



Day 3 – Understanding informal land market dynamics

Lauren Royston: 31 October 2007

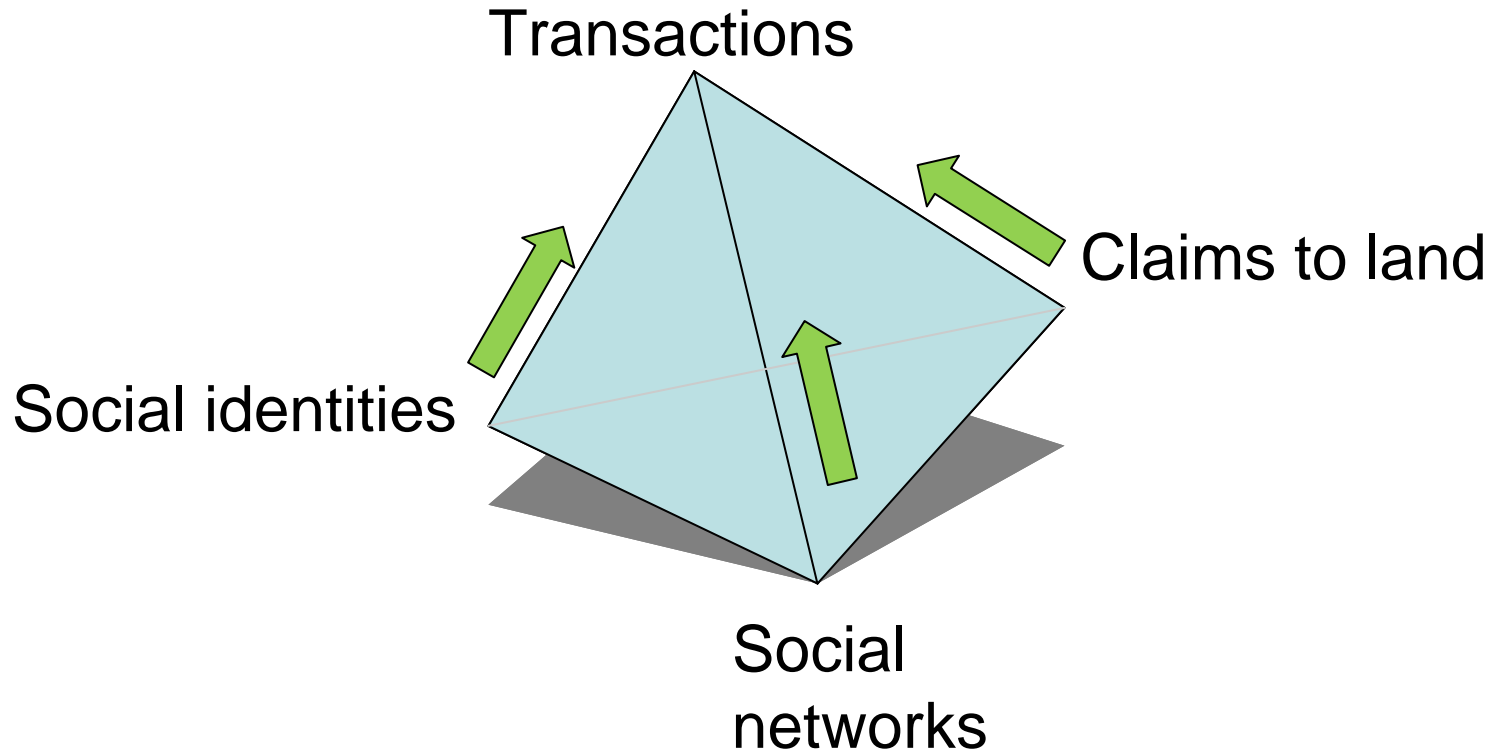
Background

- Urban LandMark
- Operation of the urban land market
 - How the poor access, hold and trade land

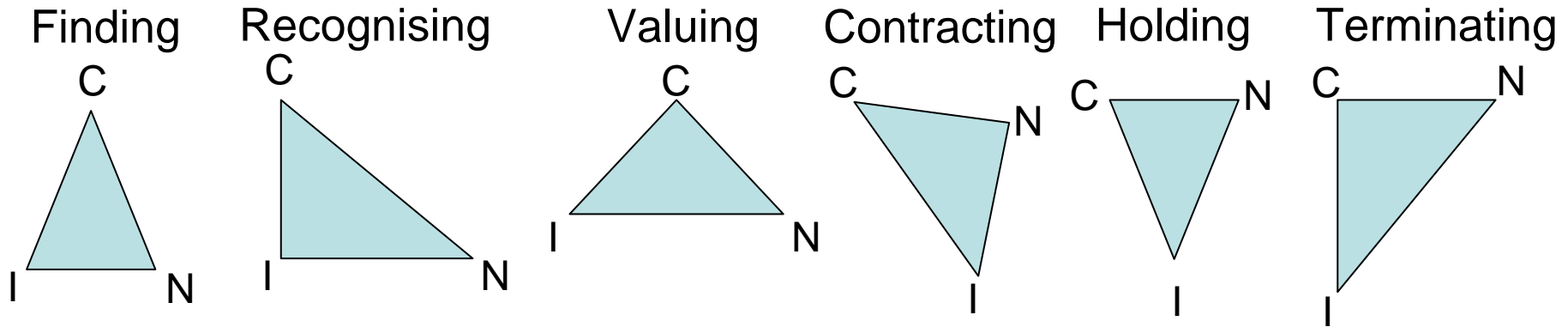
Outline

- Land transaction process
- Case studies
- Key observations
- Common assumptions questioned
- Key policy implications

Land transaction process



Land transaction process



I = Social identities

N = Social networks

C = Claims to land

Case Studies: RDP housing



Delft,
Cape Town
1989



Kingsway,
Ekurhuleni
1989



Old Dunbar,
Durban
1993

Case studies: informal settlements



Nkanini,
Cape Town
2003



Somalia,
Ekurhuleni
1989



Blackburn Village,
Durban
1987

Case studies: specific cases



Manenburg,
Cape Town
1960s
(council
rental)



Wattville,
Ekurhuleni
1941
(backyard
shacks)



Sobonakona
Makhanya,
Durban
1859
(customary)

Evidence of urban land markets

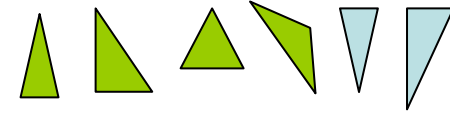
- In every five years, an average of 26% of households in shack settlements exchanged houses
- In RDP housing, where there is a state limitation on the resale of houses for five years, some 11% of households were transacting.
 - 6% seen as sales
 - average house prices of between R5,750 and R17,000
 - almost all off-register - title deeds not officially changing hands
 - state officials often called in to witness
- In one settlement where transactions in backyard shacks were measured, almost 70% of households had moved into their rented accommodation in the last five years.

Evidence of urban land markets

