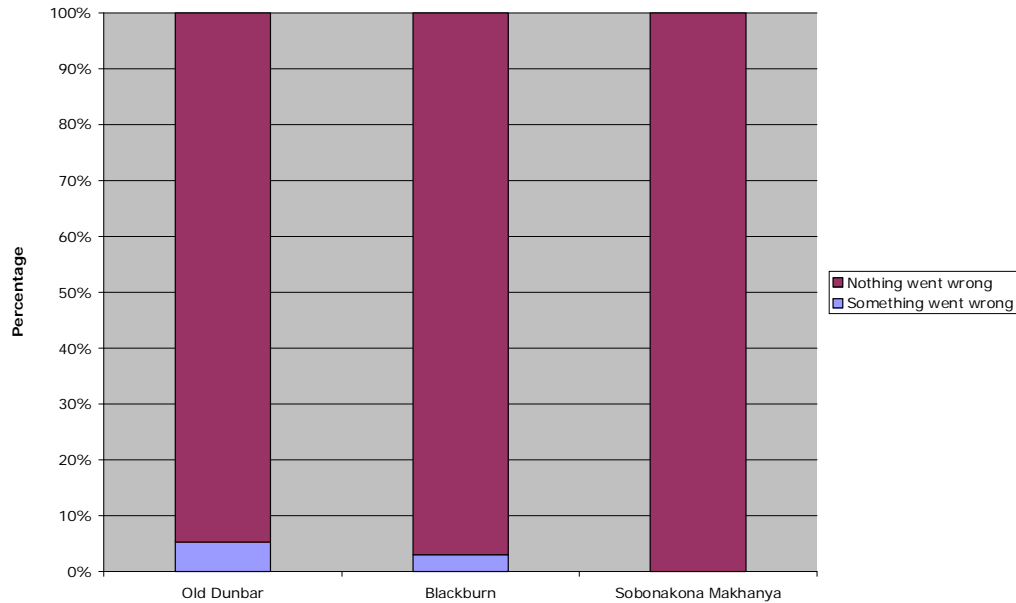
Making an agreement verbally is the most important means in Blackburn Village but also is accepted in the two other settlements. Remaining with Blackburn Village however, it is clear that the support of the local councillor is a key means of making agreements. This is one of the clearest ways in which it is unhelpful to adopt the terminology of formal and informal. The example of the (informal) involvement of the (formal) councillor in an (informal) transaction to make the transaction more valid (formal) reveals the extent to which the formal/informal dichotomy cannot account for the complexity and contingencies of everyday life. In Sobonakona Makhanya and Old Dunbar, most households gained assurance about the trustworthiness of the other party through some form of documentation (Figure 8) so it is not surprising that in these two settlements the agreements were made mostly through documentation.

The proportion of agreements that were made verbally in Old Dunbar is indicative of ‘off-register’ transactions that have occurred since the land and dwellings were allocated by the eThekwini Municipality/Cato Manor Development Association. However, the number of verbally made agreements is nearly double the percentage of sales recorded in Table 10. We are unable to explain this discrepancy and conclude the true picture of the extent of transactions probably lies somewhere between the results represented in Table 10 and Figure 13. We could hazard a guess that given the importance of family networks in accessing land

in eThekweni Municipality, the extent of verbal agreements could include agreements made within families and hence, not interpreted as transactions by the respondents. There is some justification for this argument since most households would ‘put a family member’ into the dwelling if they ever had to move from Old Dunbar (See Figure 19).

There are established methods for resolving problems when transactions do not turn out as intended in the Deeds Registry system. There is less predictability in relation to ‘off-register’ transactions. We examine this issue below.

**Figure 14. Did anything go wrong after the agreement was made (eThekweni)?**



The data suggests that very little goes wrong after the agreements have been made.<sup>7</sup> Similarly to Cape Town but not to Ekurhuleni, respondents in the RDP housing projects experienced more going wrong with the transacted agreements.

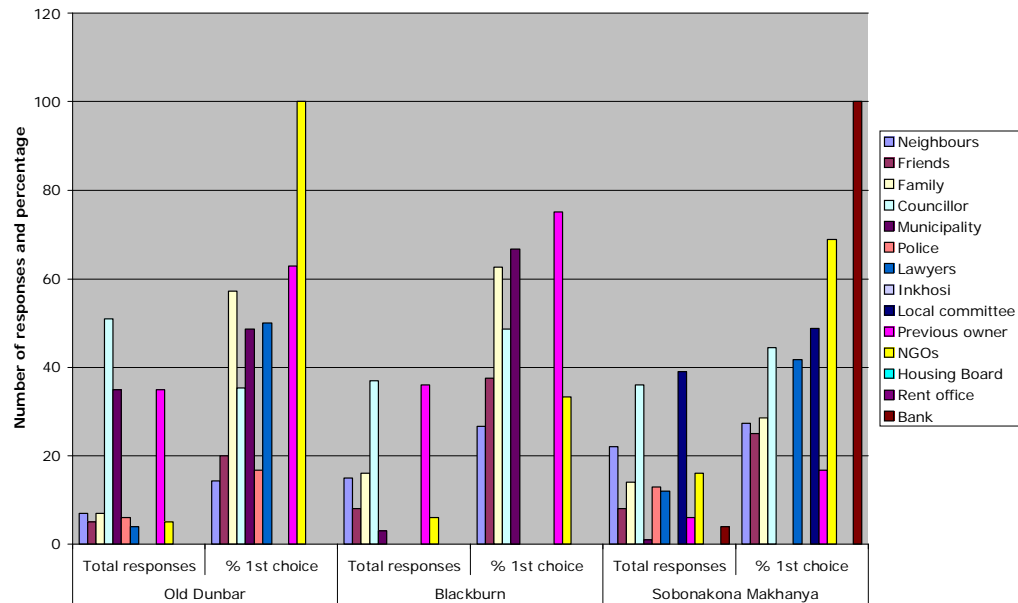
#### 4.3.6.6 Dispute resolution

Assuming some part of the transaction did go wrong, it was important to determine how household heads would resolve the disputes. In Old Dunbar, the councillor and municipal officials emerge as the two most common agents that respondents would turn to if there was a dispute about their claims to land. As potential further evidence of ‘off-register’ transactions, a fair proportion of respondents reported that they would turn to the ‘previous owner’ to resolve disputes as their first choice. In Blackburn Village, the councillor emerges as the second most important means of resolving disputes. The most important is to resort to the previous owner. In Sobonakona Makhanya, it is the local committee that is most commonly approached to resolve disputes over land, followed by the local councillor. It is interesting to observe how the social networks have changed since accessing the land. While family and

<sup>7</sup> It is important to note that there is an implicit bias in this response. It is likely that a certain percentage of people would have left their place if something had gone wrong with the agreement, and, therefore, there will be a greater percentage of people for whom nothing had gone wrong with the agreement. Notwithstanding this self-selection bias, the number of people for whom the process ‘works’ is remarkable.

friendship networks were important for accessing land in all the settlements, a different network that enrolls the local council and municipal officials are more important for proving claims to hold land in Old Dunbar and Blackburn Village. In Sobonakona Makhanya, these networks now enrol the councillor and local development committee.

**Figure 15. Dispute resolution (eThekweni)**



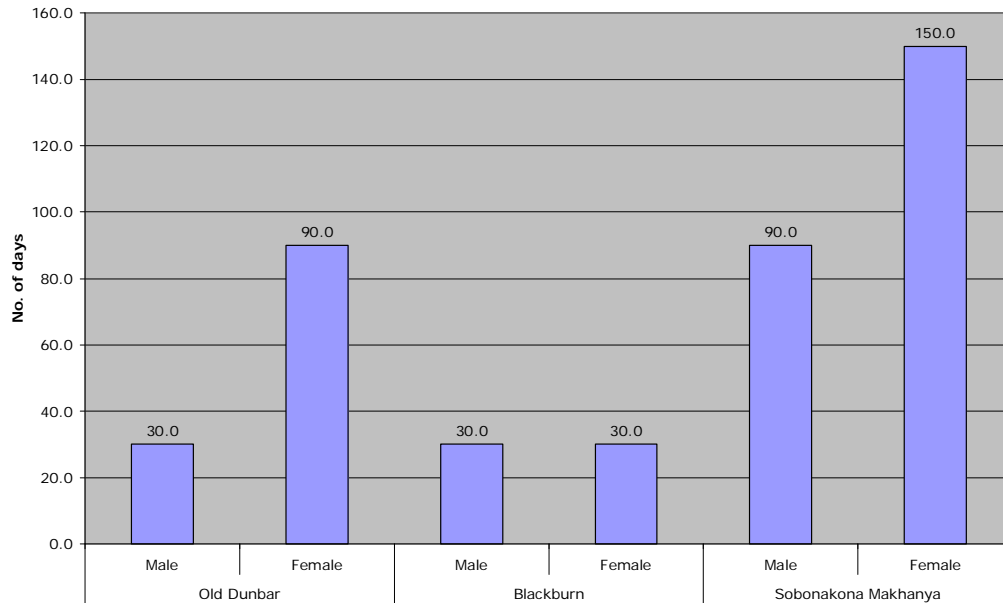
It is important to note that Figure 15 contains two types of data. The first set is the unweighted and total number of responses to the category. The second set is the percentage of responses that selected the category as the most important person or agent they would enlist if there was a dispute about ownership. To be able to display the relationship between the total number of responses and the percentage chosen as a first choice the unweighted responses were used in this case.

### 4.3.6.7 How long it takes

In this section, we report on the findings that relate to the time it takes to complete transactions in the case study areas. In the following section, we record the responses to the questions in the survey that related to the financial costs of the transaction process. Figure 16 reports the median total number of days by gender of the household head between when a respondent first heard about the place they were now staying and when they perceived that it was theirs.<sup>8</sup> Apart from Blackburn Village, there are significant gender differences in accessing land in eThekweni. We cannot explain why there is such a difference in Old Dunbar between male-headed households and female-headed households. It is interesting that it is as quick to transact in an RDP housing project for male-headed households as it is in an informal settlement. However, it takes longer for male-headed households to transact in Blackburn Village than it does in Nkanini and Somalia. In Sobonakona Makhanya, there may be patriarchal issues at play, but there is no evidence to support this in our data.

<sup>8</sup> The median number of days is used in this section because it appears a more accurate reflection of the situation in the different settlements. This is because the average calculation includes a wide range of times that distort the analysis.

**Figure 16. Median number of days between hearing about a place and getting it (eThekweni)**

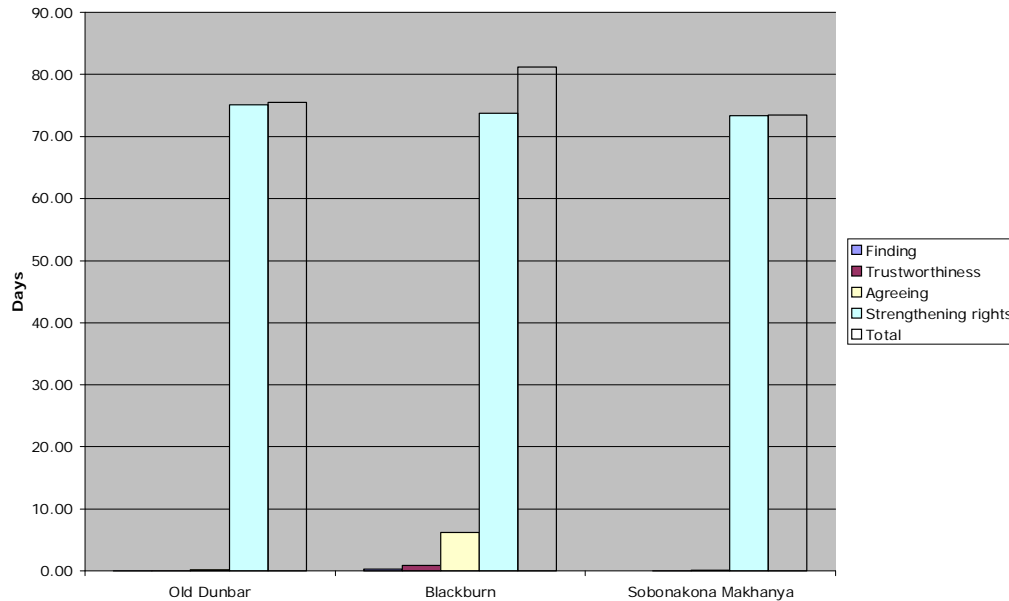


In Figure 17, the data of Figure 16 is analysed in more depth and includes the element of the amount of time households spent strengthening their rights to the land. Thus while the previous figure represents the duration of the process, Figure 17 represents the amount of time taken to complete each step as well as the total time spent actually transacting (as represented by the transparent column for each settlement).

While the amount of time spent strengthening rights is almost negligible in the case studies in Cape Town and Ekurhuleni, the respondents in eThekweni appear to invest heavily in strengthening their claims to rights to land. Only in Blackburn Village is any significant amount of time required to gain assurance about the transaction.



**Figure 17. Time spent transacting and strengthening rights (eThekweni)**



The second aspect which Figure 17 reports on is the time households that are transacting ‘off-register’ spend on activities needed to strengthen their claims to rights to land. The issue which was being tested for in the survey was the extent to which households transacting ‘off-register’ need to engage in activities to strengthen their claims to rights to land in the absence of being able to resort to the Deeds Registry, local zoning or other planning regulations. The case studies in eThekweni suggest that this component of the transaction process is important and hence, that holding land is a critical part of transacting.

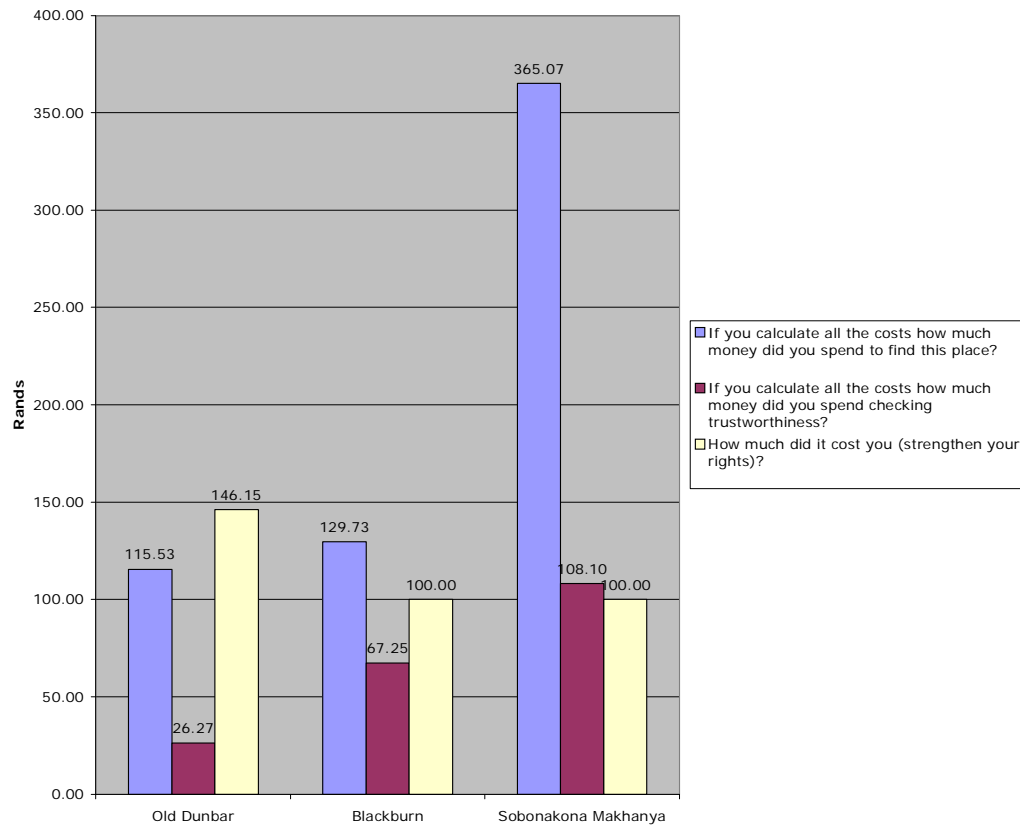
### 4.3.6.8 Costs

In addition to the amount of time households spend engaging in transactions, the survey calculated the financial costs of their transactions (in terms of transport, fees, people that had to be paid etc.) and the financial costs of strengthening their claims to rights to land.<sup>9</sup>

The amount of time spent strengthening claims to rights to land does not appear to translate into high direct financial costs. It is evident that the average cost of transacting in Sobonakona Makhanya is much higher (R573.17) than in Old Dunbar or Blackburn Village. The average costs of transacting in Old Dunbar (R287.95) and Blackburn Village (R296.99) are almost equivalent. These figures are calculated without reference to the amount of time over which the costs of strengthening rights were incurred. However, as Figure 20 reveals there is little difference in the median number of years that households have held claims to land.

<sup>9</sup> The survey did not try to quantify the financial value of people’s time spent transacting.

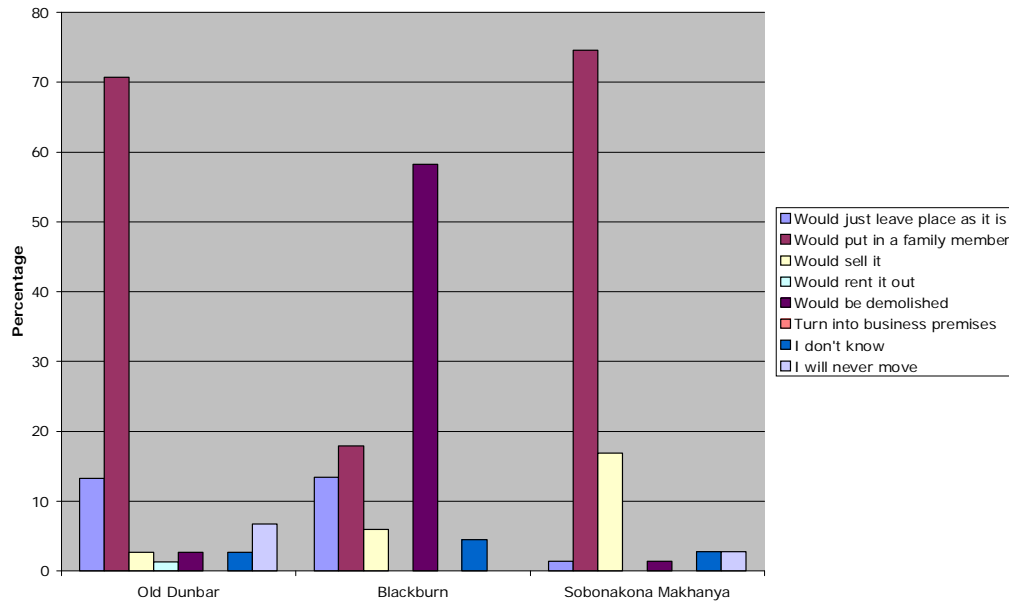
**Figure 18. Financial costs of transacting and strengthening rights (eThekweni)**



#### 4.3.6.9 Selling

One element of a market is the amount of land that is demanded. Another is the amount that is supplied.

Figure 19. What will happen to this place if you leave (eThekweni)?



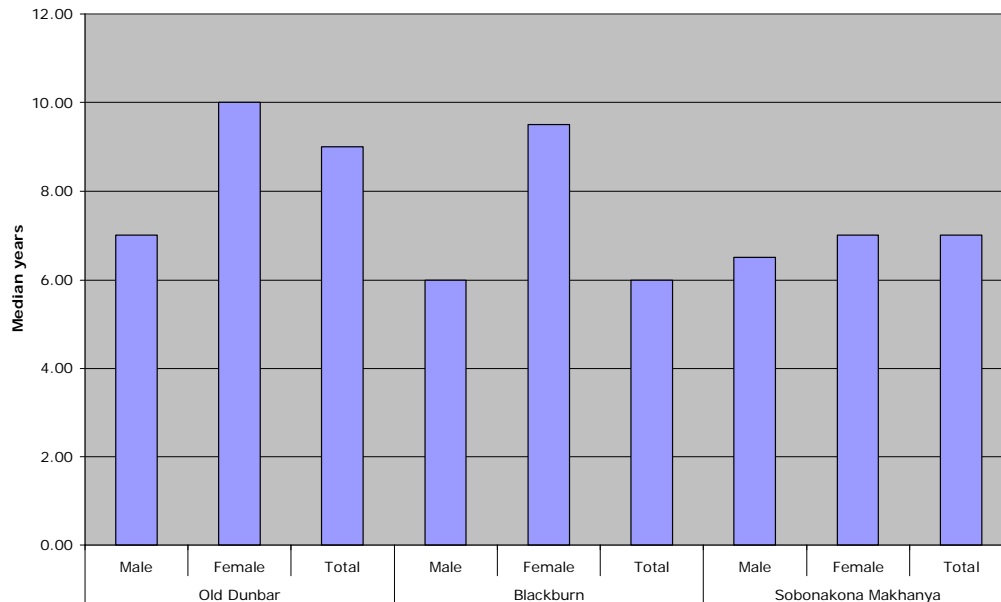
Despite eThekweni Municipality’s active housing delivery programme, a significant backlog of adequate housing exists. The issues of supply and demand are analysed in more detail in the next section. In this section, we analyse the process of respondents trading their land holdings.

It is clear that very few of the households in any of the case study settlements would be prepared to sell their current claims to rights to land. The importance of the family networks that assisted them to access land once again become important and reflects the shortage and difficulty of finding alternative land. The residents of Blackburn Village were able to report in great detail about the policies of eThekweni Municipality to demolish shacks when people are relocated to RDP housing projects. This explains why such a high proportion of respondents in Blackburn Village recorded that their shack would be demolished when they moved.

### 4.3.7 Supply and demand

In the following sections, we draw attention to broader implications for land markets of the transaction processes taking place in the case study settlements. We begin by quantifying the amount of ‘turnover’ within the land markets before considering respondents’ perceptions of where the demand for land is coming from. This is followed by an analysis of the efficiency of these transactions and what the consequences for the individual households tend to be as a result of these transactions. The research findings conclude with an analysis of the respondents’ experiences of transacting within the Deeds Registry system.

**Figure 20. Median number of years that household heads by gender have lived in the area (eThekweni)**



The customary tenure area and male-headed households in Old Dunbar and Blackburn Village are all fairly close to the norm that suggests that a property changes hands every seven years (Figure 20). What is noticeable is that there are significant gender differences in the RDP housing project and informal settlement. In both cases, female-headed households tend to move and transact less frequently. This is important given the greater proportion of female-headed households in Old Dunbar and Sobonakona Makhanya. The reason for this may be that female-headed households tend to take longer to find others to transact with. The implication of this is that new spaces must be found for new households either through densifying existing settlements or creating new settlements.

Table 8 shows no appreciable differences between households that own their claim to land and those that hold other claims to rights to land. The differences *across* settlement types are also not very different, unlike in Cape Town or Ekurhuleni. If there is any pattern it is that those who hold claims other than 'ownership' tend to transact less frequently.

**Table 8. Length of stay in years for those who bought (eThekweni)**

		Mean	Median	Std Deviation	N
Old Dunbar	Bought	6.2	7.0	2.7	6
	Not Bought	9.3	9.0	8.5	68
	Total	9.0	9.0	8.2	74
Blackburn	Bought	7.1	5.0	5.6	19
	Not Bought	10.4	7.0	12.7	48
	Total	9.5	6.0	11.2	67
Sobonakona Makhanya	Bought	8.3	7.0	6.9	64
	Not Bought	7.1	7.0	6.3	7
	Total	8.2	7.0	6.8	71

When the different claims are analysed in greater depth, it emerges that tenants transact the most frequently in all of the case study settlements in eThekweni.

Respondents were queried about their perceptions of where the demand for land was coming from. In Blackburn Village and Old Dunbar, the perceptions amongst respondents are that the demand for land is primarily coming from people looking for jobs. This reflects the importance of location in relation to employment opportunities for poor people and is supported by the observation in both of these settlements of new jobs close by. New employment opportunities close by are also important in creating demand for land in Sobonakona Makhanya. However, of more importance in this customary tenure area is that services such as electricity and water are now more widely available. The demographic factor of growing households is important in Sobonakona Makhanya but not as much in Old Dunbar and not at all in Blackburn Village. This probably relates to the fact that households tend to be more mature in Sobonakona Makhanya, and in Blackburn Village there is a high proportion of single person households.

**Table 9. Length of stay in years by other claim (eThekweni)**

		Mean	Median	Std deviation	N
Old Dunbar	I am renting	3.1	1.5	3.1	8
	I was allocated the place by the Municipality	10.6	10.0	9.0	4
	I inherited the place	5.0	5.0	4.1	5
	I occupied this place	16.0	16.0	12.7	2
	Allocated by the council	5.0	.	0.0	2
	The space was given to me	7.0	.	.	1
	Total	9.3	9.0	8.5	6
Blackburn	I am renting	3.8	3.5	2.5	4
	I was allocated the place by the Municipality	7.7	7.0	4.3	7
	I inherited the place	14.8	4.0	21.8	9
	I am looking after it	1.0	1.0	1.2	5
	I occupied this place	13.3	7.0	12.9	1
	Allocated by the council	10.0	10.5	3.2	5
	Was renting but now am owner	26.0	.	.	4
	The space was given to me	9.3	8.0	3.2	1
	Total	10.4	7.0	12.7	4
Sobonakona Makhanya	I am renting	1.0	.	.	1
	I inherited the place	7.0	.	.	1
	I occupied this place	9.5	9.5	10.6	2
	The space was given to me	7.7	9.0	6.1	3
	Total	7.1	7.0	6.3	7

**Figure 21. Perceptions of demand for land (eThekweni)**

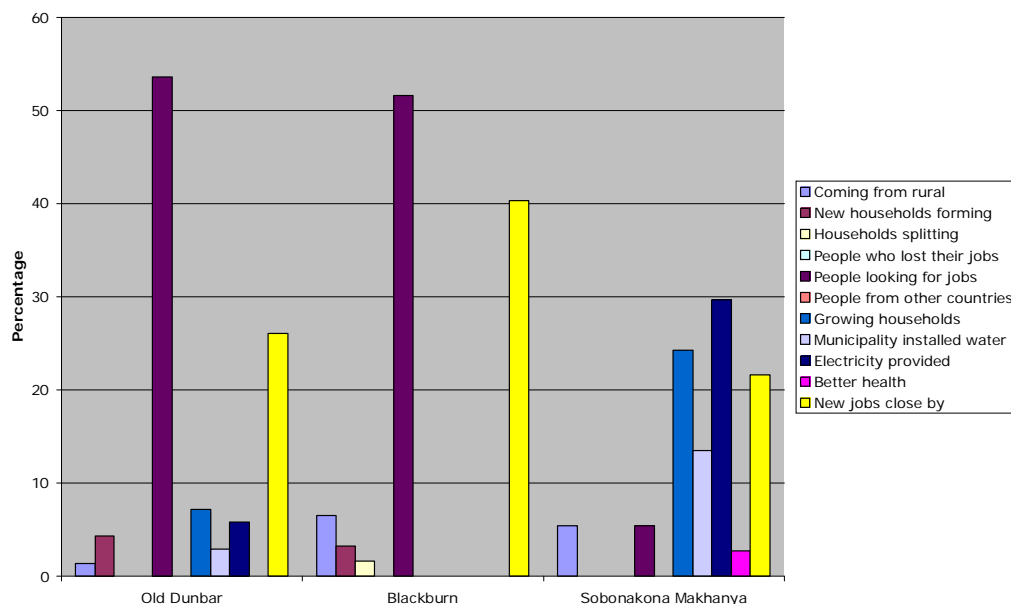


Table 10 seeks to provide an estimation of the number of transactions that have occurred in the three case study sites over the last 5 years (2002 – 2007). It is based on data generated in response to questions about when people moved to the settlement, what type of claim to the land they hold, whether they had bought the place, and, if so, how much they paid. The data suggests that there have been very few transactions in Old Dunbar in the last five years with only 8% of the households engaging in a transaction. It is clear that in both Blackburn Village and Sobonakona Makhanya there have been far more transactions involving approximately 24% and 31% of households, respectively.

An examination of the level of change in Blackburn Village needs to take account of another 14.81% of the population that ‘just occupied’ land in the last 5 years.

**Table 10. Percentage of transactions, number of sales and value**

	Old Dunbar	Blackburn	Sobonakona Makhanya
Total (weighted) number of transactions in the last 5 years (2002 – 2007) <sup>†</sup>	72	206	2514
% of transactions in the last 5 years	8.00%	23.88%	30.99%
Total (weighted) sales between 2002 – 2007 <sup>**</sup>	12	129	2400
Total (weighted) value of sales between 2002-2007 <sup>***</sup>	R69,000.00	R75,907.46	R7,199,746.00

<sup>†</sup> This value is calculated from the number of respondents who indicated that they had either bought, rented or were looking after a place between 2002 and 2007. The figure excludes those who had occupied land or inherited it.

<sup>\*\*</sup> This value is the total number of transactions identified by the respondents as a sale.

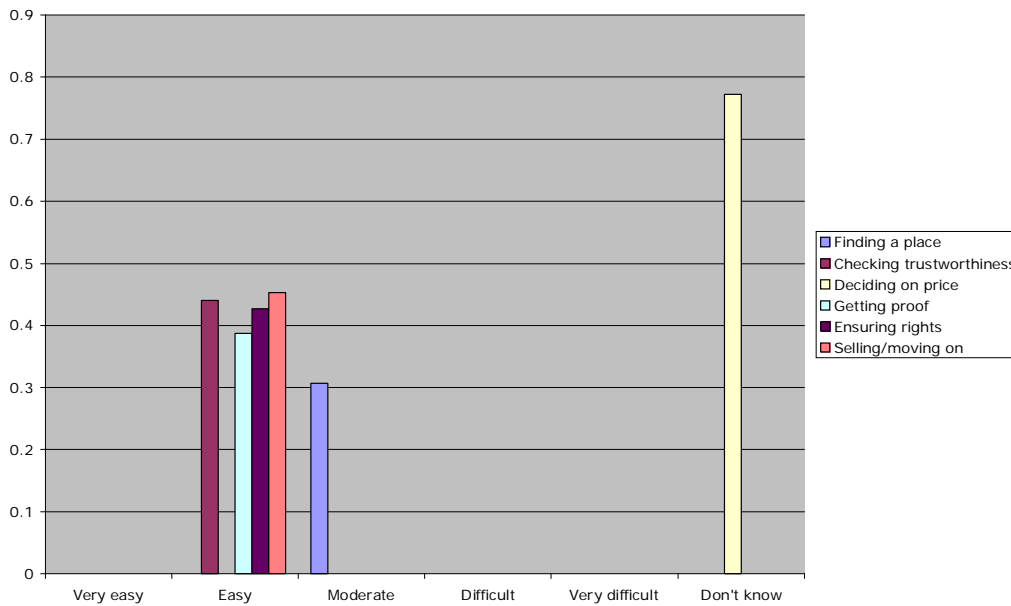
<sup>\*\*\*</sup> This value is calculated by multiplying *only* the transactions listed as sales by the median price paid.

### 4.3.8 Efficiency and effectiveness

In the preceding sections, we have drawn attention to the steps in the transaction process and the time and cost implications of the various steps. In this section, we review the respondents' ranking of how easy they found each step. Figure 22, Figure 23 and Figure 24 record the responses of the household heads in the various case study settlements by representing the step that had the highest percentage of responses.

In Figure 22 it appears that most respondents found the process of transacting to be easy, with only a slightly greater degree of difficulty experienced in finding the opportunity to gain access to the land. The fact that the land and dwellings were publicly allocated explains the high percentage of respondents indicating that they did not know how to decide on the price.

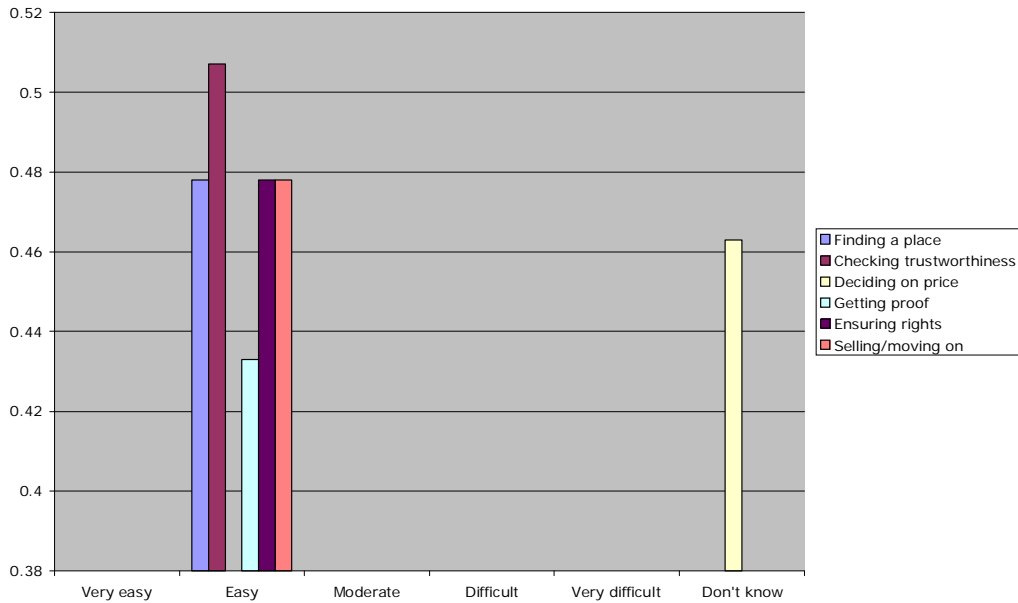
**Figure 22. Old Dunbar**



Blackburn Village presents a similar picture to Old Dunbar. Most people found the different steps in the transaction process to be easy. The responses to not knowing about how to decide on the price relate to the fact that a fair proportion of the inhabitants 'just occupied' the land (See Figure 9).

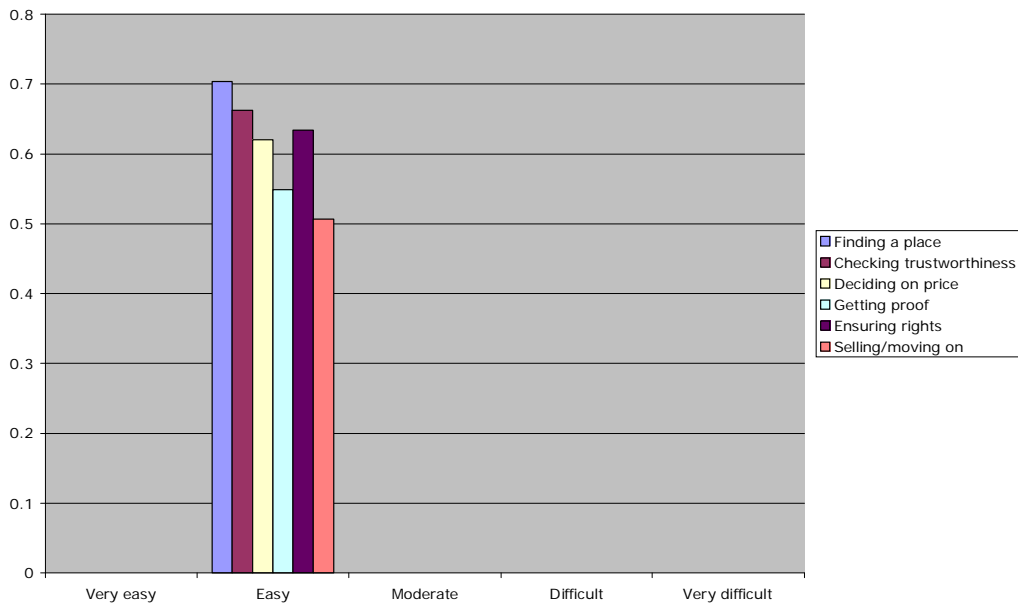


**Figure 23. Blackburn Village**



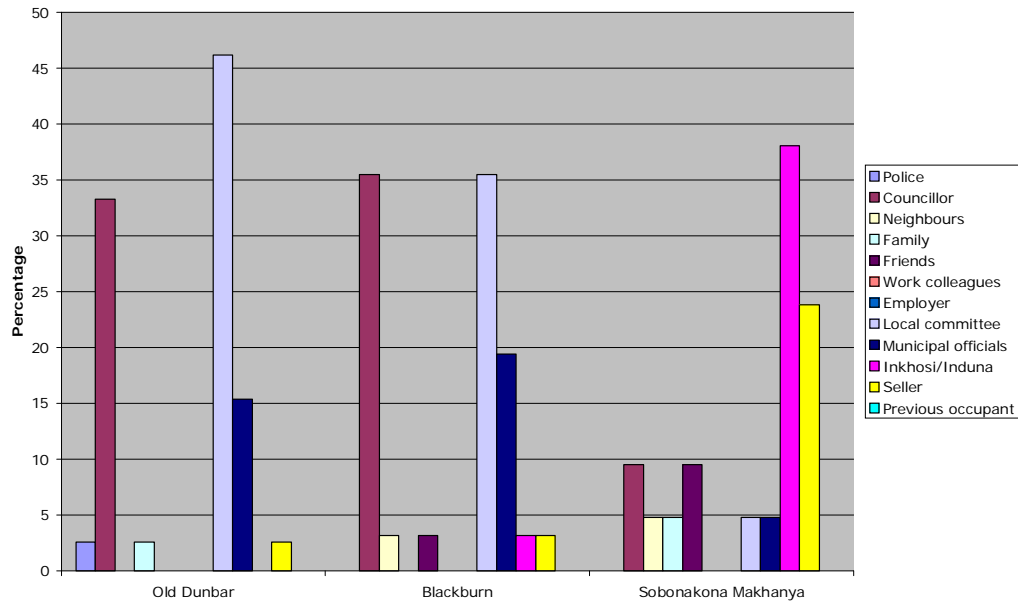
In Sobonakona Makhanya, most of the respondents found the different steps in the transaction process easy.

**Figure 24. Sobonakona Makhanya**



In an attempt to identify how the current system of land transactions and the operation of land markets could be made simpler, we asked respondents to identify who could make the process simpler. The answers to this question not only have relevance for those people or agencies identified but also speak to the perceptions of the respondents as to who or which agencies are important in eThekweni's land markets.

Figure 25. Who could make the process simpler (eThekweni)?

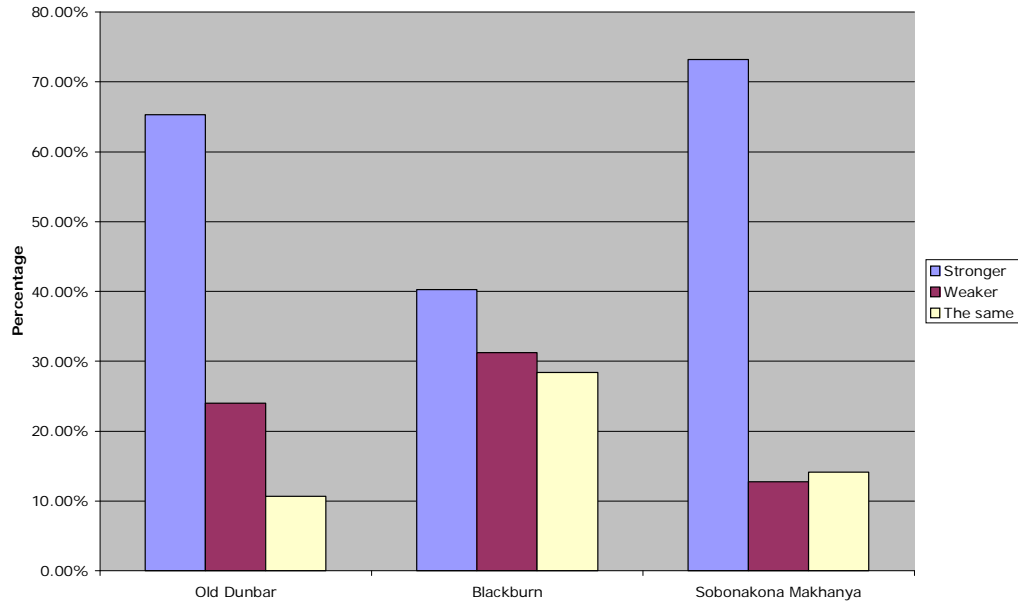


In Old Dunbar, the councillor and municipal officials are one grouping that could make the process simpler. Unexpectedly, the local committee is also perceived as having an important role to play in making the process simpler. The same trends can be observed in Blackburn Village although it might be more expected that the local committee has more of a role in the transaction process in Blackburn Village than in Old Dunbar since the municipality is not allocating the sites in Blackburn Village. In Sobonakona Makhanya, the Inkhosi and Induna are identified as most important for making the process simpler. One implication of this response is that it suggests that the traditional authorities are expected to maintain their role in the medium to long term. Importantly, the seller is also identified as a party who could make the process simpler in Sobonakona Makhanya.

### 4.3.9 Rights strengthened/weakened

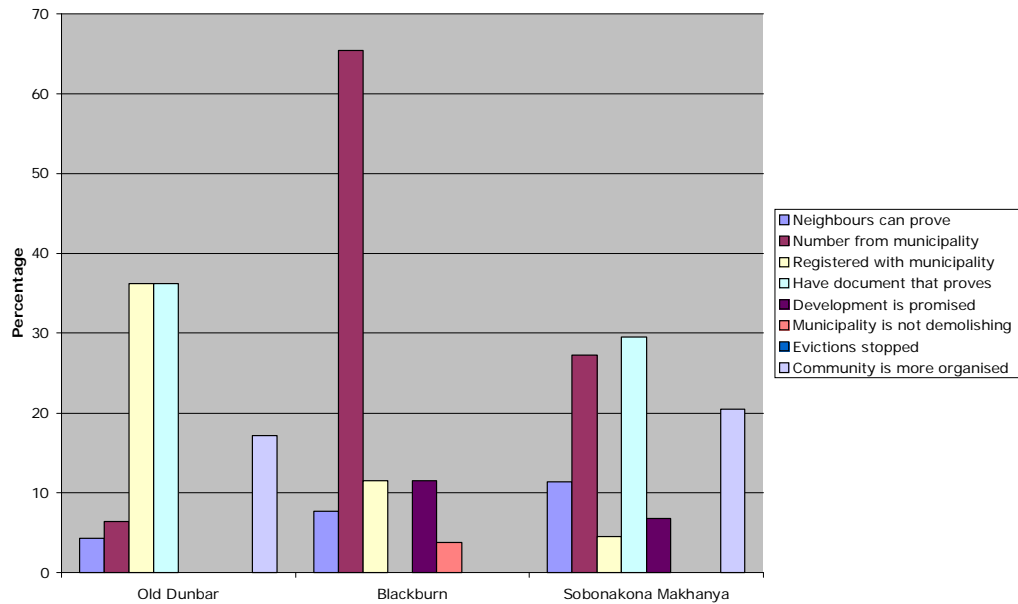
In Figure 26, it is clear that most household heads in the different settlements feel that their rights to the land are stronger as a result of their occupation, despite the very different nature of these claims. Only in Blackburn Village is a degree of ambiguity and uncertainty evident with just over 30% of respondents in the informal settlement indicating that they thought that their rights had become weaker and nearly another 30% stating that their rights had stayed the same.

**Figure 26. Now that you have lived here for a while, do you feel your rights to this place are stronger or weaker (eThekweni)**

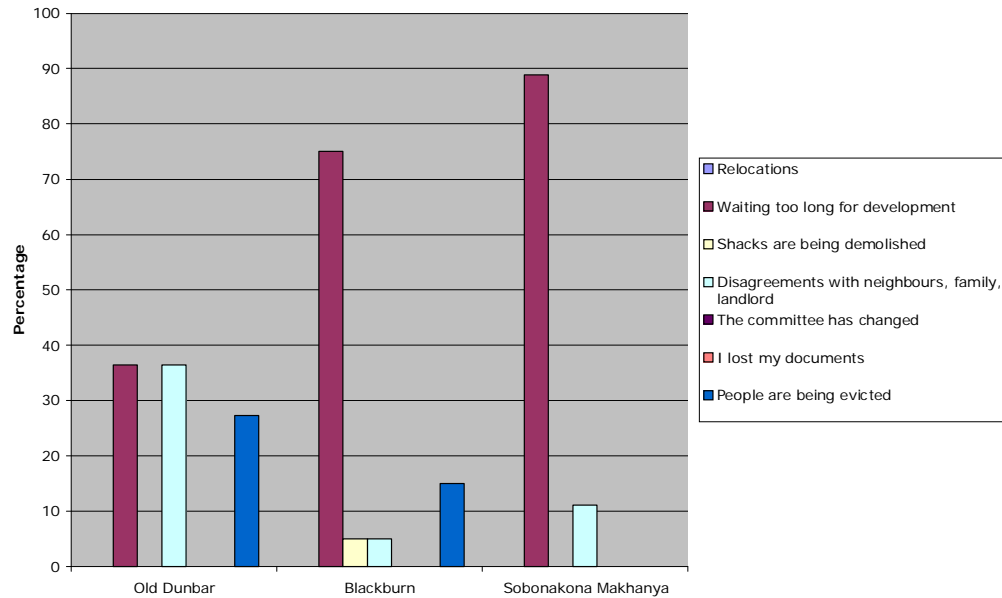


The dominance of a perception of stronger and weaker rights to place are analysed further in the figure below.

**Figure 27. Ways in which rights are stronger (eThekweni)**



**Figure 28. Ways in which rights are weaker (eThekweni)**



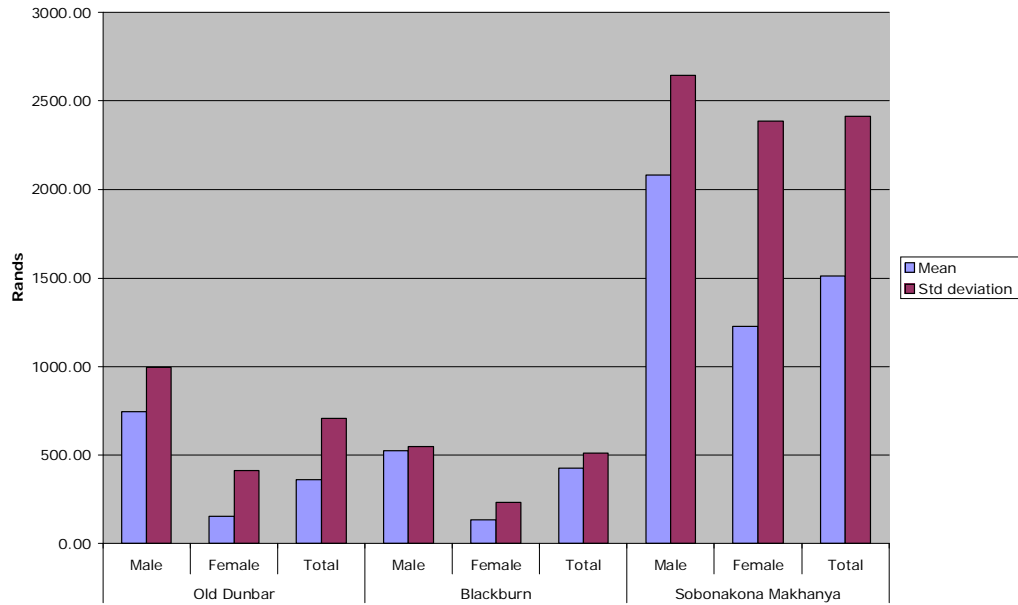
In Old Dunbar, it is clear that the household heads have faith in the documentation they have and their relationship to the municipality. This is linked to the emphasis on documentation that the household heads have drawn attention to at different steps in the process of transacting. Documentation is also the most important factor for respondents in Sobonakona Makhanya. In Blackburn Village, however, the dominant reason for why respondents felt that their rights had become stronger was because they had obtained a ‘number from the municipality’. This demonstrates another key way in which the state is active in what is considered to be the informal land market.

It is particularly evident in Blackburn Village and Sobonakona Makhanya (and to a lesser extent in Old Dunbar) that ‘waiting too long for development’ is perceived as weakening claims to rights to land. This research finding is taken up again in the recommendations.

### 4.3.10 Consequences

In eThekweni Municipality, all household heads have improved their financial situation by moving from their previous place to the current place. This is not the situation in either Cape Town or Ekurhuleni. Male-headed households have increased their average monthly household incomes in all settlements by more than female-headed households, and the variation (as measured by the standard deviations) is greater for male-headed households. It is striking that the customary tenure land transactions have resulted in much higher improvements than occur in either the informal settlement or the RDP housing project. However, it is worth recalling that household heads in Sobonakona Makhanya tend to be better educated (See Figure 2) and have higher household incomes than in the other areas.

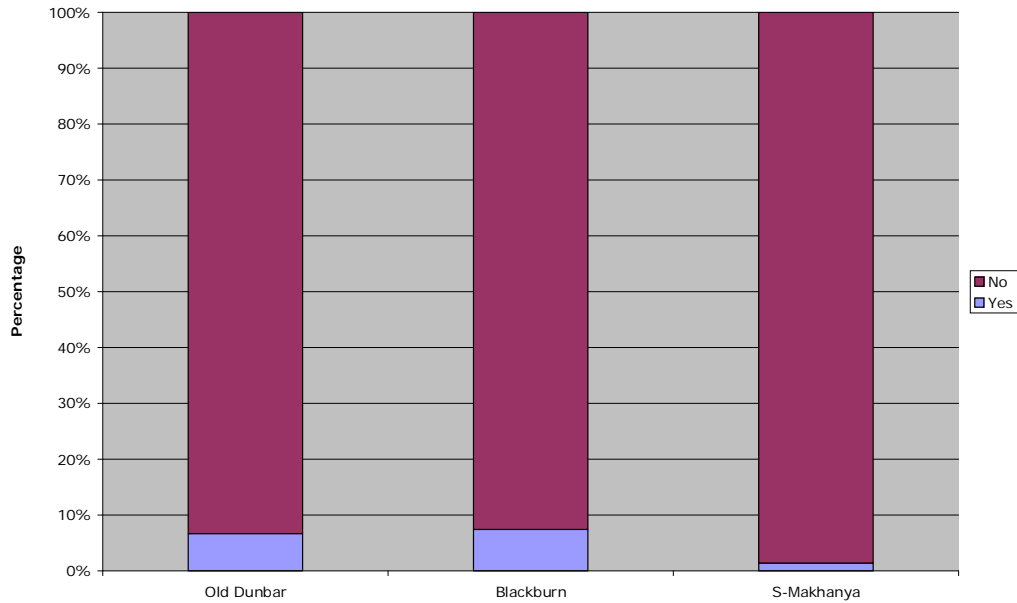
**Figure 29. Average change in monthly income of household heads (eThekweni)**



### 4.3.11 Inheritance and registered transactions

It is clear that very few of the respondents have ever inherited a property in eThekweni. This raises important questions about the intergenerational accumulation of wealth and the ability of people who are experiencing chronic poverty to generate wealth.

**Figure 30. No of household heads that have ever inherited a property (eThekweni)**



#### 4.3.12 Summary

Drawing the research findings for the case studies in eThekweni Municipality together suggest that the informal settlements, RDP housing projects and tribal areas account for a greater proportion of eThekweni’s poorer households than other settlement types. Female-headed households predominate in the RDP housing project case study and tribal area, but not in the informal settlement. The predominant movement patterns suggest that people are coming from rural areas to the informal settlement and that people are moving from informal settlements to RDP housing projects. Most people within the tribal area appear to have circulated within these types of areas before. A clear dynamic that is motivating the different transactions is access to employment and new employment opportunities. This is a very important value of land for people in the case studies. However, it appears to be less so in the tribal area where the household life cycle appears to be an important motivator in the search for independence. Social networks of friends and family are critical for transacting, and there do not appear to be very many transactions that occur outside of these networks. The implication of this is that new households with poor social networks will be forced to densify existing settlements or begin new ones. As in Cape Town and Ekurhuleni, the relationship to the local state is considered to be the strongest aspect of strengthening or weakening people’s claims to rights to land.

## 4.4 RDP housing projects

This is the first settlement type report in a series of two, the other being focused on informal settlements. The profile presents the research findings for a total of three RDP housing projects studied in the three metropolitan areas. The section begins with demographic data that compares data on these projects with that generated for informal settlements. This comparison is possible because each metropolitan area examined included one RDP housing project case study and one informal settlement case study. Following the demographic data, the research findings present what motivates people to move to RDP housing, their origins in relation to the types of settlements where they previously lived and the types of qualities of land that they value when they move and transact. The research findings focus on the process of transacting before some broader analyses are presented on the implications for land markets.

It is important to note that the RDP housing project case studies in the different cities displayed very different dynamics and trends. While this section of the report takes a different perspective on the data and makes new insights possible, the differences between the individual case studies should be borne in mind.

### 4.4.1 Demographic data

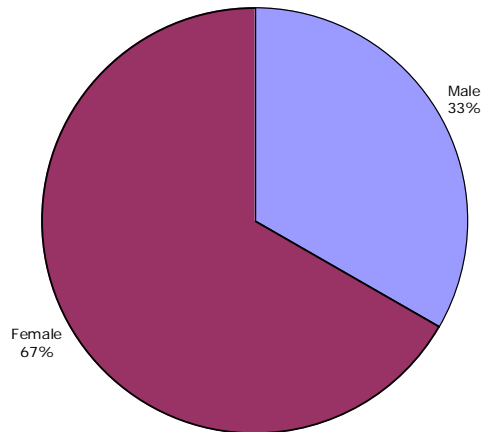
This section describes the demographic data generated in the three case study RDP housing projects of Kingsway (Ekurhuleni), Old Dunbar (eThekweni) and Delft (Cape Town).

#### 4.4.1.1 Age of household head

The median age of the household heads in the RDP housing project case studies across the metropolitan areas is 40 years and is higher than the median of 34 years for informal settlements. The difference in age could partly be interpreted as a result that younger household heads have to find their way into informal settlements, since informal settlements are the source for most beneficiaries of RDP housing projects (See Figure 8).

#### 4.4.1.2 Gender

The gender of the household heads in the RDP housing project case studies is predominantly female (67%). This is very similar to the gender breakdown of household heads in informal settlements. This could partly be explained by the fact that informal settlements have been the primary previous location of most beneficiaries of RDP land and houses. Gender of the household head is important to consider because previous research has demonstrated that property relations are highly gendered. In predominantly patriarchal societies – such as South Africa’s – women are considered to have specific and fewer claims to land than men. The predominance of female-headed households is likely to have particular impacts on the operation of land markets. This is an aspect that will require further investigation. The outcome of the state’s housing policy in relation to RDP housing projects is not disadvantageous to women in the case studies. A broader question is whether the land that female-headed households are accessing is capable of generating wealth in the long term. We return to this issue in the recommendations.

**Figure 1. Gender of household head (RDP)**

#### 4.4.1.3 Education level

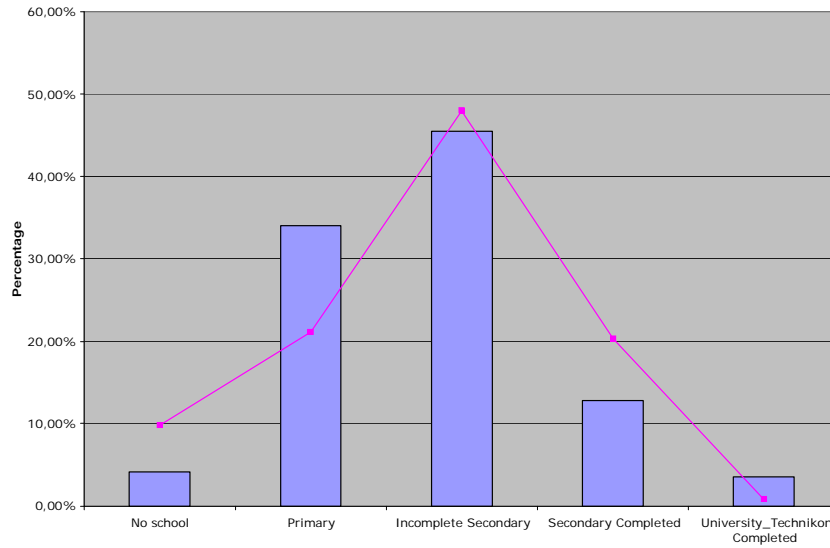
Levels of completed education are a good predictor of income levels in South Africa. Given the notorious unreliability of income data we have drawn on educational attainment data in this research to obtain a general sense of the income levels of households and their future income generating possibilities.<sup>1</sup> Figure 2 shows that the majority of residents in RDP housing projects have not completed secondary school. A little more than 10% of the population of these case studies has completed secondary school.

The implication is that the majority of residents of RDP housing projects are likely to be poor and their chances of increasing their household income in this generation are likely to be low. This means that particular attention needs to be paid to issues of inheritance because one of the causes of chronic household poverty is the inability to pass assets on to future generations. As was evident in the city profiles, very few households in the case studies had ever inherited property.

<sup>1</sup> Household income level data is presented in Figure 4.



**Figure 2. Level of education of household head (RDP)**

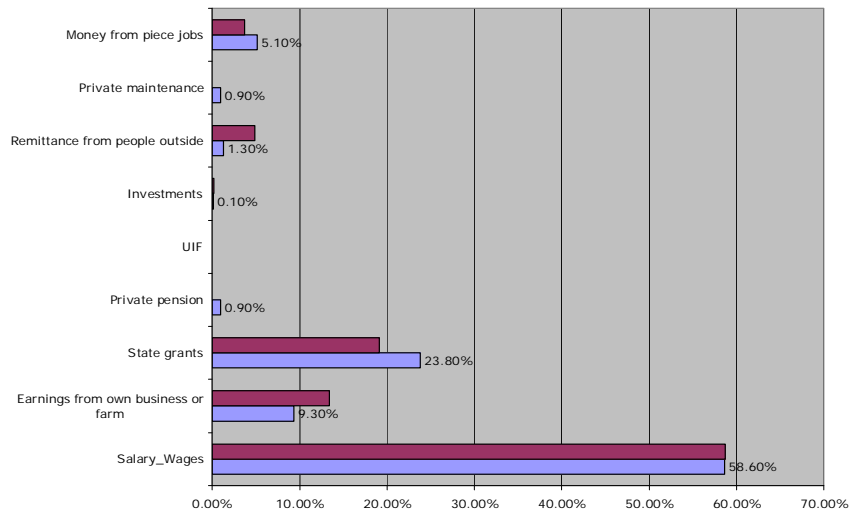


Note: In Figure 2, the bar columns represent the data for RDP projects while the line represents the equivalent data for informal settlements. This format will be repeated where possible.

#### 4.4.1.4 Income source

In this section, we present the findings of the most important sources of household income. Almost 60% of household heads reported that their most important source of household income was salaries and wages. This suggests that most household heads are linked into the metropolitan economies in some way.

**Figure 3. Most important income source (RDP)**

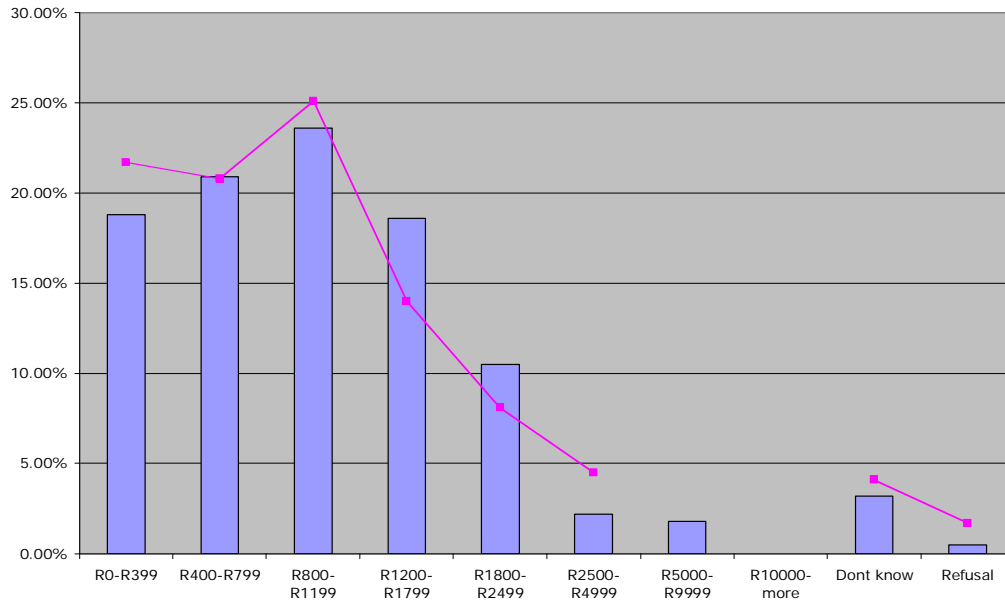


Note: In Figure 3, the labelled bars represent the data for RDP projects while the unlabelled bars represent the equivalent data for informal settlements. This format will be repeated where possible.

### 4.4.1.5 Level of household income

Figure 4 shows that the level of monthly household income tends to be slightly higher in RDP housing projects than informal settlements. The majority of households in RDP housing projects are earning less than R1200 per month. However, the differences with households in informal settlements are not substantial.

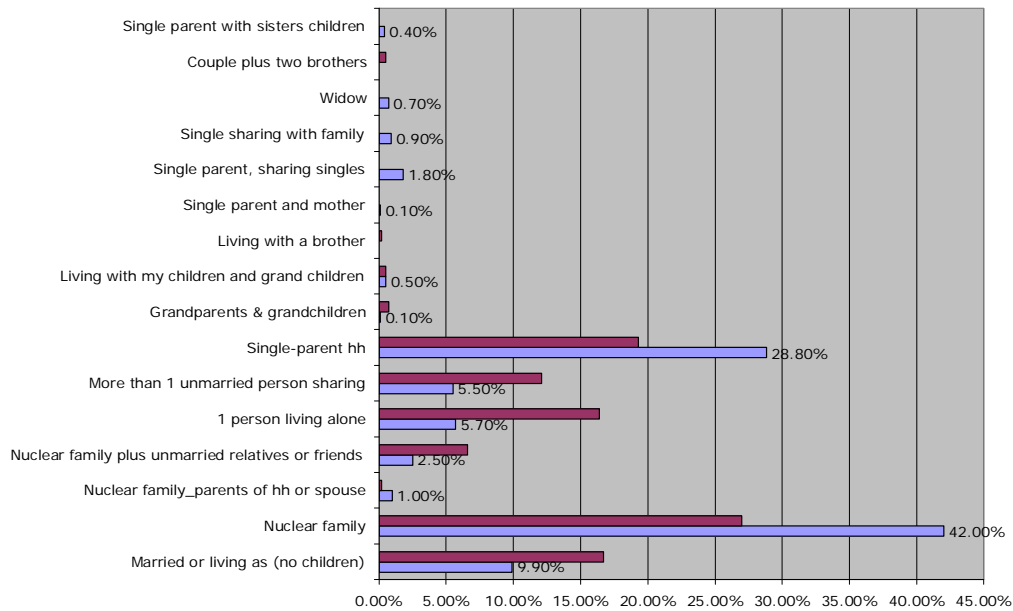
**Figure 4. Average level of monthly household income (RDP)**



### 4.4.1.6 Household structure

It is worth noting that the RDP housing projects have higher percentages of single parent headed households than informal settlements. The earning potential of such households is generally going to be lower than for households where there are two primary earners. The implication is that such households are going to struggle to transact in any land markets of greater value.

Figure 5. Household structure (RDP)

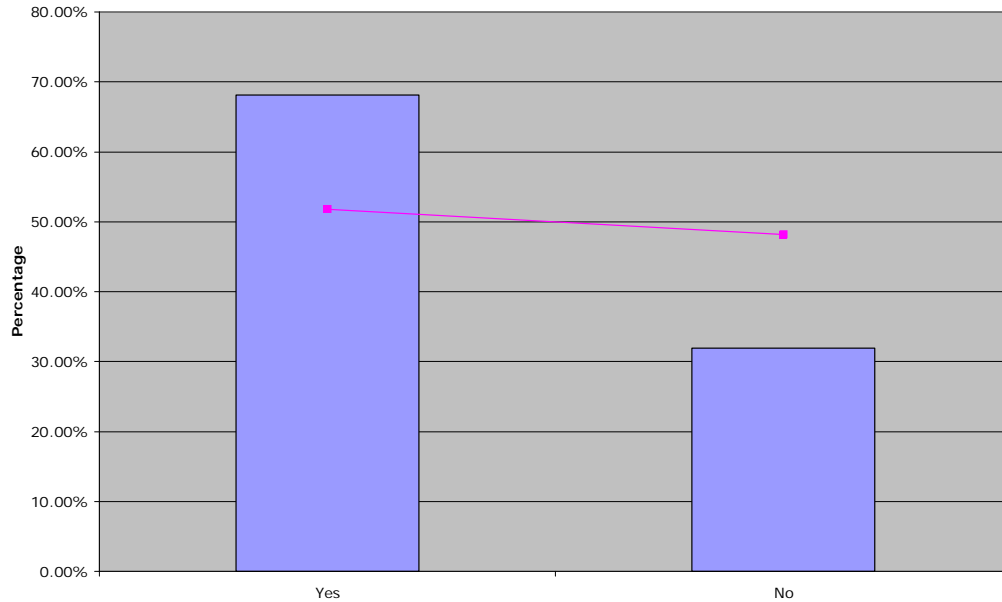


#### 4.4.2 Motivations

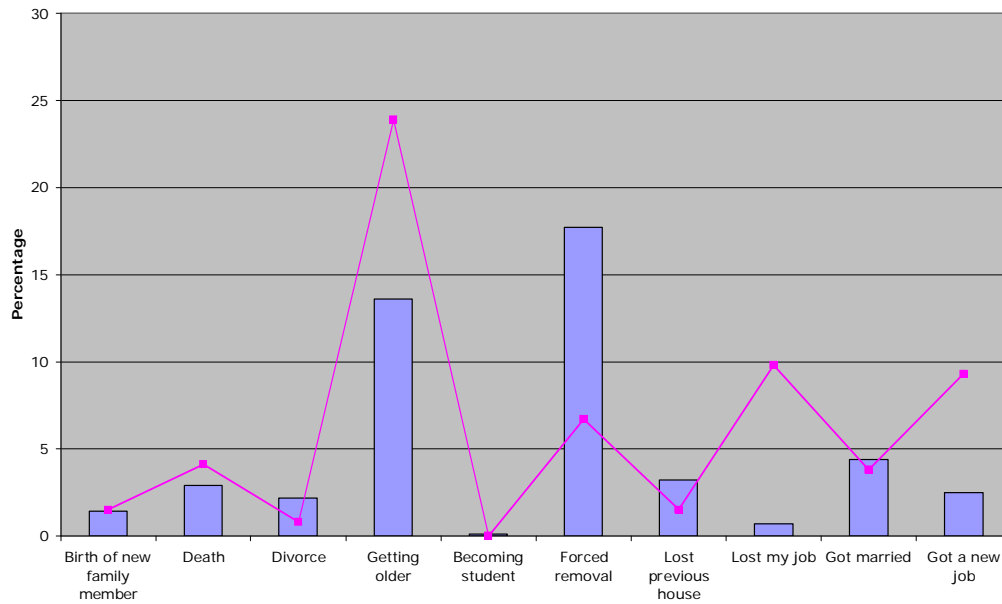
The data in Figure 6 suggests that nearly 7 in 10 household heads that are now living in RDP housing projects were already living independently before they moved to or were allocated land in RDP projects. This is important because it suggests the possibility of an important ‘pathway’ through different configurations of land claims. The predominance of household heads that have already negotiated a previous configuration of claims somewhere else is analysed further below. As shown in Figure 8, nearly 50% of household heads had lived in an informal settlement prior to moving to an RDP housing project.

Figure 7 shows that there are some similarities and differences between the motivations of people to move to RDP housing projects and informal settlements. We could expect similarities given that some of the key demographic factors are so similar. For example, the gender of the household heads, the levels of completed education and the racial identities are all approximately the same. The key difference is in the ages of the household heads, with household heads in RDP housing projects tending to be older than those in informal settlements. Household heads in RDP housing projects recorded that one of their biggest motivations for moving there was that they had essentially no other options, either because their previous dwellings were slated for demolition or because they felt they could not afford not to take up the offer of free land and a house in an RDP project. A second important difference in motivation lies in the expectations and social norms around ‘getting older’ and being able to express an identity as a person with control over a specific space in a particular location in the city. This appears as important for RDP housing project beneficiaries but not to the same extent as inhabitants of informal settlements in the three case studies.

**Figure 6. Percentage of household heads that were living independently in their previous place (RDP)**



**Figure 7. Motivation for moving (RDP)**



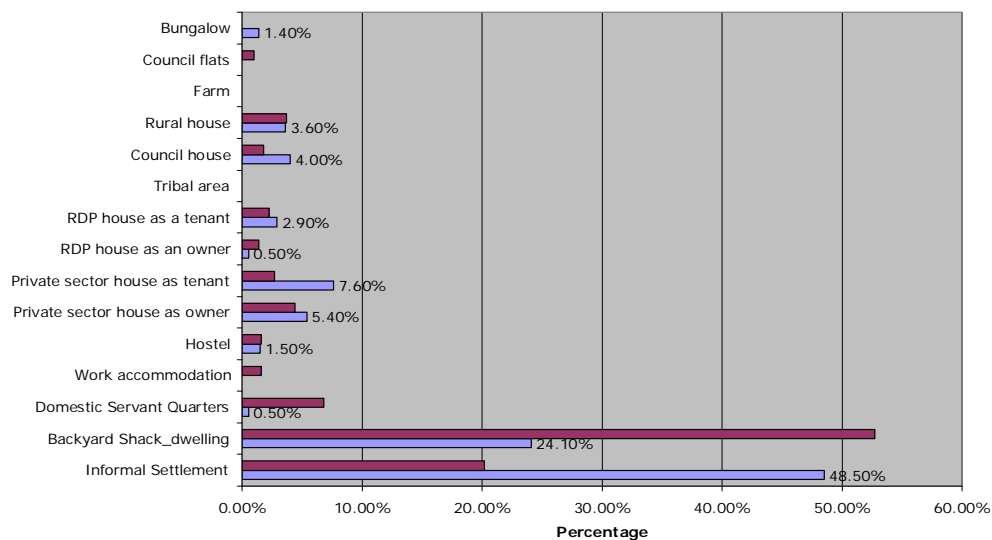
The final difference is that the motivations identified by respondents for moving to an RDP housing project are not as responsive to changes in employment status as in informal settlements. Informal settlements offer access to a set of claims to rights to land that allow households experiencing shocks, such as unemployment, to maintain their access to the city by relocating. Informal settlements also offer households access to a set of claims to land that have been obtained or ‘triggered by’ new employment opportunities. These employment opportunities may be low paying and so not facilitate transacting around anything more than a claim to temporarily borrow the use of land in an informal settlement. A household may also

need to minimise living costs for other reasons, and, hence, the informal settlements offer a possibility of minimising living costs.

### 4.4.3 Origins and movement

Figure 8 shows that there is a clear movement from informal settlements into RDP housing projects in the case studies. Nearly half of all households in RDP housing projects came from informal settlements. The next largest previous location for beneficiaries of RDP housing projects was backyard shacks.<sup>2</sup> There appears to be a small percentage of households (5.4%) that have taken the opportunity to obtain an RDP allocation even though they previously owned property. In comparison, a greater percentage (7.6%) of household lived as tenants in private sector houses. We could assume that living as a tenant in an RDP house facilitates integration into the local neighbourhood and increases knowledge of any opportunities to transact that may come up.

**Figure 8. Location of previous place (RDP)**



### 4.4.4 Valuations

The survey included questions about what people valued about the location and qualities of the land they were living on. The responses represented in Figure 9 show what the respondents thought others in the area valued about the location and qualities of the land before they moved to the area.<sup>3</sup> The dominant value is that the land was free, and this is most

<sup>2</sup> In this research, the trend of residents in RDP housing projects coming from backyard shacks is due to the inclusion of the example of Cape Town and the effect of the policies in Cape Town of allocating RDP land to both backyard shack dwellers and informal settlement residents.

<sup>3</sup> This question is complementary to the responses recorded in the city profiles where respondents are asked what they had valued about an area prior to moving to it. The difference in questions was an attempt to de-personalise the responses and gain a general sense of what was valued about the location and qualities of the land.

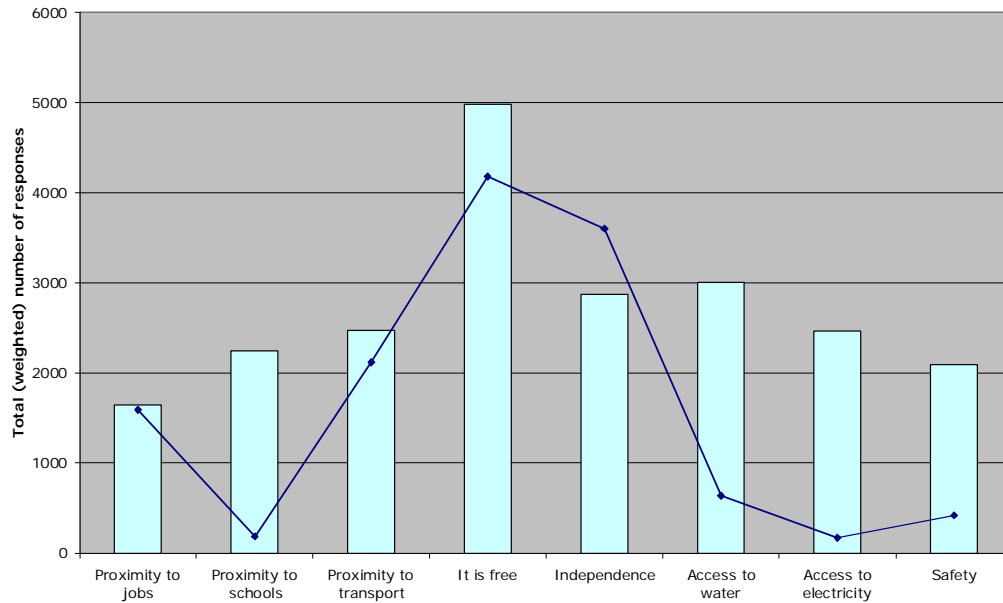
important, if less pronounced, in the informal settlement case studies as well. What is important to note is that RDP housing projects don't appear to offer any improvements on proximity to employment opportunities since the responses recorded in relation to this value are roughly similar in both types of settlements. Given the dependence on salaries and wages as the most important household income sources in RDP housing projects (See

Figure 3), it is interesting that the RDP housing projects are not more highly valued in terms of proximity to employment opportunities. A similar point can be made about 'proximity to transport' with only marginally more households valuing RDP housing projects for this quality above their counterparts in informal settlements. RDP housing projects are more valued when it comes to access to services such as water, electricity, proximity to schools and feeling safer. These categories of value show significant differences with informal settlements. These differences are important to note and we will return to them in the recommendations. The quest for a sense of independence is valued by more inhabitants of informal settlements than inhabitants of RDP housing projects.

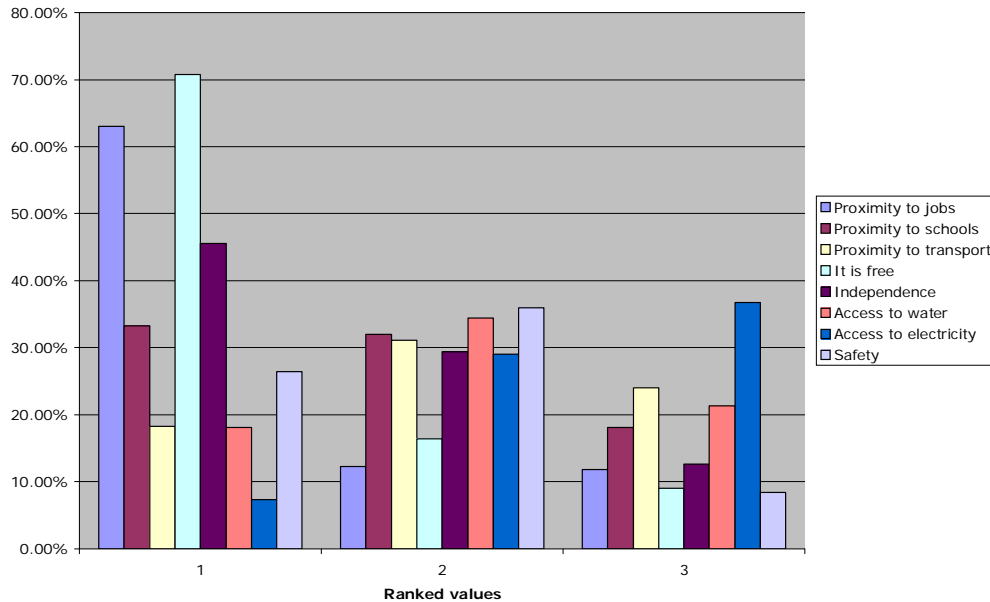
Figure 9 and Figure 10 should be read together. Figure 9 shows the total number of responses for the different options and so gives an indication of the qualities that people value most about their locale. Figure 10 provides a more detailed picture and adds new insights by focusing on the percentage of respondents that cited each option as their first, second or third most valued aspect of the land or its location.

In Figure 10 it is evident that not only did most respondents select the category of value that the place was free (in Figure 9) but that most respondents selected this as their most important value. Although the categories related to access to services were commonly selected as a value, they are predominantly ranked as a second choice. This suggests that such qualities are important for people but not the most important. The only issue that does stand out in this category is valuing access to schools in RDP housing projects. The RDP housing projects were not especially valued for their proximity to employment opportunities. Nonetheless, for those respondents that selected the category of value of proximity to employment, more than 60% selected it as their most important value.

**Figure 9. Total number of responses (RDP)**



**Figure 10. Percentage of responses ranked first, second or third (RDP)**



### 4.4.5 Transactions

In this section, the major steps of the transaction process are outlined. We describe how people:

- find opportunities to transact around land,
- are assured that the transactions will be valid and
- make the agreements.

#### 4.4.5.1 Finding others to transact with

There appear to be three clusters of ways in which people find opportunities to access land in RDP housing projects. The first is related to the local authorities and includes the councillor and municipal officials. The second is family and friendship networks. Somewhere between these two clusters is the third that consists of the assistance and information provided by community meetings and committee members. Local committees and community meetings are frequently the conduit through which the councillor and municipal officials communicate with family and friendship networks.

**Table 1. From whom did you hear about this place (RDP)?**

	Percentage
Family member	15.5
Friend	12.1
Neighbour	1.3
Work colleague	1.1
Employer	0.1
Radio	0.4
Newspaper	0.2
Community meeting	16.8
Committee member	10
Councillor	20.1
Municipal Official	23.1
Taxi commuters	0
Traditional healer	0
Door to door knocking	0.2
People living around	0.1
Agents	0
Landowner	0.9
Knew the place	0

Table 1 is important because it shows three dynamics. The first is that despite the formality of RDP housing allocation processes, family members and friends remain a significant means of finding out about different locations. The second important dynamic is the role of the committee and community meetings as sources of information, and this reflects the interface between the people in informal settlements and the local state. The third dynamic is the central role of the local authority in providing information on settlement opportunities to people living informally.

#### 4.4.5.2 Establishing trustworthiness

The means of establishing the trustworthiness of the transaction in RDP housing projects is heavily influenced by the existence of documentation and registration with the municipality. The obviousness of the importance of bureaucratic processes in a public allocation of land should not distract the analysis from another important point. This is that the dominance of



the bureaucratic process has effects that extend beyond the immediate allocation of land and housing in RDP housing projects. Consequently, the slightest engagement of inhabitants of informal settlements with bureaucratic processes can lead to the creation of the ownership of a right to access a future allocation in an RDP housing project. The more successful the state's bureaucratic process of developing and allocating RDP projects is, the greater the value of the (abstract and 'informal') right to future development is likely to be in informal settlements. This is simply a contradiction that emerges from the successful execution by the state of its responsibilities (c.f. Holston 1991). In effect, the state is upholding the value of 'off-register' transactions and is one of the most fundamental ways in which the state is present in 'informal' land markets.

**Table 2. Means of assuring the transaction would be valid (RDP)**

	Percentage
Family and friends	12.6
Committee system	10.9
Municipal instruction	21.6
House had a municipal registration number	10.3
The land was empty and I took a chance	1.8
They would give me a receipt	3.6
Other people were doing it	0.1
Signed official papers	45.7
I made a police affidavit	2.1
Used a lawyer	0.4
Inherited it	0
Used official documents to prove identity	0.8
Paid money in advance	0
Landlord gave me receipt	0
Have a title deed	1.1
Verbal agreement	0.4

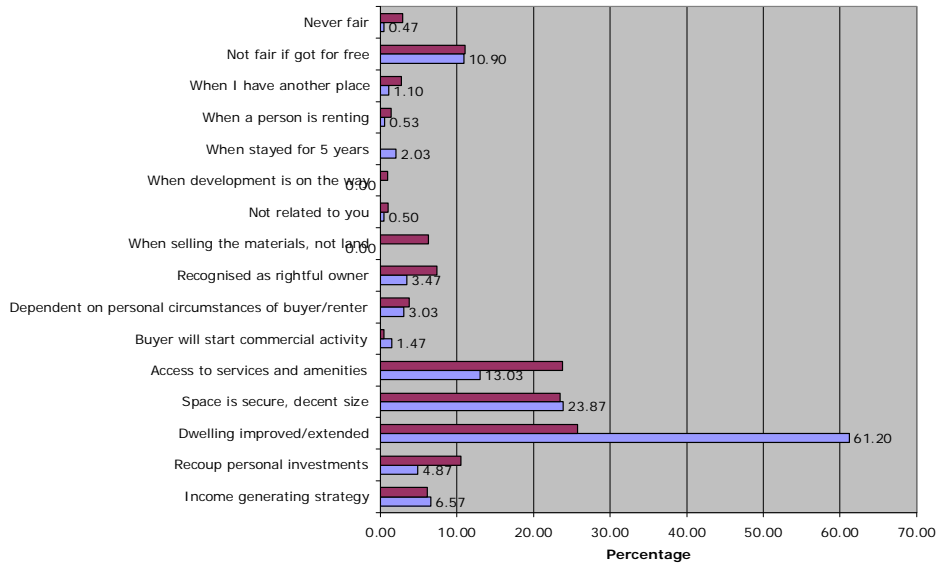
#### 4.4.5.3 Calculating

As one measure of the extent to which, or circumstances in which, households may be leaning towards a financially dominated land market model, the survey asked respondents to define when it would be considered fair or unfair to make a profit through a land transaction in their area. The assumption is made that perceptions of fairness and unfairness relate to the circumstances in which respondents would be more guided by price than by social relations in calculating the amount to be exchanged in the transaction.<sup>4</sup> Perhaps not surprisingly, the results recorded are mixed. There are clear instances when it is considered fair to make a profit, such as when a dwelling has been extended or improved. Where there is more room for

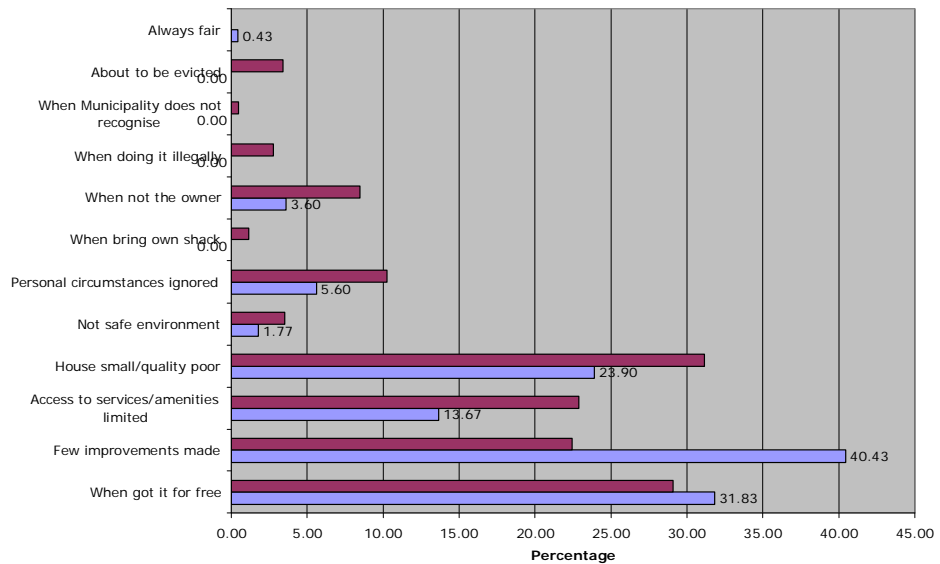
<sup>4</sup> There will clearly be instances where a person might still be able to make a profit and still conform to a particular set of social norms and not result in the buyer/renter feeling exploited. Thus the proxy of fairness/unfairness in charging a profit is not an exact indicator of propensity to let the transaction be based on price rather than social relations. Another factor to consider is that the definition and understanding of profit is highly variable. Nevertheless, the responses to this issue provide some indication of when a household might be able to make a profit, even if they do not always choose to do so.

social relations to influence the price of land and dwellings is in perceptions of whether a space is of a ‘decent’ size and quality.

**Figure 11. When is it fair to make a profit (RDP)?**



**Figure 12. When is it unfair to make a profit (RDP)?**



For the most part, the logic of when it is thought to be unfair to make a profit is the converse of when it is considered fair. However, one important difference emerges. Approximately 32% of the respondents feel that it is unfair to make a profit on land originally obtained for free.

Adherence to this value or perception will clearly act as a break on being able to capture any increases in value through transactions. It will, however, be advantageous to future generations of poor people. We could speculate that the emphasis on being able to make a profit once improvements have been made to a dwelling is one way of reconciling the value

that it is not fair to make a profit on something originally obtained for free, because the level of investment justifies a return.

#### 4.4.5.4 Making an agreement

What is remarkable about Table 3 is that only 36.8% of the respondents in RDP housing projects refer to their title deeds as their means of proving that land belongs to them.<sup>5</sup> It is clear that public witnessing of transactions is still an important form of proving ownership. The relatively high number of responses in relation to ‘verbal agreements’ and transactions being ‘witnessed by councillors’ suggests the occurrence of ‘off-register’ transactions.

**Table 3. How did you make the agreement (RDP)?**

	Percentage
The agreement was made publicly	5.3
I was given a receipt/document/letter	33.4
The owner gave me a verbal agreement	15.5
The agreement was witnessed by others	0.8
The agreement was witnessed by a councillor	12.7
The agreement was witnessed by the police	2.2
I was given a title deed	25.4
The title deed is coming	11.4
Bought space	0
No agreement made	0
I was given a number	0
I was given a key	0.4
Paid the rent money	0
I was given the place by family	0.1
Attended a community meeting	0.9
We were registered	0

#### 4.4.5.5 Dispute resolution

This section addresses the issue of how people in RDP housing projects would resolve disputes about claims to their land and dwelling. Figure 13 and Figure 14 should be read together. Figure 13 provides the research findings for the total number of responses by category, while Figure 14 analyses these choices in greater detail by presenting the percentage of households that selected each option as their first choice (within each option).

The people/agents that the most respondents would turn to if they needed to resolve disputes about claims to their land and dwelling are councillors and municipalities. Not only were these people/agents selected by most respondents, but they were selected as the first choice by most that cited a response in these categories. Neighbours emerge as the next most significant group of people that the respondents would turn to as the means of resolving disputes, reflecting the importance of social networks. However, though neighbours were selected by a

<sup>5</sup> This figure is derived from summing the responses to the categories ‘I was given a title deed’ and ‘The title deed is coming’.

large proportion of respondents, they were only chosen as the first choice by about 15% of the household heads.

**Figure 13. Dispute resolution (RDP)**

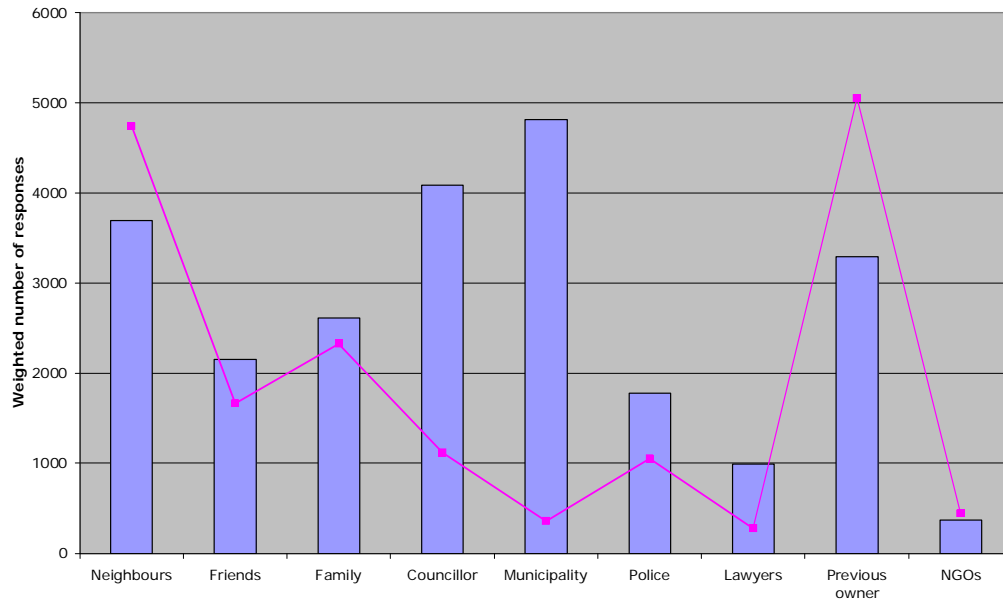
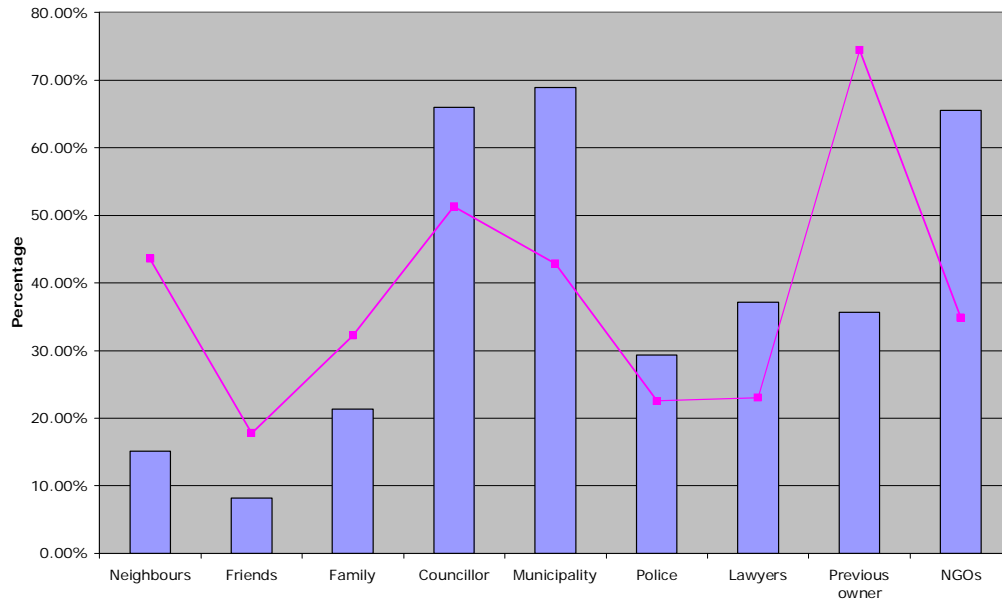


Figure 14 shows the importance and perceived involvement of councillors and municipalities in resolving disputes around land in the RDP housing projects.

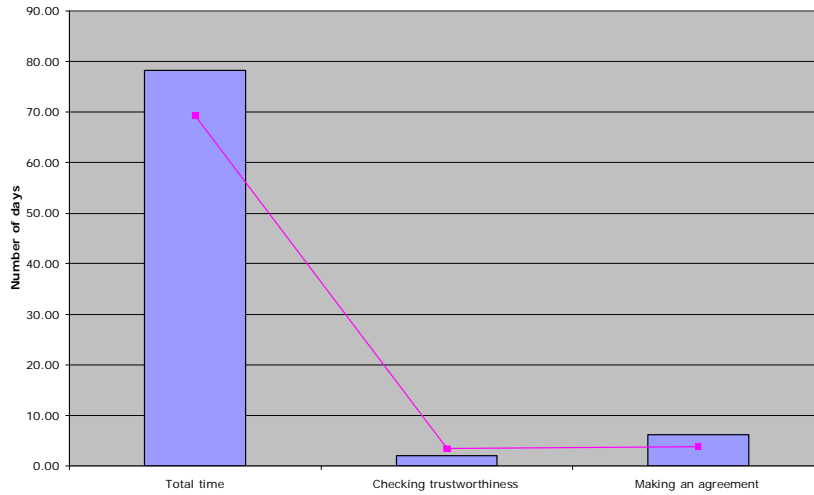
**Figure 14. Percentage first choice in dispute resolution (RDP)**



#### 4.4.5.6 How long it takes

In Figure 15, the average duration of time between when a respondent first heard about the option to access land in a RDP housing project and the time they moved in (total time) is compared with the duration of time it took to check the trustworthiness of the other party in the transaction and the duration of time it took to make the agreement. The calculations of ‘checking trustworthiness’ and ‘making an agreement’ are subsets of the total time. The calculation of ‘total time’ excludes the amount of time a person may have been on a waiting list.

**Figure 15. Time (RDP)**

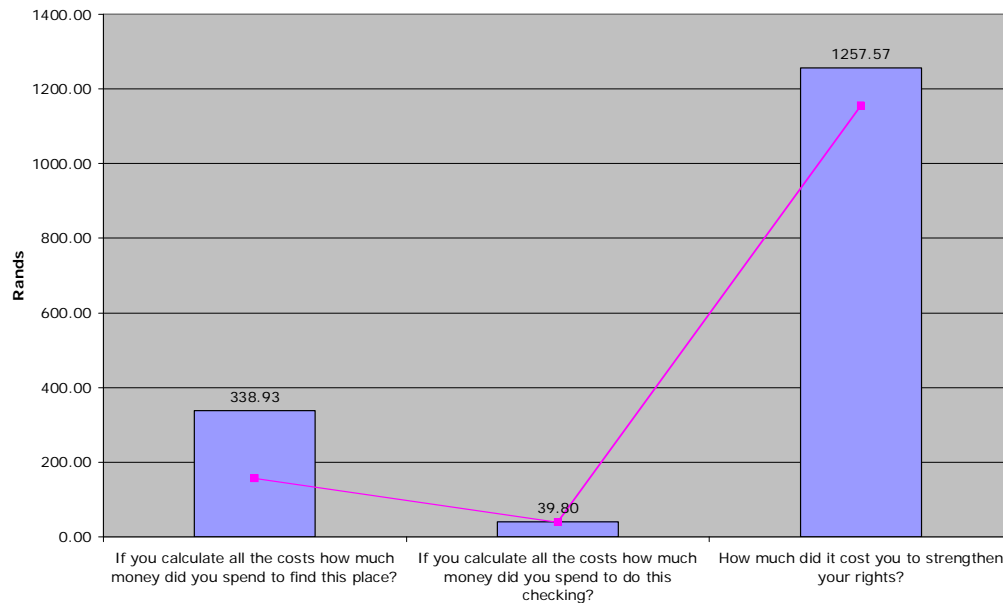


#### 4.4.5.7 Costs

In addition to the amount of time taken to access land in this way, calculations were made in relation to the financial costs of transacting in this way (in terms of transport, fees, people that had to be paid, etc.) and the financial cost of strengthening their claims to rights to land.<sup>6</sup> In Figure 16, the financial costs of accessing land in RDP housing projects are presented with the total average figure for transacting in this way amounting to R1636.30. It is clear that accessing land in an RDP housing project is far from ‘free’. On average, respondents in the RDP housing project case studies spent R338.93 on finding the opportunity to access the land and about one-tenth of this amount on gaining assurance about the validity of the transaction. The amount spent on ‘strengthening claims’ is an estimation of the level of investment that households have made in their dwellings. From Figure 16, the average amount of investment equals R1257.57. When this is averaged over the number of years that the respondents in RDP housing projects have been in possession of their land and dwellings (roughly 6 years), this does not amount to a large amount per year.

<sup>6</sup> The cost calculations do not include the financial value of people’s time to engage in these steps of the transaction.

**Figure 16. Costs of transacting (RDP)**



The table below shows that there are relatively few transactions around land occurring in the RDP housing projects and that the price at which the land and dwellings are being exchanged is below the subsidy value. However, in all the settlements the average prices at which the land and dwelling is being exchanged differs significantly from the median price indicating high levels of variability. For example the average price in Kingsway is R11366 with a standard deviation of R8829. In Delft, the average price is R34750 with a standard deviation of R36881. In Old Dunbar, the average price is R7081 with a standard deviation of R7515. Part of the reason for the low numbers of transactions in RDP housing projects is taken up in the following section.

**Table 4. Median price, number and percentage of sales in RDP projects**

Area	Median	N (unweighted)	Percentage of total population
Kingsway	R15000.00	3	4.17%
Old Dunbar	R5750.00	6	8.00%
Delft	R17000.00	4	5.80%

#### 4.4.5.8 Selling

It is clear that more than 60% of the households would not sell their land and dwelling in RDP housing projects but would rather put a family member in their place.<sup>7</sup> This is has profound implications for the operation of a land market in terms of the financially dominated model. Approximately 20% of households would be prepared to sell and a much lower percentage would be prepared to rent it out under the current circumstances.

<sup>7</sup> This does not exclude the possibility that sales could occur within families. This is an issue for further investigation.

**Figure 17. What will happen to this place if you move (RDP)?**

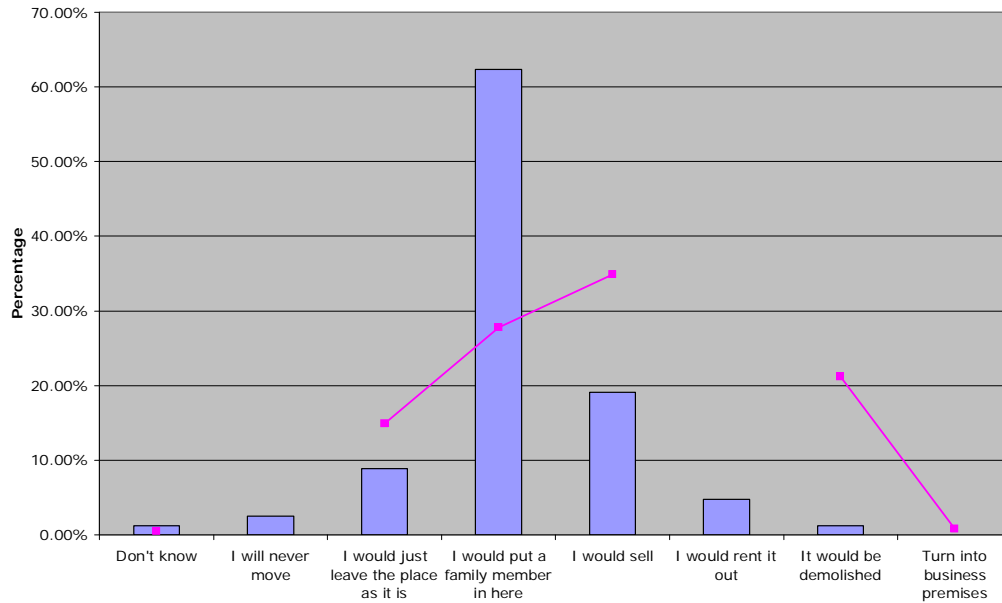
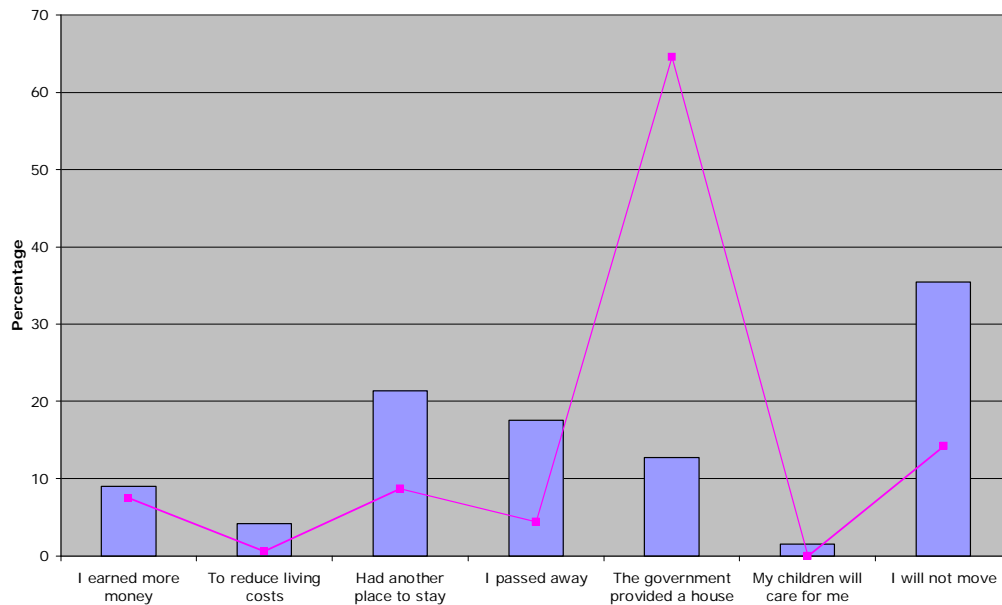


Figure 18 picks up on these issues by exploring the conditions or circumstances in which people would be prepared to move. It is evident that most households would not be prepared to move at all (combining the responses to 'I will not move' and 'I passed away'). Since people inevitably have to move to cope with the contingencies of life, the responses to this issue demonstrate the prevalence of a socially dominated land market when it comes to selling land and housing in RDP housing projects.

**Figure 18. Why would you move (RDP)?**



In Figure 18 more than half of household heads (53.1%) indicated that they would not move from the land allocated through the RDP housing project as suggested by summing the responses to 'I will not move' and 'I passed away'. This lack of willingness to move has

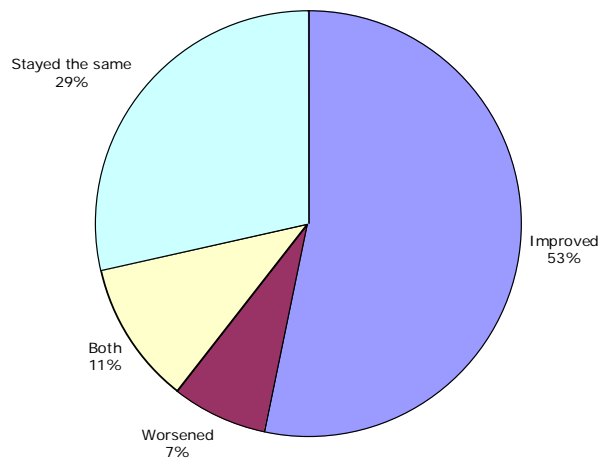


serious implications for stimulating a land market. But it is probably a more important reflection of the perception (or reality) that these households have reached a ‘glass ceiling’ and that in the absence of ‘gap housing’ there are very few options for them to move on to.

#### 4.4.6 Situation improved/worsened

The first thing to note about Figure 19 is that the distribution of responses is roughly similar to that recorded for people moving to informal settlements. That is, we can conclude that only for about half of the households is there a clear perception of an improvement in their situation. It should be recalled (See Figure 8) that the majority of household heads in RDP projects have come from informal settlements or backyard shacks. In financial terms, the City Profiles show that there are clear gender differences as a result of moving to RDP housing projects. In all RDP housing projects, female-headed households experienced an improvement in average monthly household income following a move to an RDP housing project. In Kingsway and Delft, the average monthly income of male-headed households decreased as a result of moving, while in Old Dunbar it increased. Similar trends can be observed at a settlement level where the average monthly household income has decreased in Kingsway and Delft and increased in Old Dunbar.

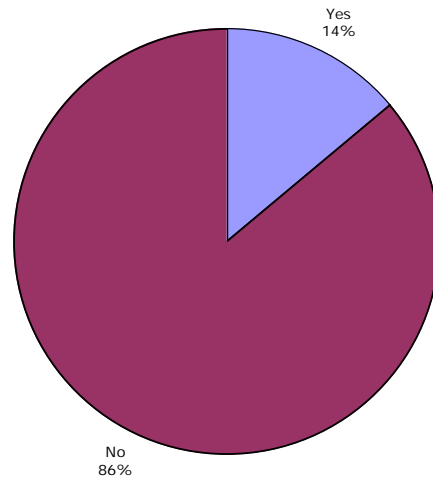
**Figure 19. As a result of moving to an RDP housing project did your situation improve (RDP)?**



#### 4.4.7 Experience of ‘registered’ transactions

There are a small percentage of households that have had a title deed before, and this indicates some degree of movement across the division between registered and ‘off-register’ claims (see Figure 20).

**Figure 20. Percentage of households in informal settlements that have had a title deed (RDP)**



#### 4.4.8 Summary

In this section, we draw together some of the main points. In the case study settlements, there is a clear connection between RDP housing projects and informal settlements with nearly 50% of households in RDP housing projects coming from informal settlements. This partly accounts for the similarity between the demographic profiles of RDP housing projects and informal settlements. However, the case study research shows that most households in RDP housing projects appear to experience their move as an interruption of sorts, and the most valued aspect of the land and dwellings is that they are free. As a rough calculation, it appears to cost R1640 on average to transact in an RDP housing project. The majority of household heads reported that they would not sell their claims to rights to land and would not be prepared to move.

## 4.5 Informal settlements

This is the second settlement type report in a series of two, the other being focused on RDP housing projects. The profile presents the research findings for a total of three informal settlements studied in the three metropolitan areas. The section begins with demographic data that compares data on these settlements with that generated for RDP housing projects. This comparison is possible because each metropolitan area examined included one RDP housing project case study and one informal settlement case study. Following the demographic data, the research findings present what is motivating people to move to informal settlements, their origins in relation to the types of settlements where they previously lived and the types of qualities of land that they value when they move and transact. The research findings focus on the process of transacting before some broader analyses are presented on the implications for land markets.

It is important to note that the informal settlement case studies in the different cities displayed very different dynamics and trends. While this section of the report takes a different perspective on the data and makes new insights possible, the differences between the individual case studies should be borne in mind.

### 4.5.1 Demographic data

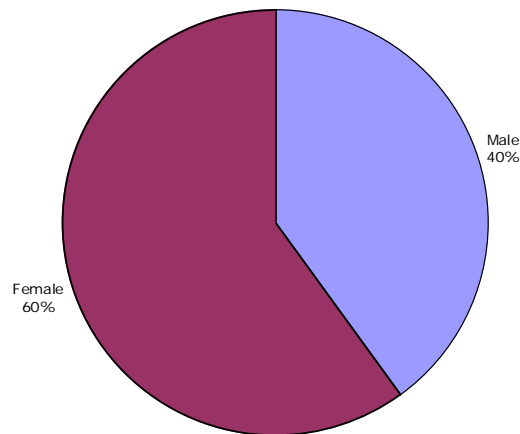
This section describes the demographic data generated in the three case study informal settlements of Somalia (Ekurhuleni), Blackburn Village (eThekweni) and Nkanini (Cape Town).

#### 4.5.1.1 Age of household head

The median age of the household heads in the informal settlement case studies across the metropolitan areas is 34 years and is lower than the median of 40 years for RDP housing projects. In Cape Town and eThekweni, the informal settlements have a higher proportion of (poorer) younger households, perhaps suggesting that this is their way of entering the land market.

#### 4.5.1.2 Gender

The gender of household heads is predominantly female (60%) in the informal settlements. This is very similar to the gender breakdown of household heads in the RDP housing projects. The city profiles revealed that informal settlements (and RDP housing projects) contained a greater number of female-headed households than the gender breakdown of each metropolitan area as a whole. There are at least two possible perspectives on this issue. The first would regard the urban land environment as hostile and difficult for women to negotiate and transact within. In this view, the preponderance of female-headed households in informal settlements is the consequence of women's general lack of power and reflects the only space in the cities that can be accessed by poor women. The second perspective would put more value on the claims to rights that women have actually transacted over and consider these claims to be an assertive step in better adapting the city to the needs of women (even if the claims are on marginal land).

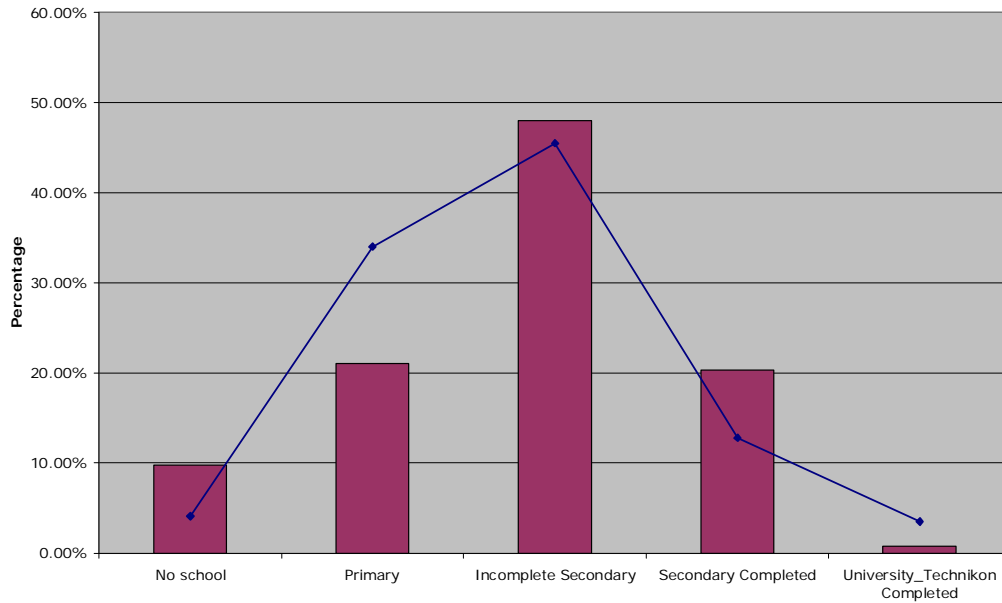
**Figure 1. Gender of head of household (Informal settlements)**

#### 4.5.1.3 Education level

Levels of completed education are strongly associated with income levels in South Africa. Given the notorious unreliability of income data we have relied on them in this research to obtain a general sense of the income levels of households and their future income generating possibilities.<sup>1</sup> In Figure 2, it is evident that the majority of household heads in the informal settlement case studies have not completed secondary school. The pattern is roughly similar to the levels of education of household heads in RDP housing projects. Despite these similarities it is possible to claim that the levels of education of household heads in informal settlements are slightly higher than their counterparts in RDP housing projects. Whether the difference is great enough to propel the household heads of informal settlements into higher earning possibilities is an open question. The difference in the levels of education can probably be attributed to the fact that the household heads of informal settlements tend to be younger than the household heads of RDP housing projects. The comparatively older household heads of RDP housing projects will likely have had to endure a more severe Apartheid-based education system.

<sup>1</sup> Household income level data is presented in Figure 4.

**Figure 2. Level of education of household head (Informal settlements)**



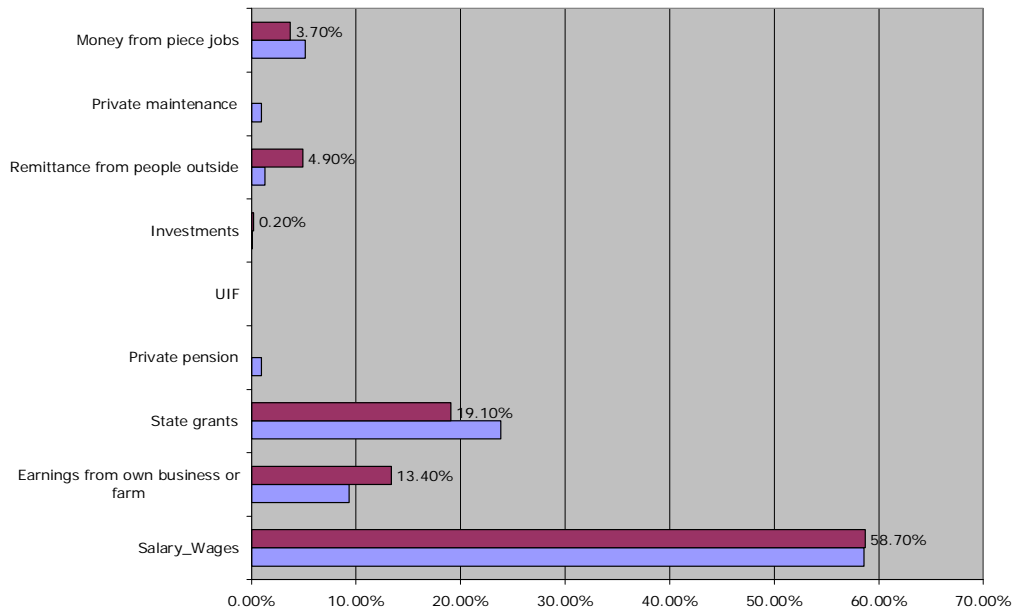
Note: In Figure 2, the bar columns represent the data for informal settlements while the line represents the equivalent data for RDP housing projects. This format will be repeated where possible.

#### 4.5.1.4 Income source

In this section, we present the findings of the most important sources of household income. Almost 60% of household heads reported that their most important source of household income was salaries and wages. This suggests that most of household heads are linked into the metropolitan economies in some way.

Slightly more households have earnings from their ‘own business or farm’ than in RDP housing projects. If this category is taken as a rough indication of involvement in the ‘informal economy’ then slightly more households in informal settlements also engage in informal economic activities than in RDP housing projects.

**Figure 3. Most important income source (Informal settlements)**

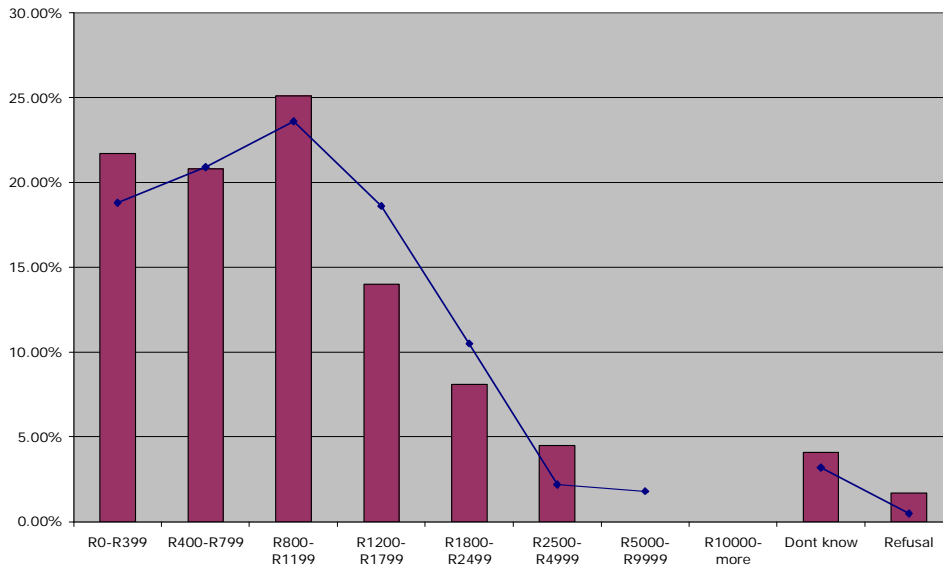


Note: In Figure 2 the bar columns represent the data for informal settlements while the line represents the equivalent data for RDP housing projects. This format will be repeated where possible.

#### 4.5.1.5 Level of household income

Figure 4 shows that the level of monthly household income tends to be slightly lower amongst informal settlements than RDP housing projects. The majority of households in informal settlements are earning less than R1200 per month. This has implications for the costs of transacting around different claims to rights to land and suggests that the types of claims that people can transact around are likely to cluster around claims to temporarily borrow land.

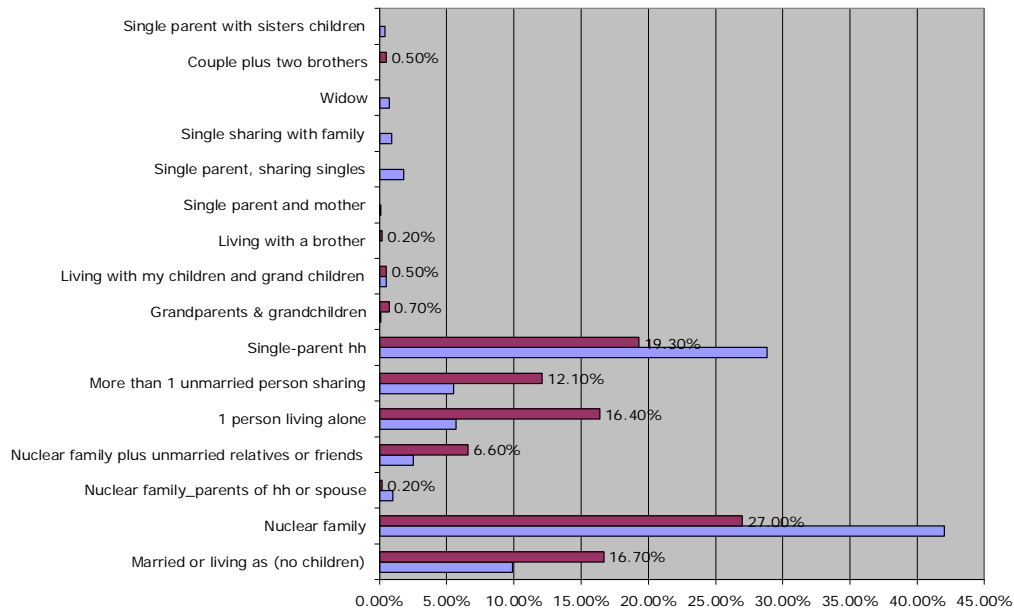
**Figure 4. Level of household income (Informal settlements)**



#### 4.5.1.6 Household structure

In Figure 5, it is evident that two-adult household structures predominate in informal settlements. A pattern that distinguishes the informal settlement case studies from the RDP housing project case studies is that there are far more households where there is one person living alone and also households where nuclear families are living with friends or relatives. This data suggests that informal settlements are serving as the route through which young households are attempting to achieve some independence and as an access point for people who are, as yet, unable to obtain their own land and have to take advantage of social networks and share accommodation.

**Figure 5. Household structure (Informal settlements)**



### 4.5.2 Motivations

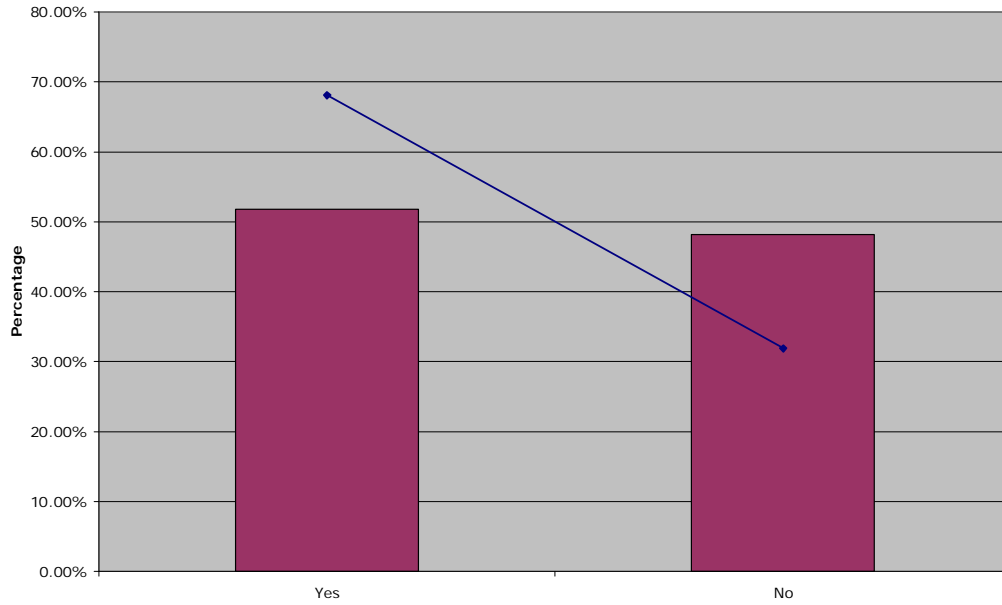
In comparison with households in RDP housing projects, there are about as many household heads that have broken away from their family homes to start new households, as there are households that have already made this move. This reinforces the view that is emerging through this research that informal settlements are a primary means of poor, young households finding some form of independence (see Figure 7).

The importance of achieving independence as people ‘grows older’ is an unexpected result and differs from the rationalities that are assumed to inform why people move to different places in cities. It raises the question about the role of psychosocial factors in situations where poor people are under the control of landowners or persons who ‘control’ the land. This might be exacerbated in South Africa, given the country’s racialised urban history. It is not clear though whether the searches for independence as people grow older as a motivating factor, trumps locational factors. This requires further research.

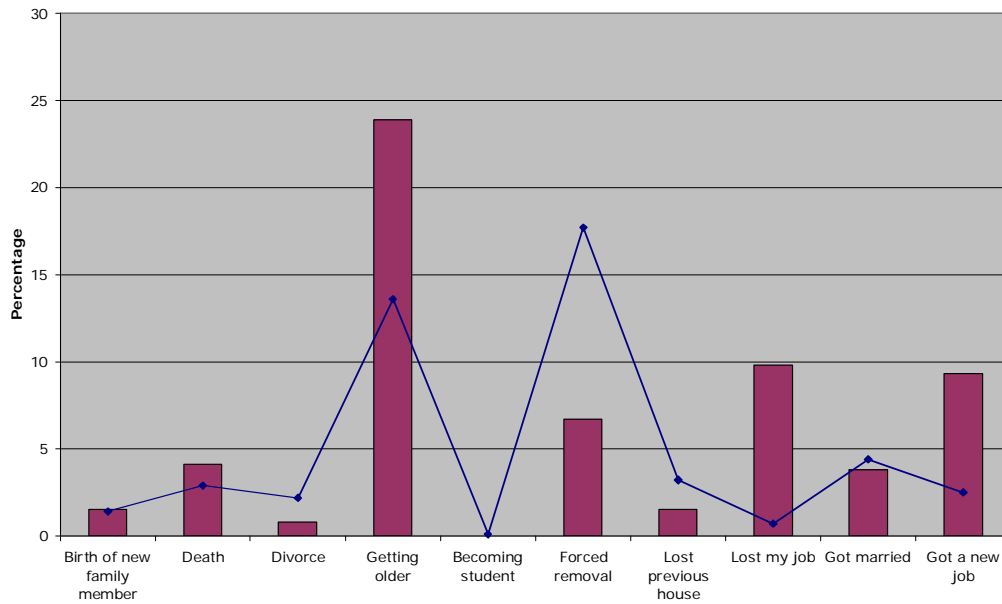
The land claims that are possible to transact around in informal settlements appear more appropriate to households that are experiencing either ‘triggers’, such as finding new employment, or ‘shocks’, such as becoming unemployed.



**Figure 6. Percentage of household heads that were living independently in their previous place (Informal settlements)**



**Figure 7. Motivation for moving (Informal settlements)**

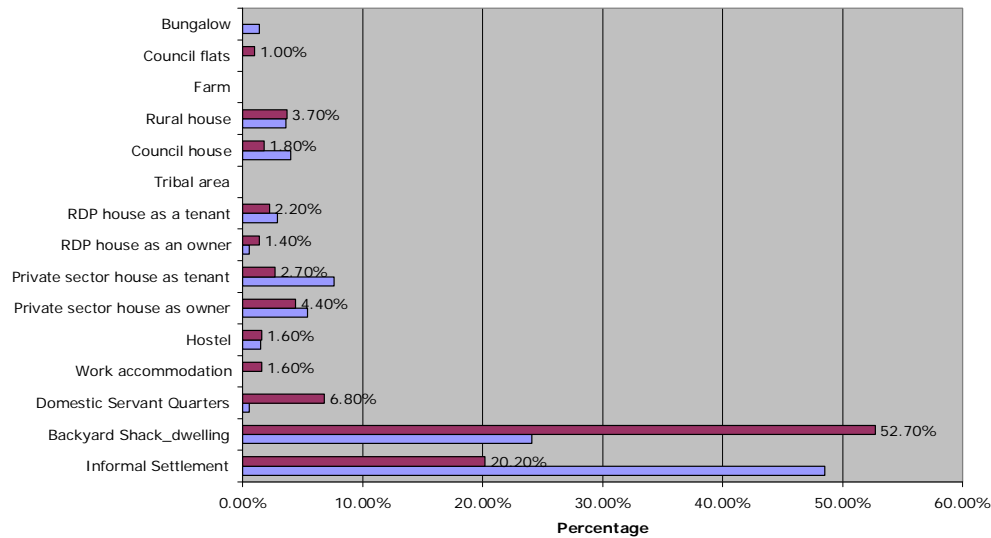


### 4.5.3 Origins and movement

Figure 8 shows that almost half of all informal settlement inhabitants in the case studies came from backyard shacks, while one in five came from already existing informal settlements. This can partly be explained by the importance of achieving some form of household independence and perhaps partly by the fact that living conditions, the amount of space and

access to services in a backyard shack situation is often little different to living in an informal settlement.

**Figure 8. Location of previous place (Informal settlements)**



#### 4.5.4 Valuations

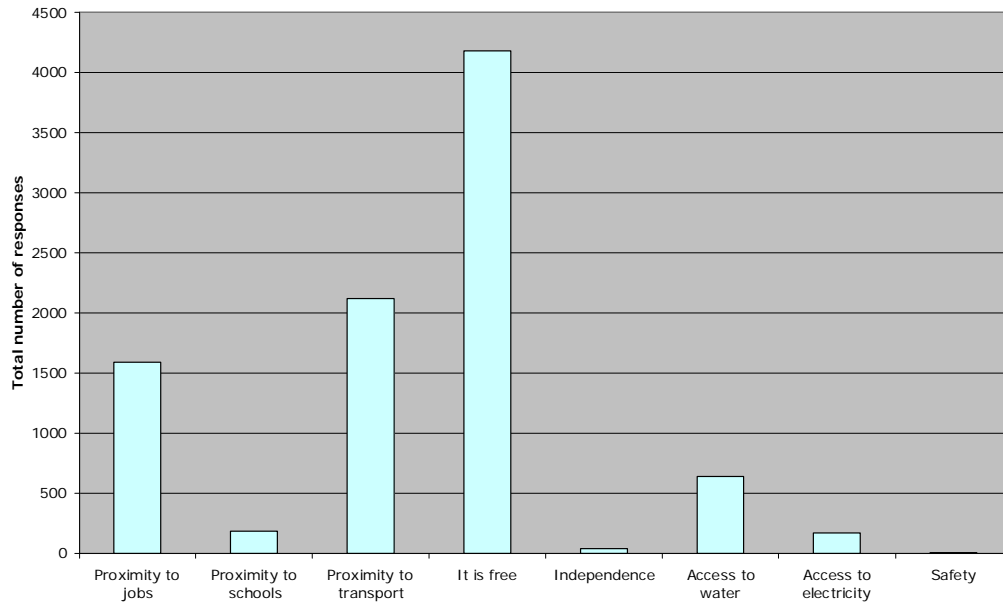
The following figures provide the responses to the question of what the respondents thought that people who lived in the area valued about the place. Figure 9 and Figure 10 should be read together. Figure 9 shows the total number of responses for the different options and so gives an indication of the qualities that people value most about their locale. The possibility of minimising living costs emerges as the most chosen value of a particular location.

Accessibility and connectivity are also important options, with access to services making up a third cluster of values. This suggests that minimising living costs is an important economic strategy for those who are struggling economically or those that are just starting out on their own in the city.

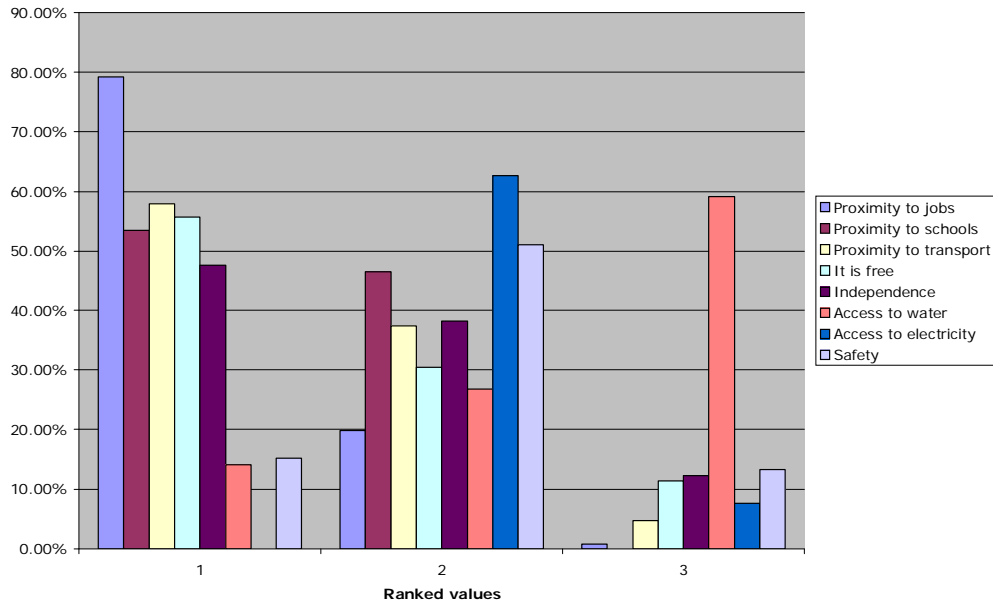
Figure 10 provides a more detailed picture and adds new insights. While the ability to minimise living costs was the most chosen value, just over 50% of those who value the ability to minimise living costs ranked it as the most important value, about 30% ranked it second most important and just over 10% ranked it third most important.

It appears safe to conclude, then, that the ability to minimise living costs is one of the most valued aspect of the informal settlements. An analysis of the second most chosen value of access to transport (Figure 9) follows a similar trend. However, the third most chosen value of ‘proximity to jobs’ shows a marked polarisation. Of the total number of responses, nearly 80% ranked this as the most important value. Interestingly, while access to services such as water and electricity do not feature much as most important values, they are highly ranked as second and third values. This suggests that how people value a location is the result of a complex set of decisions about minimising living costs and increasing accessibility to jobs and services.

**Figure 9. Total number of responses (Informal settlements)**



**Figure 10. Percentage of responses ranked first, second or third (Informal settlements)**



### 4.5.5 Transactions

In this section, the major steps of the transaction process are outlined. We describe how people:

- find opportunities to transact around land,
- are assured that the transactions will be valid and
- make the agreements.

### 4.5.5.1 Finding others to transact with

The importance of family and friendship networks in finding others to transact with in informal settlements is clear in Table 1.

**Table 1. Before you moved here, from whom did you hear about it (Informal settlements)?**

	Percentage
Family member	30.6
Friend	31.9
Neighbour	8.5
Work colleague	3.8
Employer	0.3
Radio	0.8
Newspaper	0
Community meeting	2.9
Committee member	2.5
Councillor	0.2
Municipal Official	0
Taxi commuters	1
Traditional healer	0.5
Door to door knocking	0.2
People living around	16.3
Agents	0
Landowner	0
Knew the place	0.8

Being able to tap into social networks of ‘people living around’ (16.3%) is also an importance consequence of social networks and the types of social identities that people are able to express.

### 4.5.5.2 Establishing trustworthiness

For registered transactions, the conveyancing process contains a number of checks and balances to ensure the identities of the parties to the transaction and the *bona fides* of their claim to the bundle of rights that will be exchanged as a result of the transaction. People transacting off-register do not have recourse to these forms of protection and must rely on socially acceptable forms of checking the legitimacy and validity of the claims of the person they intend to transact with.

In Table 2, it emerges that for just over 40% of the cases, claiming land in informal settlements is a precarious and risky undertaking but that people nevertheless feel is worth taking a chance for. Commonly agreed systems such as those developed by local committees are the next most important means of checking. Given that family and friends are the most important means of hearing about different places, it is not surprising that they are also an

important means of gaining assurance about the legitimacy and validity of the claims of the person they intend to contract with.

**Table 2. Means of assuring the transaction would be valid (informal settlements)**

	Percentage
Family and friends	20
Committee system	31.6
Municipal instruction	2
House had a municipal registration number	5.3
The land was empty and I took a chance	42.1
They would give me a receipt	11.5
Other people were doing it	8.8
Signed official papers	1.8
I made a police affidavit	0
Used a lawyer	0
Inherited it	0.7
Used official documents to prove identity	0
Paid money in advance	1
Landlord gave me receipt	0
Have a title deed	0
Verbal agreement	0.2

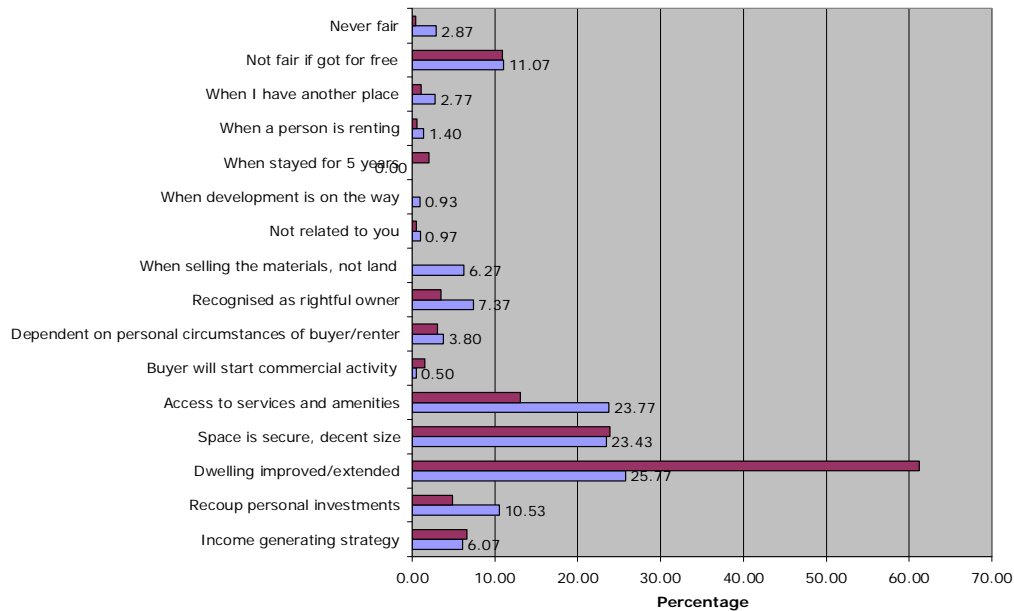
The predominance of opportunism and social networks stands out in Table 2. There are very few instances where the household heads used formal documents to assure themselves of the validity of the transaction they were about to proceed with. Contrast this with contracting below.

#### 4.5.5.3 Calculating

As one measure of the extent to which, or circumstances in which, households may be leaning towards a financially dominated land market model, the survey addressed questions of when it would be fair or unfair to make a profit out of somebody wanting to come and live in the area. The assumption is made that perceptions of fairness and unfairness relate to the circumstances in which respondents would be more guided by price than by social relations in calculating the amount to be exchanged in the transaction.<sup>2</sup> In comparison with the responses from household heads in RDP housing projects, there are fewer clear situations when it is considered possible to make a profit out of somebody wanting to stay in an informal settlement.

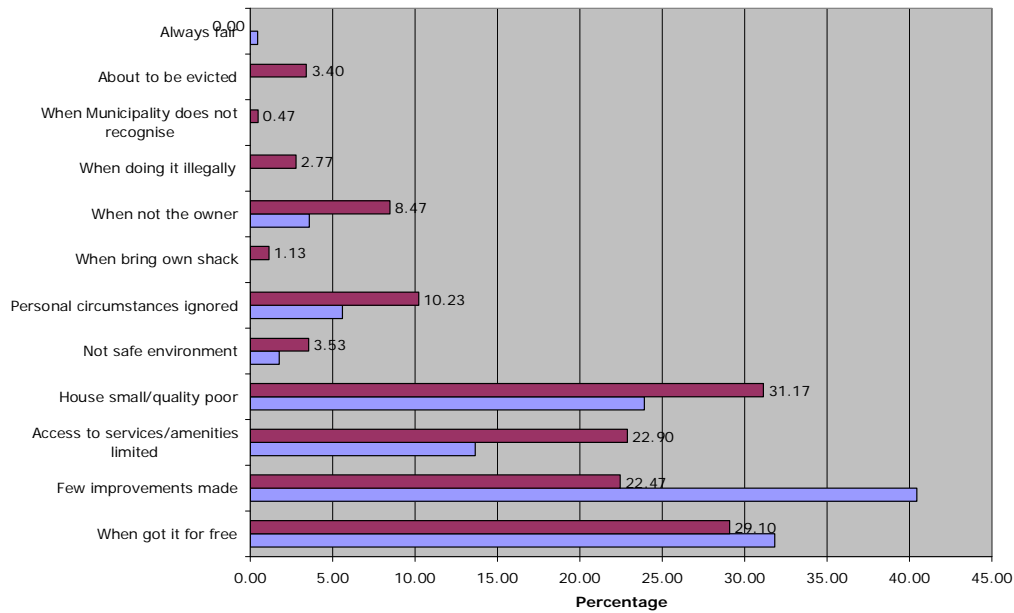
<sup>2</sup> There will clearly be instances where a person might still be able to make a profit and still conform to a particular set of social norms and not result in the buyer/renter feeling exploited. Thus the proxy of fairness/unfairness in charging a profit is not an exact indicator of propensity to let the transaction be based on price rather than social relations. Another factor to consider is that the definition and understanding of profit is highly variable. Nevertheless, the responses to this issue provide some indication of when a household might be able to make a profit, even if they do not always choose to do so.

**Figure 11. When is it fair to make a profit (Informal settlements)?**



The circumstances when it would be considered unfair to make a profit are more or less the opposite of when it would be considered fair. Thus if the access to services and amenities was limited it would be deemed to be unfair. However, the dominance of social relations in transactions in informal settlements is more evident in the answers to this question. There are a cluster of responses that suggest the importance of social relations including ‘getting the land for free’ (29.1%), if ‘personal circumstances are ignored’ (10.23%) and ‘when not the owner’ (8.47%).

**Figure 12. When is it unfair to make a profit (Informal settlements)?**



#### 4.5.5.4 Making an agreement

**Table 3. How did you make an agreement (Informal settlements)?**

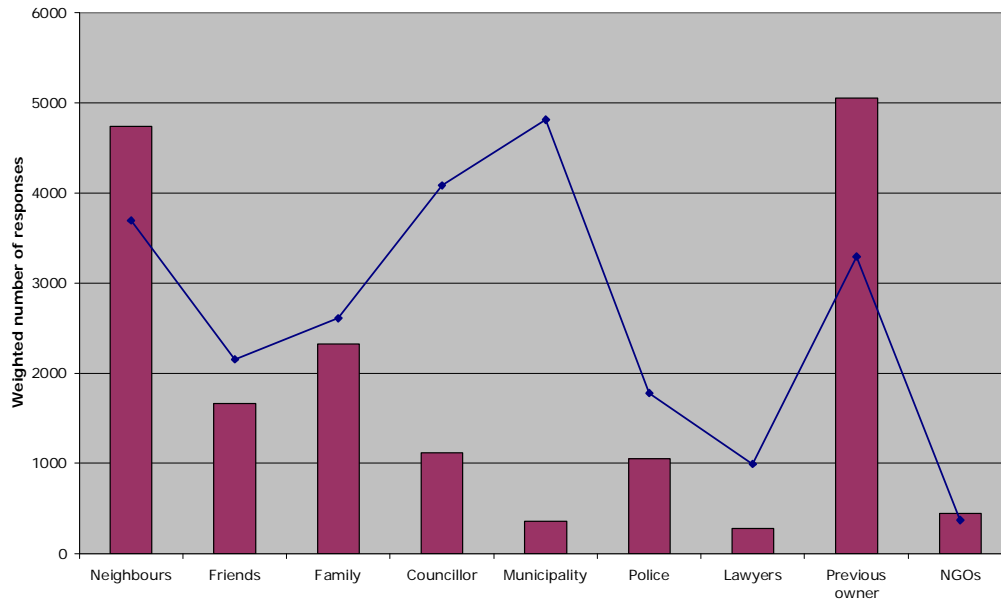
	Percentage
The agreement was made publicly	2.3
I was given a receipt/document/letter	34.4
The owner gave me a verbal agreement	22.4
The agreement was witnessed by others	7.9
The agreement was witnessed by a councillor	5.5
The agreement was witnessed by the police	0.8
I was given a title deed	0
The title deed is coming	0.8
Bought space	0.2
No agreement made	21.6
I was given a number	6.2
I was given a key	0
Paid the rent money	0.5
I was given the place by family	0.5
Attended a community meeting	0
We were registered	1.5

Most households in the informal settlement case studies relied on written documentation to make agreements. Approximately one in five households either made the agreement verbally or had no agreement. In 5.5% of the cases, a councillor witnessed the agreement.

### 4.5.5.5 Dispute resolution

This section addresses the issue of how people in informal settlements would resolve disputes about claims to their land and dwelling. Figure 13 and Figure 14 should be read together. Figure 13 provides the research findings for the total number of responses by categories. Figure 14 analyses these choices in greater detail by presenting the percentage of households that selected each option as their first choice (within each option). Figure 13 suggests that the two most important people/agents that the respondents would choose to resolve disputes would be neighbours and the previous owner. Both of these options are heavily reliant on social networks for their effectiveness.

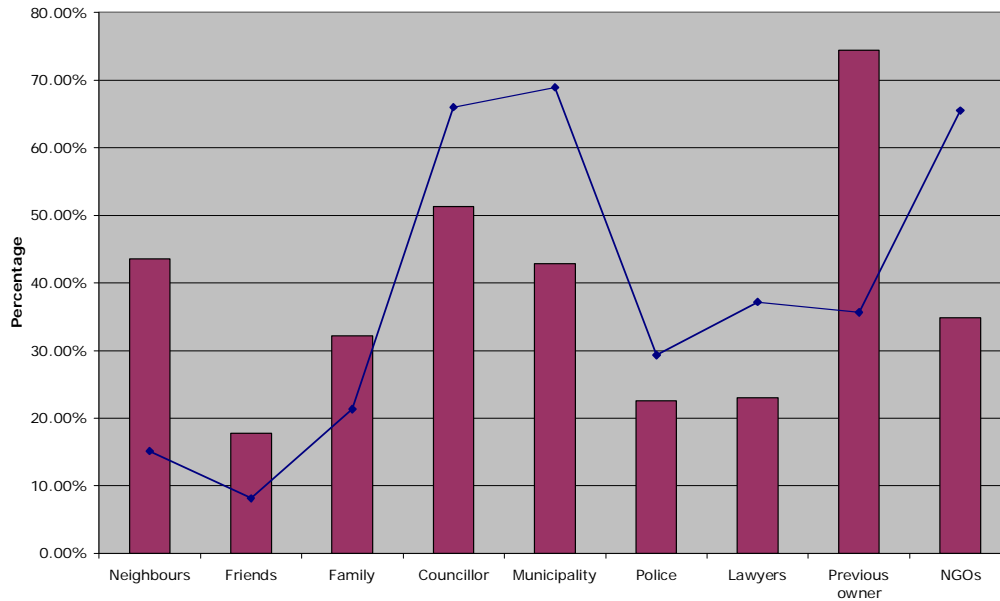
**Figure 13. Dispute resolution (Informal settlements)**



Of the respondents that selected the ‘previous owner’ as the most important person/agent they would turn to in order to resolve disputes about their claims, it is evident most chose this option as their first choice. Neighbours emerge as the next most significant group of people that the respondents would turn to as the means of resolving disputes.



**Figure 14. Percentage of first choice (Informal settlements)**

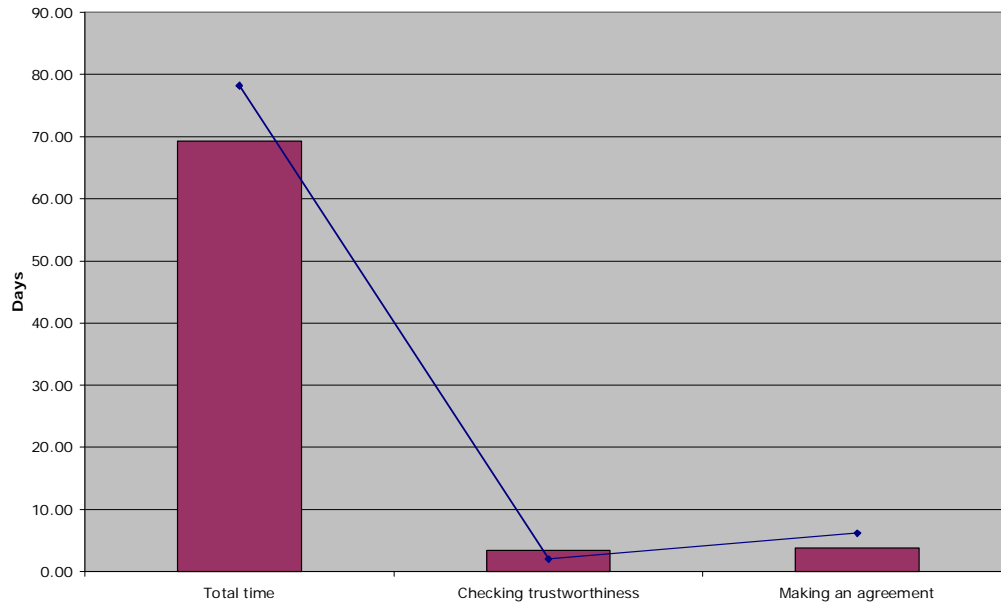


#### 4.5.5.6 How long it takes

In Figure 15, the average duration of time between when a respondent first heard about the option to transact around land in an informal settlement and the time they moved in (total time) is compared with the duration of time it took to check the trustworthiness of the other party in the transaction and the duration of time it took to make the agreement. The calculations of ‘checking trustworthiness’ and ‘making an agreement’ are subsets of the total time. The calculation of ‘total time’ excludes the amount of time a person may have been searching for an opportunity to transact.

Figure 15 suggests that, in terms of total time, land transactions in informal settlements are not much quicker than in RDP housing projects (if the issue and duration of being on a waiting list for an RDP allocation is set aside).

**Figure 15. Average Time (Informal settlements)**



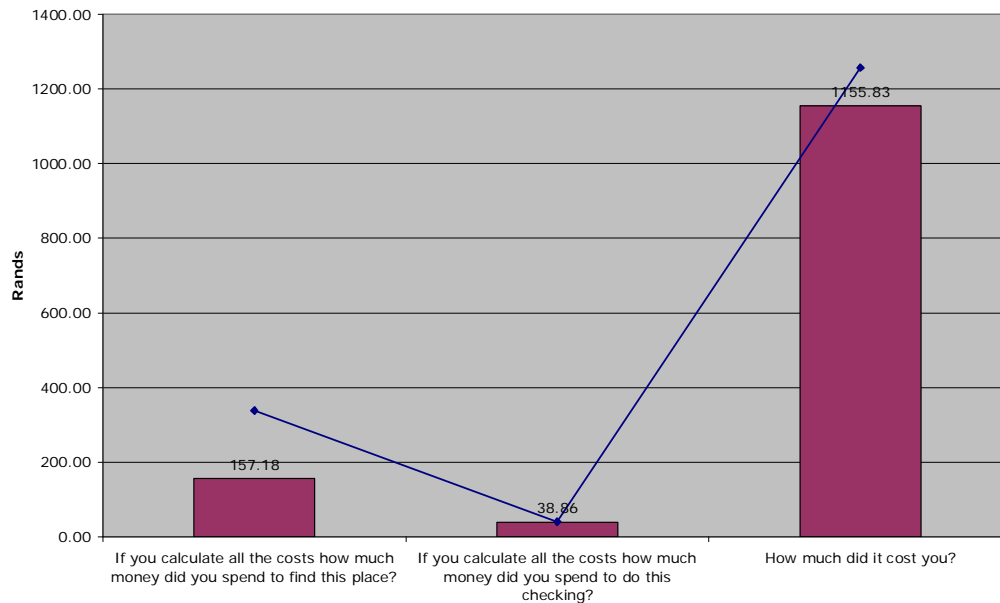
\* Note that Figure 15 depicts average time spent as this better captures the spread of values for the three case studies in the research. The average figure is also used for the RDP profile. For the specific settlements types where there is only one case study, the median provides a more accurate description.

### 4.5.5.7 Costs

In addition to the amount of time taken to access land in this way, calculations were made in relation to the financial costs of transacting in this way (in terms of transport, fees, people that had to be paid, etc.) and the financial cost of strengthening their claims to rights to land.<sup>3</sup> In Figure 16, the financial costs of land transactions in informal settlements are presented with the total average figure for transacting in this way amounting to R1351.87. It is clear that accessing land in an informal settlement is far from ‘free’. On average, respondents in the informal settlement case studies spent R157.18 on finding the opportunity to access their land and R38.86 on gaining assurance about the validity of the transaction.

<sup>3</sup> The cost calculations do not include the financial value of people’s time to engage in these steps of the transaction.

**Figure 16. Average costs of transacting (Informal settlements)**



The amount spent on ‘strengthening claims’ is an estimation of the level of investment that households have made in their dwellings. From Figure 16, the average amount of investment equals R1155.83. When this is averaged over the number of years that the respondents in informal settlements have been in possession of the land and dwellings (just under 6 years), this does not amount to a large amount per year. However, in relation to the investment by households in RDP housing projects, it could be argued to be greater in the sense that the household heads in informal settlements do not start with a dwelling and access to services.

Table 4 shows great variability across the different metropolitan areas with respect to the prices paid for a place in the informal settlement case studies. The table also shows far higher levels of transactions in Somalia and Blackburn Village reflecting their having passed into the second phase of informal settlements. As a consequence of Nkanini being on the cusp of moving into the second phase, the smaller percentage of sales are conducted at a higher financial value.

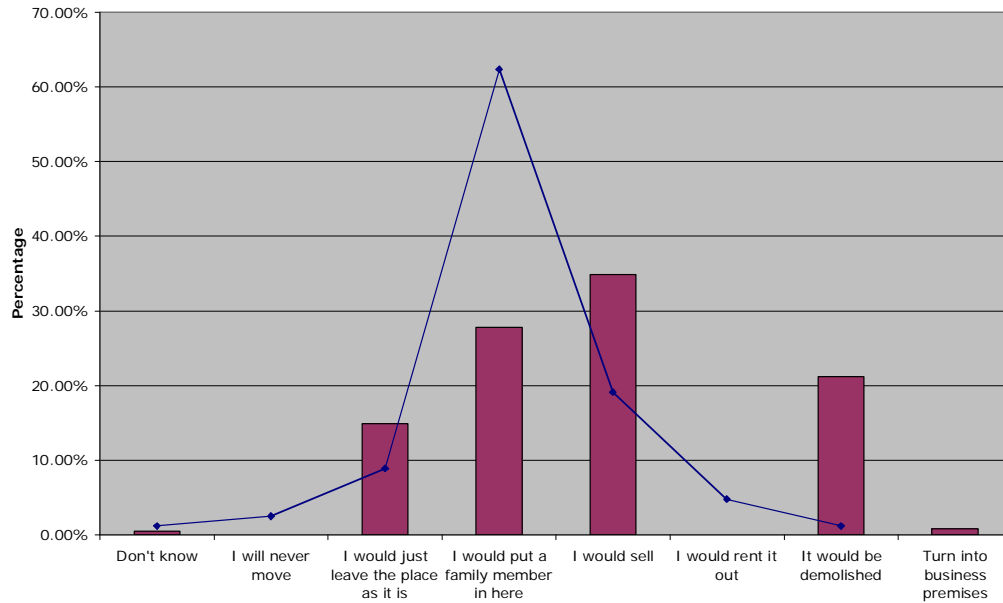
**Table 4. Median price, number and percentage of sales (Informal settlements)**

Area	Median	N	Percentage
Somalia	R50.00	41	56.16%
Blackburn	R590.00	19	28.36%
Nkanini	R1350.00	6	8.57%

#### 4.5.5.8 Selling

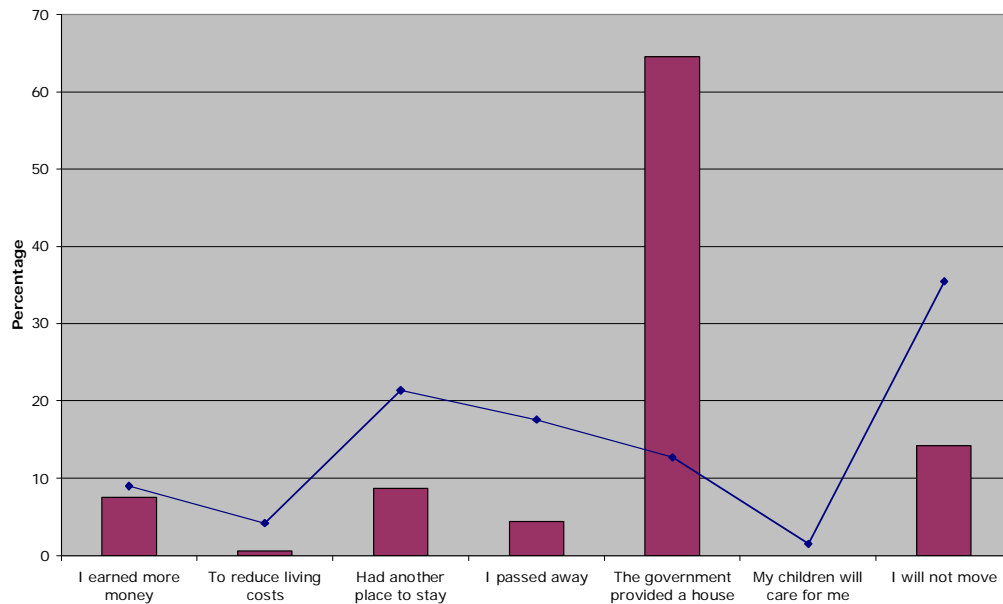
The greatest proportion of responses in the informal settlement case studies suggests that households will sell their claims to rights to land should they have to move.

**Figure 17. What will happen to this place if you move (Informal settlements)?**



A smaller, but still significant group would put a family member onto the land. The involvement of the local authority in ‘eradicating shacks’ is evident in that just over 20% indicated that their shack would be demolished and the land cleared if they moved.

**Figure 18. Why would you move (Informal settlements)?**

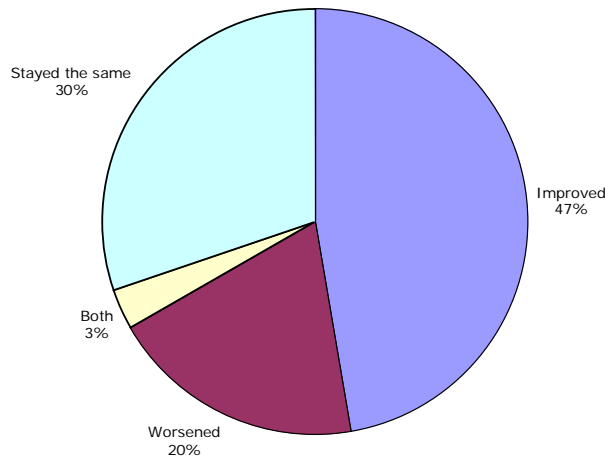


In Figure 18, the perception that RDP housing is the route out of informal settlements is clearly visible. The majority of household heads in informal settlements indicated that their reason to move out of the informal settlement would be because the government has provided a house and land.

### 4.5.6 Situation improved/worsened

There is no clear indication that the household heads perceive that there was a clear improvement in their situation as a result of moving to the informal settlements in which they currently reside. This could be because some of the people are prioritising the locational advantage of the land to employment opportunities while others are seeking to maintain their presences in the city by minimising their living costs in response to a loss of employment or other household shock. For the 30% for whom their situation ‘remained the same’, this indicates an ability to at least maintain a standard of living through moving (no matter how minimal).

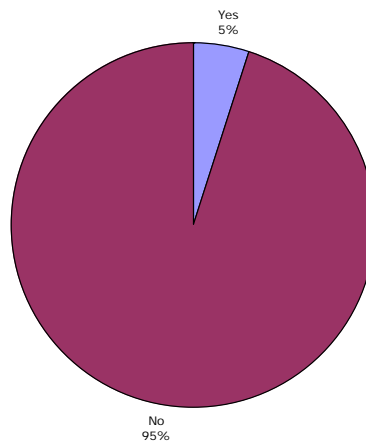
**Figure 19. As a result of moving to the informal settlement did your situation improve (Informal settlements)?**



### 4.5.7 Experience of ‘registered’ transactions

There are a small percentage of households that have had a title deed before, and this indicates some degree of movement across the division between registered and ‘off-register’ claims (see Figure 20).

**Figure 20. Percentage of households in informal settlements that have had a title deed (Informal settlements)**



#### 4.5.8 Summary

In conclusion, the majority of households in the informal settlement case studies were female-headed households. For nearly half of the households, transacting in the informal settlement was their first transaction outside of the parental household. These transactions appear to be motivated as much by the need for independence at particular stages of the household life cycle as the fact that the claims to the rights to the land are free. In locational terms, households are valuing the proximity of the informal settlements to employment and transport connections. It is clear that family and friendship networks are important for many, but not all, of the different stages of transacting. As an approximation of the costs of transacting the calculations suggest that on average households in the informal settlement case studies are spending R1350. Most households in the informal settlement case studies would sell their claims to the rights to land if they had to move, but most would only move if the government provided an RDP land allocation and house.

## 4.6 Case Study Summary

In this section, we draw out some of the key results of the case studies to highlight similarities, contradictions and distinctive features.

### 4.6.1 Demographics

African households in the three metropolitan areas are relatively young, which will inform future demand for land (African households form the majority of households in eThekweni (67%) and Ekurhuleni (77%) and with Coloured households constitute 72% of all households in Cape Town).

Informal settlements and backyard shacks appear particularly appealing to younger households.

Census 2001 data suggests that about one-third of households in the three metropolitan areas are female-headed (33% in Ekurhuleni, 36% in Cape Town and 38% in eThekweni). However, in seven of the nine case study areas, a reverse trend is visible with between two-thirds and three-quarters of households being female-headed (exceptions are Blackburn Village in eThekweni and Wattville in Ekurhuleni, both of which correspond with census data). In eThekweni, there are a greater number of female-headed households among the African and Coloured population compared to the same population groups in the other two metropolitan areas.

In Cape Town, a significantly higher proportion of the African households (i.e. one in three) hold the tenure status of 'occupied rent-free' compared to in Ekurhuleni (one in four) and eThekweni (one in five). Similarly, the proportion of African households occupying a 'formal dwelling' in Cape Town is significantly lower (44%) compared to eThekweni (57%) and Ekurhuleni (59%). In Cape Town, 41% of African households occupy an 'informal dwelling', compared to 22% in eThekweni and 27% in Ekurhuleni.

Heads of households in the case study informal settlements tend to be younger than heads of households in the RDP settlements, with the median age being 34 years and 40 years, respectively. The vast majority of heads of households in the RDP case study areas have low levels of education, with just over 10% having completed secondary education and about 4% having completed a tertiary degree.

Household heads in the three informal settlements studied tend to be slightly better educated, with one in five having completed secondary school. Yet, the proportion of household heads without schooling is more than double that found in the three RDP settlements surveyed, namely 10% and 4%, respectively.

The outcome of the state's housing policy toward RDP housing projects is not disadvantageous to women in the case study areas. In the three RDEP housing projects, 67% of household heads are women (compared to 60% of household heads in the three informal settlements).

Living in informal conditions should not be equated with informal employment. In Cape Town and eThekweni, salaries and wages are not only the prime source of income for households in the informal settlements compared to other case study areas in the same city; salaries and wages feature more dominantly as the main source of income in these informal settlements. While other case study areas in Ekurhuleni show a higher dependence on salaries

and wages compared to the informal settlement of Somalia, it is still the most important source of income for 48% of households in the latter settlement.

About 6 in 10 households surveyed in the three RDP settlements earn less than R1,200 compared to 7 in 10 in the informal settlements. However, differences in household income are not substantial, suggesting that households in informal settlements and RDP settlements are likely to be able to transact around similar configurations of claims, at least financially.

Across the three metropolitan areas, state grants are a more significant source of income for households living in RDP settlements (varying from 18-25%) compared to informal settlements (12-21%).

No common trends can be distilled with respect to dominant household structures in the case study informal settlements. In Somalia, 37% of households are nuclear families, while in Blackburn Village the dominant household structure is 'one person living alone' (27%). In Nkanini, the nuclear family is also the dominant household structure, but only one in five households (22%) fall under this category.

#### **4.6.2 Movement patterns**

The study has found evidence of movement from backyard shacks into informal settlements, with 68% of residents in Nkanini (Cape Town), 20% in Somalia (Ekurhuleni) and 17% in Blackburn Village (eThekweni) coming from backyard shacks. In the one case study area of backyard shacks, Wattville (Ekurhuleni), the largest proportion of surveyed tenants lived in backyard shacks previously, with a relatively small proportion coming from informal settlements.

The need for independence is a strong motivating factor for poor people to move into informal settlements; the second most important factor relates to changes in employment status (both positive and negative). In the three RDP settlements, the main reason for moving into these areas is that household heads were not presented with alternative options.

Fifty-three per cent of heads of households surveyed in the three informal settlements were backyard shack dwellers previously, while 20% made a horizontal move from another informal settlement. However, it is worth noting that trends in Nkanini and Somalia differ from those in Blackburn Village. Forty-nine per cent of heads of households in the three RDP settlements came from informal settlements, while 24% came from backyard shacks.

More than 60% of household heads in the informal settlements indicated that the only reason for moving would be if the government were to provide a house.

#### **4.6.3 Social networks**

Family and friends are the most important means through which poor people find others to transact with around land in the three metropolitan areas, except for Kingsway (where 44% of respondents indicated that community meeting was the most important vehicle), Delft (where 55% referred to the role of local government, i.e. both Councillors and officials) and Manenberg (where 65% referred to the role of local government).

The extent to which such social networks are seen as important in checking the trustworthiness of other parties to transactions varies between the metropolitan areas and between the case study areas. Not surprisingly, a significant proportion of residents in



Kingsway, Delft and Manenberg referred to official documentation and other formal means in this regard.

Local or social networks remain important as a means to resolve potential disputes about claims to land; however, there is evidence of shifts (i.e. the nature of networks changes) and also of greater emphasis on the role of the local Councils/officials, especially in eThekweni, the RDP settlements and areas with public rental arrangements (Manenberg).

#### 4.6.4 Claims to land

In the RDP settlements across the three metropolitan areas, residents' claims to the land were predominantly based on the fact that the claims had been allocated by the municipalities. In two of the three informal settlements, namely Somalia and Blackburn Village, claims based on ownership (having 'bought') showed the highest value, followed by occupation (and, in Somalia, municipal allocation). In Nkanini, occupation featured as the most dominant type of claim. These differences in claims may be indicative of how established or recent an informal settlement is.

In general, female-headed households take longer to find and secure a place across the three metropolitan areas and the nine case study areas compared to male-headed households, except in Blackburn Village (same for male- and female-headed households) and Manenberg (twice as fast for female-headed households).

Informal settlements offer the quickest settlement option across the three metropolitan areas, although this is similar to securing a backyard shack in Wattville.

#### 4.6.5 Holding land

The majority of respondents across the case study areas expressed a desire to keep their dwellings within their families, especially in RDP settlements, tribal and public rental contexts. This seems indicative of the value placed on tenure security as a transferable right or asset. In Blackburn Village (eThekweni), demolition is seen as the most likely fate of the dwelling if the household were to move, followed by the intention to pass it on to a family member. In Nkanini (Cape Town), the first intent is to sell a dwelling, followed by passing it on to a family member. Residents in backyard shacks (Wattville, Ekurhuleni) do not believe that they have any authority over what happens to their dwellings after they leave.

No significant differences are recorded in the duration of stay between female-headed and male-headed households in the case study areas in Ekurhuleni and Cape Town, except for Manenberg. There, like all areas in eThekweni, female-headed households tend to move less and stay longer compared to male-headed households. One of the contributing factors may be that it takes female-headed households longer to find someone to transact with.

#### 4.6.6 Perceptions of demand for land

The respondents' views regarding the main sources of demand for land vary between the three metropolitan areas and between the case study areas:

- In all three case study areas in Ekurhuleni, respondents overwhelmingly identified people coming from rural areas as the main reason for demand for land. While

important, this factor is deemed less significant in the case study areas in Cape Town and of very little significance in eThekweni.

- In eThekweni, ‘people looking for jobs’ is seen as the main reason for creating demand for land. This factor also featured strongly in Somalia and Wattville (Ekurhuleni), but not in the case study areas in Cape Town.
- Demographic trends like household splitting/new households forming/growing households are considered a more dominant factor across the three case study areas in Cape Town.
- Municipal services (water and electricity) are considered important in the RDP settlement of Kingsway (Ekurhuleni), but are less prominent in Old Dunbar (eThekweni) and Delft (Cape Town).

#### 4.6.7 Transactions

Over the last five years, the lowest level of transactions has tended to occur in RDP settlements (8-14%), followed by informal settlements (15-38%). The highest level of transactions has taken place in tribal areas (31%) and backyard shacks (68%).

Across the three metropolitan areas and the case study areas, the process of transacting is generally considered easy. In the three RDP settlements, this was considered ‘easy/very easy’; although in Delft respondents indicated that the step of ‘finding a place’ was difficult. The informal settlements of Somalia (Ekurhuleni) and Blackburn Village (eThekweni) show similar findings. In contrast, in Nkanini respondents thought all the steps in the process were very difficult or, in some instances, said that they did not know. There, only ‘selling/moving on’ was identified as easy.

There is a strong perception in most case study areas that local government (Councillor/officials) can make the process of transaction simpler, especially in RDP settlements and Manenberg (public rental) and, to a lesser extent, in Wattville (backyard shacks). Not surprisingly, tribal authorities are seen to be central in making tribal land arrangements simpler. Interestingly, households in the informal settlements of Nkanini and Blackburn Village have high expectations that local government can make land transactions simpler; however, in the informal settlement of Somalia, almost 60% identified the local committee.

#### 4.6.8 Changes in perceptions of the strength of rights to land

Households in RDP settlements overwhelmingly feel that their rights to land have become stronger as a result of their land occupation. In the two informal settlements of Nkanini and Blackburn Village, there is a greater degree of ambiguity, although a slight majority feel that their rights have become stronger. In Somalia, most respondents feel that their rights to land have remained the same (46%) or gotten weaker (39%).

Households perceive their rights to be stronger if there is evidence of some level of state involvement, i.e. documentation/registration with the municipality (especially with respect to RDP settlements), getting a number from the municipality (Nkanini/Blackburn and Delft/Kingsway) or if negative state involvement has ceased, i.e. municipality not demolishing/evictions stopped (Somalia and, to a lesser extent, Nkanini and Blackburn Village).

In some instances, stronger rights are perceived to be the result of more organised communities, i.e. Sobonakona Makhanya and Nkanini (both around 20%), Old Dunbar and Wattville (both around 17%), Delft, Kingsway and Manenberg (all around 10%).

In informal settlements, households perceive their rights to land to be weaker, largely as a result of 'waiting too long for development'.

#### **4.6.9 Socio-economic consequences of land transactions**

In the RDP settlements in Cape Town and Ekurhuleni, the monthly household incomes of respondents have decreased on average compared to their previous place of residence. While monthly household income for female-headed households has increased, for male-headed households it has decreased.

No other general trends regarding household income can be observed; the change in average monthly household income, both positive and negative, varies greatly between and within the case study areas.

#### **4.6.10 Inheritance of land and experiences of transacting within the registered system**

Formal inheritance of land is not a significant factor in any of the case study areas.

Despite the RDP housing projects case studies being completed at least four years ago, 11% of respondents reported that they are still waiting for their title deed. These respondents are forced by the state to transact 'off-register' should they wish to do so.

## 5 Key findings

The research findings offer a new understanding of land markets in poorer and less formal parts of the three metropolitan areas. This section highlights the key findings and draws out some of the implications of the findings. In the following and concluding section, we discuss these findings and present a range of recommendations.

### 5.1 There are land markets in poorer parts of the metropolitan areas

It is evident that the poor people in the case studies are engaging in land transactions. Table 1 presents data on both the extent of transactions (defined as including exchanges where land was bought, rented or situations where people were 'looking after' the land) and those instances where respondents self-allocated the land. The level of transactions ranges from 8% in Old Dunbar to 68.57% in the vibrant rental situation of Wattville. The extent of self-allocation over the last five years varies from 14.81% in Blackburn Village to 83.3% in Nkanini. The higher figure in Nkanini results from its comparatively recent establishment. We can also deduce from the responses from people that have not recently transacted that they have a fair sense of broader land markets. For example, 60% of respondents in the RDP housing projects indicated that they would not sell but allocate it to a family member. The predominance of this resolute response suggests for many beneficiaries of the housing programme, their land and dwelling is their first real asset that is transferable within the family.

**Table 1. Extent of transactions**

		RDP	Informal settlement	Specific area
Cape Town		<b>Delft</b>	<b>Nkanini</b>	<b>Manenberg</b>
	% of transactions in the last 5 years	14.08%	15.49%	15.5%
	Self-allocated		83.3%	
Ekurhuleni		<b>Kingsway</b>	<b>Somalia</b>	<b>Wattville</b>
	% of transactions in the last 5 years	11.11%	38.36%	68.57%
	Self-allocated		23.68%	
EThekwini		<b>Old Dunbar</b>	<b>Blackburn Village</b>	<b>Sobonakona Makhanya</b>
	% of transactions in the last 5 years	8.00%	23.88%	30.99%
	Self-allocated		14.81%	

There is also a keen awareness of the processes creating a demand for land. In eThekwini Municipality, proximity to employment (27% - 91.9%) was a key factor in all settlements while improved access to services was a factor stimulating demand in Sobonakona Makhanya (43.2%). In Ekurhuleni, the perception was that demand for land was coming from rural migrants (41.8% - 53%), and particularly so in Somalia (53%). In Cape Town, the view amongst the respondents is that some of the demand is coming from rural migrants (12.5% - 34%), but that demographic issues, such as the formation of new households or splitting of

existing households, is a far more important factor driving the demand for land (81.2% - 118.2%).<sup>1</sup>

The evidence of these transactions, the contexts in which transactions are seen to be appropriate and perceptions of demand brings different types of land markets into view. These markets have specific participants, they enable investments to be made and negotiated, and the norms are explainable (See box **Error! Reference source not found.**).

The existence of different types of land markets in poorer areas of cities runs counter to the view that there is only one type of urban land market which is that associated with the more formal areas of the city. One of the drawbacks of assuming that there is only one type of urban land market is that such an assumption tends to consider other ways of transacting around land as dysfunctional or reflecting the absence of land markets. Such a view misses the importance that different land markets play in (poor) people's lives because it is only looking for one 'type' of economic rationality. Recognition of different land markets creates the possibility of considering a far broader range of policy interventions than those currently associated with a single urban land market model.

#### Explaining the 'rules' in Blackburn Village

As she was leaving, she was selling her shack, so we agreed that as this is a 'rural area', there is supposed to be a 'king' that is ruling the place, so I asked her to negotiate for me to meet the person in charge of the place, something like committees or councillors. We then met with the councillor at the office, I paid the money to the woman and then I got the place.

When I got here, my sister introduced me to the neighbours, and told them that I will be staying here now. You also get to introduce yourself to what is called 'the ring' (where everybody in the community comes together and we formally introduce ourselves). They ask you questions, so that they can get to know you better.

However, the logics of the land markets in poorer or informal areas do not conform to the model associated with formal land markets where supply and demand are essentially mediated by price and which we have termed the financially dominated land market model. Instead, the informal land markets are characterised by socially dominated land market logics. It is worth noting that this research project has only focused on poorer and 'informal' areas of the metropolitan areas, and therefore we are only able to offer insights on these areas. However, we argue that it is highly likely that actual economic practices in wealthier and 'formal' areas also conform to socially dominated logics, albeit to a lesser extent. The temptation to map socially dominated land market logics directly and exclusively onto poorer or informal areas of the metropolitan case studies must be resisted. To anticipate a finding presented later in Section 5.3, the results suggest that financially dominated land markets and their logic are not necessarily completely absent in poorer, less formalised parts of the metropolitan areas.

## 5.2 Land markets are characterised by socially dominated land market logics

The results show that the respondents' understandings of their transactions are compared and aggregated to constitute socially dominated land market logics. These socially dominated land market logics are constituted through the interaction of people's social identity, social networks and the type of claim they are attempting to 'own' in the process of transacting.

<sup>1</sup> The figure of 118.2% was generated because respondents had the option of offering more than one response to the question.

The results from Cape Town show that the set of expectations that are associated with ‘getting older’ and starting a family can create powerful expressions of social identities for young nuclear or single parent households (40.8% - 68.8%). The social pressure of a norm of accessing an independent space in the city can be observed in all the case studies in Cape Town (46% - 63.9%). In Ekurhuleni, the expression of ‘independence’ (46.7%) was also important in the informal settlement. But perhaps more importantly the settlement was acting as a safety net for those whose identities had changed as they became unemployed but still wanted to keep a foothold in the city (65.5%). Transactions in Wattville revolve around a different set of identities that relate to employment opportunities and being salaried or regular wage workers with higher levels of employment (45.8%). In eThekweni, the profound disruptions of the political violence in the early 1990s in Kwazulu-Natal have left their mark on the identities of many of the respondents in the case study settlements. It is also clear that becoming a worker or work-seeker is a dominant expression of social identities in the eThekweni settlements (37.5% - 87%).

The role and importance of social networks emerges at different steps in the transactions process. Family and friendship networks are the most important means through which the respondents find others to transact with (with the exception of Kingsway where 44% of the respondents noted that the community meeting had been the most important way of finding out about their options). Social networks are also important for checking the trustworthiness of other parties to the transactions, and the extent of this importance varies between the metropolitan areas and the case studies. While the social networks for finding, checking the trustworthiness and making the agreement may have been stretched over long distances and are discontinuous, when it comes to resolving disputes over land there tends to be a shift and local, neighbourly networks appear to be more important. Social networks might also begin to enrol the local councillor or municipal officials or, in the Tribal area, the local induna.

Given the multiple expressions of social identities and variability of social networks it is perhaps not surprising that the research revealed that a range of claims to land can be configured from the overlapping networks of rights to land. The qualitative research indicated that the claims range from ‘borrowing’ the use of the land, to ‘owning’ a municipal number assigned to a shack, to ‘owning’ a right to a future allocation of land and a dwelling, to rental, to ‘looking after’ a dwelling/land parcel, to forceful occupation of land, to registered purchase and to ‘off-register’ purchases. Within the context of co-existing registers of meaning of land, some of these claims could be held simultaneously or change as the process of transacting progressed. The result of this understanding of transacting is that it ‘opens up’ the act of transacting over land to reveal land transactions as a process that is constituted by many different social processes, power relationships and economic factors. This makes visible how land markets operate.

The results show that the majority of households are poor and that current forms of transacting appear to offer very few prospects for poor people to realise or generate wealth. This consequence for poor people has less to do with socially dominated land market logics than the fact that in the broader land markets of the metropolitan areas, access to the city which has a very low (financial) cost<sup>2</sup> is conflated with, and ‘locked into’, people’s longer term land needs so that the value of the land they are on tends to be very low. Thus, it is not surprising that socially dominated land market logics characterise more formalised areas such as the RDP housing project case studies so that even ‘entry’ to these areas does not mean financially dominated land market logics are useful. We continue to explore this issue in the sections below. But for now we should resist concluding that socially dominated land market

<sup>2</sup> On average, respondents in informal settlements spent R196.04 *accessing* a place to stay, on average R573.17 in the Tribal Area of Sobonakona Makhanya, R126.25 in backyard shacks in Wattville and R157 in Manenberg.

logics have little value or that they constitute dysfunctional land markets because they do not appear to be generating wealth. Socially dominated land market logics have a role to play in allowing poor people to access the city cheaply and quickly, access employment, achieve independence, and act as a safety net when households experiences ‘shocks’ but need to remain in the city. It is clear that they play a vital role in the city and must be accommodated in any land and housing plan for the city.

The existence of these socially dominated land market logics implies that the existing instruments used by policy makers are less appropriate for designing interventions in poorer, less formalised parts of the metropolitan areas such as informal settlements, backyard shacks, Tribal areas and public rental housing neighbourhoods. Policy interventions that are based on assumptions that (dysfunctional) financially dominated land market logics are operating are unlikely to achieve their objectives. There is an urgent need to start debating policy interventions that are more appropriate to socially dominated land market models if the needs of urban poor people are to be more effectively addressed. This raises the role of the state and financially dominated land market model in land markets in poorer and informal areas of the metropolitan areas.

### **5.3 Land markets in poorer areas are co-constituted by the financially dominated land market model and the activities of the state**

The findings of the research are that the land markets in poorer and informal parts of the metropolitan areas are co-constituted by the activities and policies of the state and the adherence to a single view of overall land markets as being constituted by the financially dominated land market model. By characterising the relationship between the different land markets as one of co-constitution, we are drawing attention to how the different land markets not only co-exist but are interdependent without necessarily being caused by each other. We begin by presenting the involvement of the financially dominated land market model before turning to the involvement of the state in informal urban land markets.

To return to a point made earlier in Section 5.1, the first and most obvious way in which the financially dominated land market model is present is in the activities of the respondents themselves for there are clearly instances where they consider it appropriate to transact on the basis of price rather than social values. This might be in situations where households have made improvements to their dwellings (10.5% - 96%). The less obvious way in which the results point to the involvement of the financially dominated land market model in informal land markets is that poor people are accessing an overall urban land market that is already highly structured and formalised by major economic actors. These actors draw on different ‘registers of meaning’ in which land figures only as an asset or commodity to understand the future development of the city. Simultaneously, however, we have noted how a single piece of land can be defined in multiple registers and that it depends on the distribution of political power as to which definition is ‘locked-in’. Blackburn Village illustrates this result well. Blackburn Village can simultaneously be defined as ‘productive’ farm land; the next area to be developed for a formal, gated development; or an area needed for the survival of poor people. Quite how the land will be used in the future is contingent on the balance of political forces and the ability of the different actors to ‘lock’ the definition of land in a particular register of meaning. But, as all the formal estate agents that were interviewed observed, a key finding is that the financially dominated land market logic would not be able to operate and generate the wealth that it does if it had to accommodate the land needs of poor people. The financially dominated land market model is therefore dependent on the socially dominated logics operating in informal land markets. This does not mean that the financially dominated land market model will always win out, and the existence of Old Dunbar is a good example of

this. However, the financially dominated land market logic provides a powerful basis for planning and developing the cities. The result is that poor people generally land up in peripheral or marginal locations – within the niches of the financially dominated land market model. The location that many poor people access in the city is therefore already a result of the financially dominated land market model. This has important implications for the involvement of the state in informal markets because it means that progressive officials are already operating within the parameters of the financially dominated land market model when they engage with poorer people who have accessed the city.

The findings show that there are obvious ways in which the state is involved in poor and informal areas. For example, in registering shacks the state creates a new commodity which revolves around a ‘right to future development’. Overwhelmingly, ‘waiting too long for development’ is perceived to weaken rights to land (66.7% - 85.2%). Another example, observed in eThekweni, is the state’s plan to demolish shacks once people are moved to RDP housing projects, which tends to limit supply in those locations. And lastly, the effective policing of the boundaries of informal settlements in Cape Town has led to an increase in the density of land use (Kuhn 2007). But perhaps the most important way in which the state is involved in land markets in poor and informal parts of the metropolitan areas is that current urban policies encourage local government officials to ‘lock’ poor people into specific locations, and these locations become the means of obtaining a formal right to land in the city. These locations and the types of claims that can be made tend to be the places that poor people have accessed through their own over-stretched and over-burdened social networks. In other words, the locations are already determined by the financially dominated land market model. The more the location (e.g. informal settlement) becomes a criterion for access to more secure forms of land rights, the more the state encourages and stimulates specific land markets amongst poorer people. Other research confirms that obtaining RDP housing is currently the only means of obtaining securer forms of tenure for poor people (Cross 2006; Huchzermeyer 2002, 2003). The implication of these findings is that socially dominated land markets are not a result of state failure or the absence of the state but a result of the selective and specific ways in which the state is involved in land markets.<sup>3</sup> The state is present in socially dominated land markets, and new interventions need to take account of this. Poor people continue to relocate within the metropolitan areas. For example, the average length of tenancy in the backyard shacks of Wattville was two years. We are therefore not suggesting that current urban policies physically tie people to specific locations. However, to maintain ‘ownership’ of the right to future development, poorer people must retain a link to the location in which the state has first recognised them. This gives rise to complex and stretched out social relations as poor people seek to balance their locationally specific right to future development and their everyday needs of sustaining a livelihood with the cities.

The previous section confirmed the importance of socially dominated land markets for poor people accessing the city. Within this context, there is a clear need to allow for poor people to continue to access the city but not for the state to trap poor people in specific locations that are usually marginal or peripheral. We continue to address this implication in the final key finding below.

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<sup>3</sup> Here we are addressing the view that ‘informality’ and ‘informal land markets’ result from state failure which tends to lead to the conclusion that the state is absent in poorer and informal areas of cities. Our conclusion does not contradict the possibility that the state may be failing poorer people in other ways.



## 5.4 Land markets work for poor people in the short term but in the long term are detrimental for both poor people and the city as a whole

The research shows that socially dominated land market logics work for poor people. They allow poor people to access the city and contribute to the urban economy as evidenced by the majority of respondents obtaining their income from salaries and wages. This access is relatively quick, easy and cheap. However, as noted above, the locations that poor people are able to access are often peripheral or marginal (because the types of claims that can be made on land are already determined by the financially dominated land market model).

However, because the current urban policies encourage and even require state officials to ‘lock’ poor people into specific locations (through registering them, providing services or identifying the location of an informal settlement as the criteria for relocation to an RDP house and land allocation), poor people’s *future* development ‘rights’ become locked into a location that was initially only an access point to the city and does not necessarily reflect their longer term location needs. The result is a growing mass of peripheral or marginal land that has little value and that does not allow poor people to generate any wealth. Thus, while land markets in poorer and informal parts of the metropolitan areas work for poor people in the short term by facilitating access to the city, in the longer term they are being ‘locked’ into locations that do not generate wealth for the households or the city as a whole and have negative implications for the sustainable development of cities.

## 5.5 There is not enough differentiation between informal settlements and RDP housing projects

The findings show that there are very few qualitative differences between informal settlements and RDP housing projects. Perceptions of an improvement in people’s situation in RDP case studies were only observed in 53% of the surveyed households and for 29% their situation remained the same. The majority of respondents in the RDP housing projects (72%) came from informal settlements or backyard shacks. The results also showed that what respondents valued most about their allocation of an RDP house and land was that it was ‘free’. The RDP housing project case studies were not especially valued for their proximity to employment opportunities (Old Dunbar being an exception). A smaller, but significant group valued ‘access to schools’ in the RDP cases studies, and this starts to indicate that investing in public infrastructure is one way of differentiating between informal settlements and RDP housing projects.

The implication of the lack of differentiation of levels of servicing in the public environment and location between RDP housing project and informal settlements is that beneficiaries in RDP housing projects are unable to differentiate their dwelling and land from others and realise the difference in value.

The research findings do not confirm a popular perception that there is widespread trading of RDP houses. There could be different reasons for this finding. First, it should be noted that all of the RDP housing case studies were deliberately selected because the five-year clause, requiring any sale of land and housing to be made to the state, had not lapsed. Beneficiaries may be observing this more strictly. Second, the location of the case studies may be a factor. Higher levels of transacting may not be occurring in Old Dunbar because respondents have realised the value of the location. While in Delft and Kingsway, the comparatively less attractive location may not be encouraging new demand for land. Finally, there is a discrepancy between the fact that 60% of the respondents in the RDP housing project case

studies expressed an intention to allocate their land and housing to a family member, rather than sell it; and the finding that only half of the respondents felt their situation had improved as a result of moving to an RDP project. The discrepancy suggests that respondents value a house and more secure rights to land, but, in and of itself, this is insufficient to allow poorer people to find a pathway out of poverty. This reinforces the need to rethink issues related to the immediate and broader city environment.

## 6 Conclusions

### 6.1 'Informal' urban land markets are complex

The dominant message of the research is that in the absence of a clearly defined financially dominant system, the land markets of the poor are complex. This is both good news and bad for poor people. The research findings show that 'extra-legal' or 'informal' land markets are the outcome of a set of formally constituted processes around land, driven not only by the state and the market but also by a set of more diverse socially constituted transactions. This latter set of transactions around land (termed socially dominated in this report) emerges through the interaction of the elements of claims, networks and identity within specific locations and co-existing registers of meaning.

The configurations of these social interactions change over time as the attributes of both communities and the land and settlements on which they live change. Moreover, within the different steps of a 'single' transaction, the configurations of the rules of social interaction can change. One of the most important ways in which the social transaction value changes, hinges on how the state acts in relationship to the land in question. The more successful the state is in engaging and processing informality, such as informal settlements, the more deeply entangled the state becomes in extra-legal transactions.

To capture the complexity observed and acknowledge that there are both parallel and overlapping ways of making land transactions in poor parts of South African cities, we identified two coexisting forms of land markets, namely as being socially dominated or financially dominated. For poor people, the two are enmeshed, though one logic may dominate at a particular moment. In the positive sense, this means that at different points and at different times different understandings can be drawn upon, expressed and adapted by poor people to maximise their land opportunities in the city.

### 6.2 Poor people are adapting the city to their needs

The research findings show that poor people are adapting the city to their needs as best they can to manage their livelihoods, relationships and aspirations. New locations are being claimed through an infinite variety of transactions designed to enhance the parties' needs. However, this does not mean that the way that poor people are transacting is satisfactory and the systems do not require further support. Social networks of families and friends currently provide a powerful means of accessing the city. But social networks can also be exclusionary, and there is a need to build on these processes by validating inclusionary social networks and supporting poor people to make informed claims to land in parts of the city that are well located.

### 6.3 Socially dominated land markets are the norm for the poor

In the balance of transactions that are socially dominated and those that are financially dominated, we conclude that the case studies display only limited circumstances when the financially dominated land markets exist as the overarching organising frame of land transactions. For the most part, and from the perspective of the poor, transactions are

currently framed within a socially dominated land market logic, with formative, but largely hidden, involvement by the market and the state.

For a start, it is important to recognise that even amongst 'formal' land uses and land users at a city-wide level, economists and policy makers have a difficult task in modelling financially dominated urban land markets. For example, David Dowall (1994, 29) observes that unlike other markets, "land markets are disorganised. There is no central clearing house for information about land prices, land conversion and demand for land." This difficulty is only compounded amongst off-register land users who have access to very few of the facilities for aggregating and comparing statistical land information generated by estate agents, valuation companies and financial institutions in their various indices and quarterly reports.<sup>4</sup> That is, assuming that such information exists on areas of the city considered by these agents to be informal or too poor to be worthy of their interest. Indeed, in our research, none of the formal agents interviewed had any professional knowledge of land transactions in the 'informal' areas of the city. This could be either because the cost of acquiring this information is too high or the value and volume of the transactions is perceived to be too low or, to anticipate a key finding of our research, because there is not enough differentiation within the poorer parts of the city for a land market to emerge. But this does not mean there is not now, or will ever be, any cash transactions of land in these areas.

International experiences suggest that there are three key ways in which to think of urban land markets. Kironde (2000, 153) notes that an urban land market is considered to be a "framework in which those seeking land, and those owning or controlling land, are brought into transaction in order to effect access to land by the land seekers". Our research suggests that, currently, the 'framework' that brings together those that seek land and those that have land is the interactions between people's membership of social networks, expressions of social identities and the configuration of claims they are able to make with respect to land. These social networks, configurations of claims to land and expressions of identities, are invariably geographically pre-determined by the imprint of apartheid and post apartheid spatial planning. We will emphasise this point again, but it is worth noting now that the implication of these pre-determined patterns is that the current socially dominated 'framework' offers very few opportunities for poor people themselves to transform these discriminatory patterns that are set by the state, financially dominated land market models and cultural norms.

Dowall (1993, 3) outlines another way in which we might be able to evaluate the extent to which there is a financially dominated land market operating in the areas of the city considered by policy makers to be informal. If there were financially dominated land markets operating we could expect that price would be an important factor in determining the location of poor people in the city and that price would be a primary means of ensuring that the different qualities of land supplied would equal the quantity of land demanded. However, the data shows that the configuration of claims that poor people are able to transact around are the most important variable in determining which land is in 'demand' and which is 'supplied'. Price may be a subsequent and dependent variable that emerges as these configurations of claims are consolidated or legitimated or, for example, when an informal settlement passes into Phase 2 or, in years to come, when the relative value of the currently undesirable locations of the land in question improves. Price may also change once landlords move in at scale, and capture the currently largely household based claims creating a competitive rental market.

Our research suggests that there are few financially dominated land markets emerging because the undesirable locations chosen by the land traders for the poor means that there is

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<sup>4</sup> Our research data shows that only the smallest percentage of people in one of the RDP Housing projects heard about land opportunities through a newspaper or radio.

no perceived shortage of land for invasion and subsequent upgrading. Anyone can access the city if they are prepared to squat. The state's urban policies are then conflating the ways in which poor people **access** the city with the ways that poor people **hold** land in the city. This occurs because the housing and service policies encourage the state officials to fix people in the locations which they have accessed. Typically, the (peripheral) spaces poor people have accessed through their own meagre resources and over-burdened social networks become the sites of RDP housing projects. These informal settlements and new RDP suburbs, rather than the people themselves, then become the focus of state investment. This is true even for the new national policy for housing that seeks to eradicate shacks (DoH 2005, 12). Rather than poor people being offered a range of different claims to different land in the city, the shacks are upgraded or peripheral RDP units are offered. This conflation might not be so problematic in other circumstances. However, the ways in which poor people currently access the city, with or without a state subsidy, reflects their marginal positions. The locations they choose or are allocated are the result of poor state planning or dependence on already over-stretched social networks and the 'quiet encroachment' strategies of poorly resourced and vulnerable individual households. When the state conflates poor people's points of access to the city with their future location in the city it effectively locks in the marginality. It creates a mass of marginality in which where the upgraded settlements (or new RDP housing projects) are little different to the informal settlements that remain un-upgraded in terms of location, quality of public space and access to urban amenities. The failure to plan and provide well located land is responsible for creating a mass of low value land with little differentiation amongst different claims. It is also responsible for limiting the ability of poor people to generate wealth. One might argue there is no land market for the poor in South Africa because the urban land the state provides to the poor has very little value.

#### 6.4 Poor people are trapped by their social capital

In a socially dominated land market, poor people are heavily dependant on their social capital. But most poor people only know other poor people, and poor communities are characterised by lack of access to knowledge about land, urban development and land based opportunities. As a result, the poor people operate in a narrow sub-section of the land market, defined in most instances by the fact that the land is affordable and undesirable. And, once they have transacted into a settlement, they find it difficult to trade up or out of the socially determined range of land options.

#### 6.5 Steps in the land market transactions of the poor shift in response to activities and policies of the state

By attending to the different steps in the transaction process, we can differentiate between **accessing** land, **trading** land and **holding** land amongst poor people. We can also differentiate how, at different steps of transactions, the configurations of networks, identities and claims change. If these configurations did not change we could assume that the ways people access land would represent the ways that they want to hold and trade land. However, it is clear that these steps are very different and that, most importantly, they shift in response to the activities and policies of the state. A good example is the two phases of informal settlements we distinguished. Phase 1 of informal settlement describes the period during which the settlement begins, usually on land that is perceived as 'vacant' by the people settling.<sup>5</sup> In this phase, the transaction is completed through the physical occupation of the

<sup>5</sup> In some situations, even 'vacant' land has a set of rights that can be activated through the overlapping claims. An example of this is the areas of Cape Town that are 'vacant' due to bio-diversity concerns. A vigilant environmental lobby effectively monitors any settlement incursions into the environmentally

land. However, once the land is occupied and there is some sense of security, the identity appears to change, and identities as a ‘squatter’, ‘shack-dweller’, and having achieved some form of independent identity from family and friendship networks become significant. This does not mean that the networks that initially facilitated access to land are no longer important, but that they tend to be de-emphasised at this step of the transaction process.

Typically at Phase 2 the informal settlement has been recognised by the state in some way. This might only be that people perceive that they are not going to be evicted, but usually the sense of possibility derives from the provision of basic services by the state. Negotiations with the state are generally channelled through some form of organisation representing the people in the informal settlement. In the case studies, this local organisation took the form of a development committee.

Sometimes more explicitly than others, the agreement struck between the state and informal settlement is that they effectively stabilise the population by policing the future growth of the settlement. The effect of this is to require the people in the informal settlement to ‘close the gate behind themselves’. This involvement of the state has two somewhat contradictory effects.

On the one hand, it limits the supply of land for poor people in that location. While this might make it more difficult for other poor people to find spaces in which to transact, the limitation of space in what are often marginal or peripheral locations is better for both the people in the informal settlement and the city in the long term. But what the residents are primarily valuing is not access to the exact space that they are occupying. Rather, they are valuing ownership of a **right to ‘future development’**. However, the exact nature of this right is currently so vague and determined so opaquely to the residents of informal settlements, that it can simultaneously mean nothing and everything to people in an informal settlement. The result is that the commodity that is created around a ‘right to future development’ has a variable value. Some people place great store in this right, while others may despair and move on.

On the other hand, the ability of those people who are registered by the state to ‘close the gate behind them’ is influenced by the strength of their social networks of friends and family. Therefore, their ability to stabilise the population of the settlement is always going to be partial and selective, for the promise of development will attract new residents. While the overall size of an informal settlement may not increase, the level of densification will. This dynamic is evident in Cape Town (Kuhn 2007).

Once people in an informal settlement are holding a set of claims to some future development they shift from focusing on their social groups and begin to emphasise their individual relationships to the state. They are now in the ‘queue’ for development and therefore have explicitly entered into an agreement with the state. In addition to the networks of neighbours and family and friends used to prove ownership of the claim to future development, both the municipality and local development committee are included as important institutional sites at which to verify the identities of the residents. The municipality is enrolled in these networks through the registration and numbering processes they embark upon.

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sensitive areas – even if the incursions are small scale and difficult to detect by the Council (Walker 2007). At the other end of the scale, where the requisite configuration of claims is proving difficult to activate, are some cases in Ekurhuleni. Ekurhuleni is currently facing a particular problem with land invasions (Kotzee 2007). Even if Ekurhuleni Metropolitan Council is in favour of preventing land invasions, they are often caught within the bureaucratic processes of winding up deceased estates or dormant companies that own the land while (active) companies that own the sub-surface rights have little interest in taking on any processes associated with evicting land invaders (Williamson 2007).

Although the promise of development can strengthen the claims of residents of informal settlements, the converse can equally be true. In the case studies, the longer residents had to wait for development, the weaker they perceived their claim to be. It was not possible to determine what effect this had on land transactions in this research, but this delay factor points to a key question on the role of the state in supporting or undermining the value of poor people's claims on land.

## 7 Recommendations

In this section we propose a set of recommendations which focuses on the relationship between informal settlements and RDP housing projects. This is because this is where the clearest links emerged in the data. Where possible, we make recommendations on the other types of settlements and the relationships between RDP housing and other types of settlements.

### 7.1 Recognise the role of the state and market in the complexity of 'extra-legal' urban land markets

The research has empirically confirmed the roles of the state and market in the complexity of 'extra-legal' urban land markets. The co-existence of this complexity on the one hand and significant numbers of poor people on the other suggests that poor people's ability to maintain themselves in the city is a finely balanced and precarious undertaking that is based on many unpredictable variables. This complexity is unlikely to diminish in the short-term and has at least four implications for policy makers.

First, **resolve the complexity of existing land use management legislation must be streamlined in favour of poor people.** The speed of decision making on the status and future of land is key, as delays in development of particular sites impact negatively on the poor. There are a number of areas of reform that would speed up land development decisions. Land assembly and development to house the poor is often a difficult and prolonged process, requiring navigation across several levels of government and multiple layers of legislation. Often the cause of delays are bureaucratic - for instance, determining who within the state owns the land and coordinating between municipalities and the various state organs that drive assembly and housing projects, including the national and provincial departments responsible for land affairs and housing. Often delays are worsened by the confusing number of regulatory requirements for land development that are implemented at all levels of government. These requirements impose substantial, often redundant, tedious and time consuming requirements on land development. A good example is the triumvirate of laws that may be used to develop land for low income housing, that is, the various provincial planning Ordinances, the Development Facilitation Act (DFA) and the Less Formal Township Establishment Act (LEFTEA). The existence of these three channels for land development creates potentially different types of development outcomes because of the varied requirements they impose. LEFTEA particularly presents the most problematic piece of legislation with regard to this. These laws also create duplicated processes for land development that are confusing and unnecessary. This also tends to put consenting authorities in different spheres of government, where these laws are administered, in potential conflict with each other. Another example is the parallel consent processes for land development under these laws, and for the environment, through the National Environmental Management Act. Many of the requirements of these processes could be integrated to simplify the land development process as well as save on time and costs. Most approaches to land markets stop at this point.

The second implication for policy makers is that it is crucial to reflect on the fact that **the presence of ‘extra-legal’ land markets does not mean that there is an absence of the state in these parts of the city**. The state is deeply involved in ‘extra-legal’ land markets, and assuming that there is a ‘tabula rasa’ upon which new legislation can simply be imposed is likely to further disadvantage poor people who have somehow managed to maintain a minimal existence in the city and advantage those who are better off and can benefit from new land dynamics.

Third, the existence of a socially dominated land market means that **the existing tools that the state uses to intervene in support of building stronger financially dominated land markets are not necessarily appropriate**. We return to this implication in Section 7.2.

The fourth and final implication emerges as a consequence of these three implications and supports emerging insights at a national policy level. **A ‘one size fits all’ approach to policy making is not appropriate**, and imperatives to establish unitary land rights must be set against local variations in conditions, gender and generational dynamics.

As an added point, although the nature of this research project has limited the conclusions we can draw to the short-term, it is critical to think about the complexity in the medium and longer-term. What may be in the interests of poor people now may not be in their interests in the longer term. We return to this issue in different ways in the following recommendations.

## **7.2 Improve and support the capacity of poor people to make claims to rights to land**

There is little doubt that poor people are able to access the city and transact around claims to rights to land. It is also clear that family and friendship networks are critical for these transactions to occur. But these networks, and the identities that are tied into their existence, are not only a positive feature of urban life. They are also highly divisive, unpredictable, geographically limited, laden with personal prejudices, and characterised by unequal gender dynamics. Perhaps most importantly the social ties of the poor are already overstretched and vulnerable (c.f. Mosoetsa 2004; Thomas 2002). The networks simultaneously enable and constrain poor people to adapt and manage the precariousness of making their way in cities (Simone 2001). It is important to recognise the value of what poor people have been able to achieve and support these processes – to recognise the ways, however minimal and transitory, that poor people have adapted the city to their needs. There are a number of options that both the state and civic groups can explore to strengthen people’s social networks through linking different networks together in new ways, and enrolling new actors into existing networks and generally creating conditions that are conducive to constructive and healthy communities.<sup>6</sup>

As noted above, the existence of socially dominated land markets implies that simply using the policy tools associated with expanding financially dominated land markets, like extended access to credit, is less appropriate. In this regard the interplay between the land markets of the poor and the effective delivery of the social package or social wage as well as the reduction of crime and improvement of mobility to ensure the circulation of the poor across the city are interesting avenues of reform.

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<sup>6</sup> We are not the first to draw attention to the need for ‘social’ interventions to support poor people’s access to urban land (see for example, Fourie 2004).



### **7.3 Create a basis for the planning and allocation of land that is based on a city perspective**

What is required is a city perspective, not a neighbourhood perspective, on land for the poor. We concluded that current urban policies lock both progressively minded state officials and poor people into a view that conflates one step in the process of transacting – poor people's ability to access the city – with another step, namely how and where they hold land. Consequently, although poor people tend to be able to access the city relatively quickly, in comparison with state processes, they also tend to access land that is marginal, peripheral or precarious because that is where their networks guide them and where they can transact around specific claims to rights to land. To some extent, these marginal, peripheral or precarious locations are already determined by the operation of financially dominated land markets through the mechanism of price. The distorting impact of having state agencies value their land only in current Rand terms (rather than in terms of the public good, competitiveness, or even long term monetary value) is a particular problem in this regard and suggests new ways of offsetting the market value of land which need to be explored.

There is a need to create another basis for the planning and allocation of land that is based on a city perspective. One part of this is to recognise that there is more than one way of understanding land transactions and that the financially dominated land market model is not the sole model. Another part is to examine different elements of the socially dominated land transaction process so as to differentiate between accessing the city, trading land and holding land. This means that it is possible to think of how the distribution of land can be used to effectively address poverty by allocating land for poor people to hold that is well located in relation to employment or transport connections.

It will be useful to shift the basis of a claim to rights to the city from a focus on affordability to the types of claims to rights to land that people are entitled to make under the constitution. We make a start by identifying three alternatives that are not mutually exclusive. In a financially dominated land market, policy makers tend to restrict their thinking about the value of land to one register – price. In this view, the result is that if the (financially dominated) land market is to work for poor people the state has to increase its interventions through better planning interventions and investments or making bigger housing/land subsidies. Another option would be to let the financially dominated market model to run its course. The size, quality or location of the land needs to be tailored into small enough entities for poor people to afford or poor people will face 'barriers' to entry. Alternatively, the state could recognise the socially dominated market and privilege the informal types of claims to rights to land that different people are able to transact, including what are traditionally not recognised as legal transactions.

### **7.4 De-link poor people's location in an informal settlement from their position in the queue for state land and housing benefits**

Part of the process of accepting that informal settlements in their various guises are an important means in which poor people will continue to access the city is to de-link poor people's location in an informal settlement from their position in the queue for state land and housing benefits. As the research has shown, people transact around land for many different reasons that are primarily based on household life cycle dynamics, earning a living, feeling the need for independence and so on. Poor people are not initially or obviously focused on getting into the queue for state land and housing benefits when they transact around land. However, the situation changes quite rapidly, and poor people who have transacted in

informal settlements adopt and adapt the dominant development discourses which strengthen their initial claims to rights to land. Currently, the dominant discourse is that 'development equals shack eradication'. The contradiction is that the more successful the state is at 'shack eradication', the faster and greater impetus there will be for new informal settlements to emerge. As others have already pointed out, there are also inherent problems with the current (singular) forms of providing freehold claims to poor people through the national housing programme (c.f. Cross 2006; Huchzermeyer 2001b, 2001a, 2002). Despite these problems, there is little wonder that once people have moved to an informal settlement it is considered to be the best means of getting into the queue for state land and housing benefits. There is the need to create one waiting list that is not linked to people's current location or housing status. In particular it may be beneficial to encourage short-term occupancy of backyard shacks, especially if these can be granted status to ensure service benefits reach tenants.

Separating people's location in an informal settlement from their position in the queue for state land and housing benefits reinforces the conclusion offered in the previous section. It is important not to conflate how people access the city with the land they need to hold if they are to be able to generate any wealth (for themselves and the city).

## **7.5 Guarantee a minimum set of standards in informal settlements and enforce these standards**

When informal settlements (and backyard shacks) are accepted as socially valuable for poor people (and by implication, valuable by people operating in financially dominated markets that are able to function because they do not have to include poor people's land needs), then a minimum set of infrastructural standards for informal settlements has to be created and enforced. There are currently wide ranges of standards that are applied in informal settlements and for backyard shack areas. The movement of many households out of backyard shacks in the case studies in Cape Town and eThekweni and into informal settlements suggests that there is little difference in the minds of these people between backyard shacks and informal settlements in the quality of land, its location or size. Living poorly in an informal settlement is better than living poorly under the direct control of a landlord as the strong motivation for 'independence' amongst backyard shack dwellers in Cape Town shows.

We echo, with some important caveats, the recommendations made in recent research by amongst others, Home and Lim (2004) and Rakodi and Leduka (2004), among others, for the state to soften its hostility to informal land transactions. We are not suggesting that the state embrace all socially dominated land market transactions and acquisitions, for we have shown that this is not necessarily in the long-term interests of poor people. Instead, our research recommends that there is on occasion a need for the state to recognise the importance of incorporating 'borrowed' or temporary claims to land into the range of configurations of claims available and legitimised. Endorsement of 'illegal', or 'informal' or socially constructed land claims should only occur if such claims take place in areas of the city which that are likely to serve the long term holding interests of current and future generations. Where claims are well located, and in accordance with the developmental agenda and spatial plan of a city, the state should move to roll out its subsidy programme and guarantee a minimum set of infrastructural standards in these settlements that can be enforced. This may involve spending more fiscal resources on funding the current minimum household and neighbourhood standards, but South Africa unlike other African countries has large unspent revenue. Another recommended form of increased fiscal investment is outlined in the next section.

## 7.6 Spend more money to create more diversity within land markets

On the basis of the research findings, we concluded that currently there is not much difference for poor people between living in an informal settlement, RDP housing project or backyard shack. We also concluded that apart from age and the conditions in Wattville and Sobonakona Makhanya, there were also few significant socio-demographic differences between household heads in the different settlements. We have also argued that currently state urban policy is conflating the way that poor people transact to access the city and their future land holding needs.

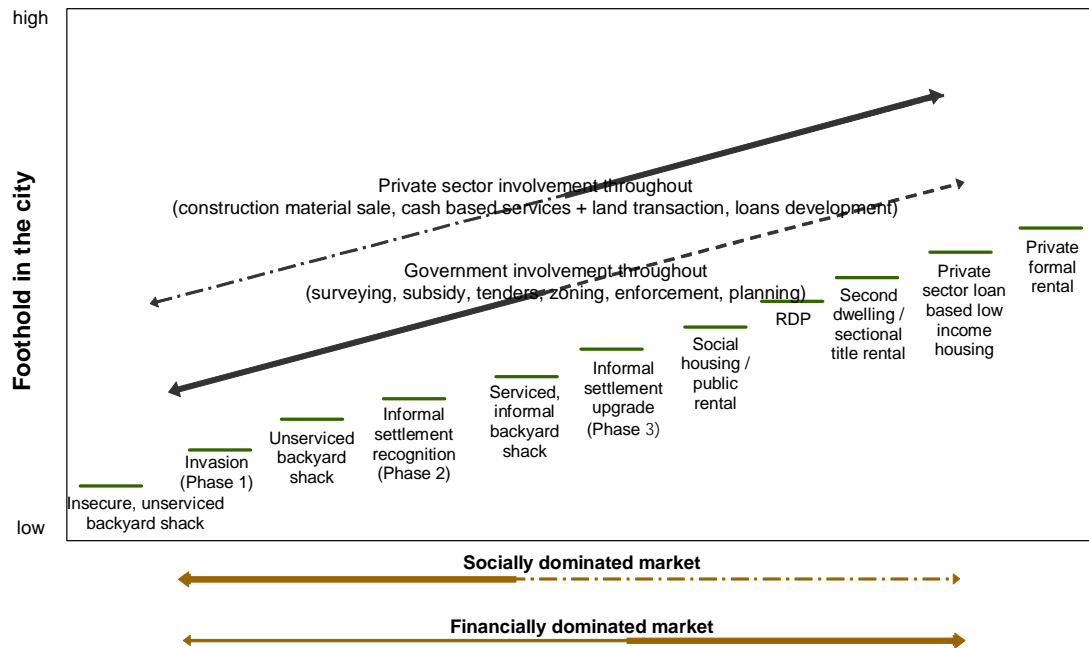
Although we have some reservations about the hierarchical implications of the metaphor of a 'housing ladder', this metaphor can be used to demonstrate the recommendation we make. Our recommendation is that if informal settlements and RDP housing projects are considered as different rungs, then these particular 'rungs' on the 'housing ladder' are currently not far apart enough. There is a need for more differentiation and diversity if poor people are going to be able to generate wealth. This is because the current undifferentiated mass of land and strength of social networks do not encourage the investment that will create added value that people can trade against. Bridging the rungs to enable mobility rests on a much more focused strategy around backyard shacks and other formal second dwellings (including 'Wendy houses' and domestic servants' quarters).

One of the aspects of land value that emerged clearly in the case study of RDP housing projects, but not in the informal settlement case study, was better access to schools. It is this type of investment in public amenities and public infrastructure that will start to differentiate RDP housing projects from informal settlements and allow poor people to start to generate wealth through their land transactions. Giving closer attention to off-plot investment in sustainable communities is a key recommendation of how to make land markets work better for the poor.

If one of the recommendations is to increase the 'rungs' of the 'housing ladder' then linked to this is the need to attend to the means by which poor people will transact in more diversified land markets. We present an understanding of these more diversified urban land markets in Figure 1.

The figure presents a diverse urban land market as a series of smaller steps between the current 'rungs' on the housing ladder. It recognises that both socially and financially dominated land market logics are operating and that the state and (formal) private sector are involved in these transactions in different ways. The purpose is to draw attention to the need for more nuanced policy interventions than the current situation allows and to make it possible for poor people to generate wealth by differentiating between different options. Each one of the different options will require detailed analysis. It is important to note that the figure relies on both public and private rental options. Public rental in particular offers the state a direct means of structuring the broader city perspective we recommended above. In the remainder of the section we draw attention to how existing and proposed legislation might be changed to start to create this diversity.

Figure 1. Diverse urban land markets



Second dwellings, ‘Wendy houses’, backyard shacks and domestic worker accommodations have been identified as an important semi-permanent place of mobility that allows the urban poor to move from informal settlements to RDP projects and other better forms of housing through rental options, rather than ownership. However, these forms of rental properties are inappropriately regulated, and, as a rule, the legislative regime is hostile to this form of housing. The following areas of legislative reform are therefore recommended:

- Tax incentives
- Reform of land use management schemes and regulations
- Education and awareness among all stakeholders

The new Local Government: Municipal Property Rates Act, 6 of 2004 has been enacted but is yet to be widely implemented, pending the creation of new valuation rolls. The Act provides for a municipality to determine its own rating policy in consultation with the public. It also gives the municipality substantial powers in determining persons who can be exempted from rate payments. Through these policies, there is scope for the urban rating system to be rethought so as to encourage types of second dwellings, through fiscal incentives such as rating exemptions.

There are three main restrictions to the use of land in urban areas. Zoning regulations prescribe the manner in which land can be used by prescribing density, height, layouts, coverage and so on. They also determine the kinds of allowable land uses (for example, residential, industrial or commercial). A second set of rules relates to those dealing with building regulations, which define requirements for the quality of structures developed on land. Thus, for instance, under the National Building Regulations and Building Standard Act, 103 of 1977, municipal councils are authorised to clear buildings that are considered unsafe. Health and environment regulations are a third important set of laws. The Health Act, for instance, gives provincial and municipal authorities powers to deal with a broad range of health related issues, including those related to dwelling conditions in buildings, while environmental regulation of catchments and pollutants impacts directly on many areas of

invaded land. Sensitive decisions over which land poses an ecological threat or a disaster risk would need to inform which informal or socially constructed land claims are recognised.

Reform to the regulatory system has to be accompanied by education and awareness measures. These need to be designed around the types of second dwelling industries and can cover issues such as any new tax requirements and norms and standards required for the use of land in this manner, as well as general education around the landlord tenant contractual relationship. Another area of focus is around the formal deeds registration system, and the implications of people not registering a transfer in it, as well as not pressing to have their title deeds issued.

## Appendix 1. Specific questions

This appendix lists the specific questions that were set out in the terms of reference and either notes the section where the responses are provided, briefly adds additional comments or states the limitations of responses provided.

**1. How does the informal land market work? This should yield an empirically supported description of the inner workings of landed property transactions and tenure in South African cities and towns.**

See Sections 3 and 4 of the report.

**2. How functional/efficient are these informal markets?**

The research has shown that there are different logics operating within ‘informal’ markets and that these different logics are related to co-existing registers of the meanings of land. This implies that there are many different ways of answering the question and many different ways in which the functionality and efficiency can be assessed. There are also questions to be confronted about functionality and efficiency for whom, in what ways and over which time periods. There are layers of complexity in relation to this question that the synthesis report has made visible and drawn attention to which makes it difficult and hazardous to make conclusive statements.

Notwithstanding these caveats and qualifications, a short answer is that the transactions that are making up ‘informal’ (always in relation to transactions that are making up ‘formal’ markets) markets are functional and efficient for poor people – at least in the short term. Most people in most of the case studies found it easy and quick to transact, and we have suggested that these transactions are assisting people to adapt the city to their needs. The importance of socially dominated land markets and the role of social networks and identities in the transactions suggest that the transactions are functional for maintaining and developing social networks. However, in the longer term these ‘informal’ markets do not appear to offer poor people the ability to generate wealth and improve their situations. We argue that this will impose significant costs on the city as a whole in the medium to longer term because the scale of poverty and distorted urban patterns that emerge will prove more and more difficult to address. Therefore, in the longer term, the current relationships between transactions in ‘informal’ markets and transactions in ‘formal’ markets are likely to be neither functional nor efficient for poor people and cities as a whole.

**3. If land is not highly commodified in some situations, does trading constitute ‘market’ activity, or are these practices distinct from the market?**

See the distinctions between transactions in socially dominated land market logics and financially dominated land market logics in Section 3.2.

**4. How do the formal and extra-legal systems compare in cost and benefit? Can the benefits be isolated? This seeks to answer why people see comparative benefit in one over the other.**

Our conclusion is that the formal and extra-legal systems cannot be compared in cost and benefit. There are a number of reasons for this. First, in the analysis of legislation completed for this project, it was clear that it is very difficult to ‘frame’ which costs and benefits should be included in any calculation of a transaction in the ‘formal’ system.

Second, the research findings show that, for the majority of steps within the transaction process in 'extra-legal' systems, socially dominated land market logics are dominant and that many transactions are entirely framed within these logics. Consequently, it is difficult to calculate a value to make transactions comparable. Third, the questions about costs and benefits raise similar questions to those raised in relation to functionality and efficiency above. It is important to think about how costs and benefits accrue to different groups, in what ways, in what forms and over which periods of time. Fourth, the research findings have shown that the state and market are integral to 'extra-legal' transactions which makes it more difficult in practice to identify which transactions count as 'formal' and which are 'extra-legal'. In the light of these findings, what can be claimed with certainty is that any attempt to make the 'formal' and 'extra-legal' systems comparable is a thoroughly political act that through the ways issues are defined and conceptualised will make certain features visible and obscure others. We suggest that the task in this regard is always to attend to making features visible in the interests of poor people.

Nonetheless, there are costs which poor people find difficult to gain protection from. While corruption occurs in both 'registered' and 'off-register' transactions, other research has shown that poor people are likely to incur greater costs in relation to particular forms of corruption because they have little recourse to state protection. These forms of corruption may be rooted in the transactions themselves or in the way that the political systems tend to configure the relationships between local politicians and their constituents.

**5. Are informal markets pro-poor? That is, do the extra-legal ways of doing things constitute an efficiently functioning system or are there winners and losers?**

The arguments summarised in relation to functionality and efficiency, and costs and benefits apply equally to this question. The result is that it is dangerous to make general claims. We argue that to the extent that 'informal' markets facilitate poor people's relatively easy access to the city such markets could be considered pro-poor in the short term. However, in the longer term, these informal markets are not likely to be pro-poor.

**6. What are the power relations between land holders (even informal) and those buying into the system?**

In our conceptual framework (Section 3), we explored how property relations were established by being able to configure and consolidate a particular set of claims (out of a network of overlapping claims) of rights to land. This introduces complexity and diversifies the types of power relations that can be established or acted upon between parties to transactions. Thus, the power relations between those holding land and those buying into the system has more to do with the types of social, financial, legal and political capitals that the different parties can mobilise than an isolated assessment of the interaction between the transacting parties would suggest. If we were to generalise, one way would be to focus on the power relations that exist between the different claims to rights to land – ownership, renting, sharing and temporarily borrowing.

The importance of social networks and identities and the power relations that are inevitably inherent in these features suggest that power is an important component of any transaction. One of the most explicit ways in which this is manifested in South African society is through gender relations. Thus, the high percentage of female-headed households in many of the case studies indicates that power relations are being played out in different ways. This needs to be followed up with more qualitative research.

**7. What is the relationship between land transactions, migration patterns and residential mobility? Do transactions normally occur within an urban area, or between urban and rural areas, or across provincial and other boundaries?**

The answers to this question depend on where the start the transaction process is considered to be. Certainly, there were a few household heads who, it could be argued, began the transaction process from a rural area by activating their social networks in an urban area.<sup>7</sup> This is more evident in the eThekweni case studies. The research findings show that the social networks that constitute socially dominated land markets are discontinuous and locally specific. The research findings reveal that 92.3% of transactions in the case studies occurred within an urban area.

**8. What part do inter-generational transfers of land play? (i.e. de facto or de jure inheritance of land)**

The data suggests that there are very few *de jure* instances where land was inherited (See Sections 4.1.11, 4.2.11 and 4.3.11). Nevertheless, the high number of household heads that indicated that they would never sell their land and housing in RDP housing projects and would rather put a family member into the dwelling suggests that *de facto* there may be a large number of inter-generational transfers of land. The strong gender dimensions revealed by the data suggest that this is an important area for future research. This is also a critical issue to resolve because one of the causes of chronic poverty is that new generations of poor people have to start with claims to rights to land that are not recognised by the state.

**9. What is the relationship between land transactions, changes in tenure and poverty (i.e. is there income mobility)?**

The findings suggest that the relationship is more contingent on local factors than between land transactions, changes in tenure and poverty. In some RDP housing projects such as Old Dunbar, there is evidence of income mobility. In Delft and Kingsway, the results are more mixed. Similar variable results emerge in the other case studies and as revealed there are important gender differences to these results.

The implication of our research findings are that it is not possible to answer the question by focusing on land transactions, changes in tenure and poverty and that other factors need to be included. Our research tentatively points towards including factors such as proximity to employment opportunities and access to urban amenities if any meaningful relationship to income mobility is to be established.

**10. Are there individual households (i.e. multi-nodal households) who trade property in both the formal and extra-legal systems?**

There are a very few households who trade property in the ‘formal’ and ‘extra-legal’ systems if the number of household heads who have ever had a title deed is used as the basis for answering the question. Nonetheless, 34.9% of households had a spouse or child under 18 years old living in another dwelling. Of these households, 20.2% lived in the same city, 17.9% lived in another city and 61.9% lived in a rural area. This suggests that within broader family structures there may be the potential for households to trade across different types of claims to rights to land.

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<sup>7</sup> Responses to this question are likely to differ according to the age of the household head. Our sampling procedures were randomised to minimise any distortions that may have arisen in the responses.



**11. What is the national incidence of informality – the extent of informal settlements and of backyard shacks, the incidence of land invasions, the incidence of informal sale transactions in the case areas and projected nationally?**

The national extent of informal settlements is approximately 24.5% of all household heads and households in backyard shacks number about 7.36% (Census 2001). However, it is not advisable to generalise the data generated in this research to a national level. The size of the sample is not big enough and focus is not diverse enough.

**12. What is the potential for integrating informal processes into formal ones?**

We have argued that the ‘informal’ and ‘formal’ processes are already integrated in particular ways which appear to benefit poor people in the short-term but that are likely to have negative consequences for poor people and the cities as a whole in the longer term. We have aimed to make visible some of the ways in which what are considered ‘formal’ and ‘informal’ processes interact. Given that new forms of formality will always produce new forms of informality, the task is to pay attention to the interaction and seek forms of interaction between informal and formal processes that are in the interests of poor people.

**13. What do the findings imply for state programmes of land and housing and the way in which municipalities manage land and engage with urban citizens?**

See Section 7 of this report entitled Discussion and Conclusions and the separate document entitled: *An analysis of legislation impacting on the urban land market and its influences on the ability of the urban poor to access, trade, and hold land.*

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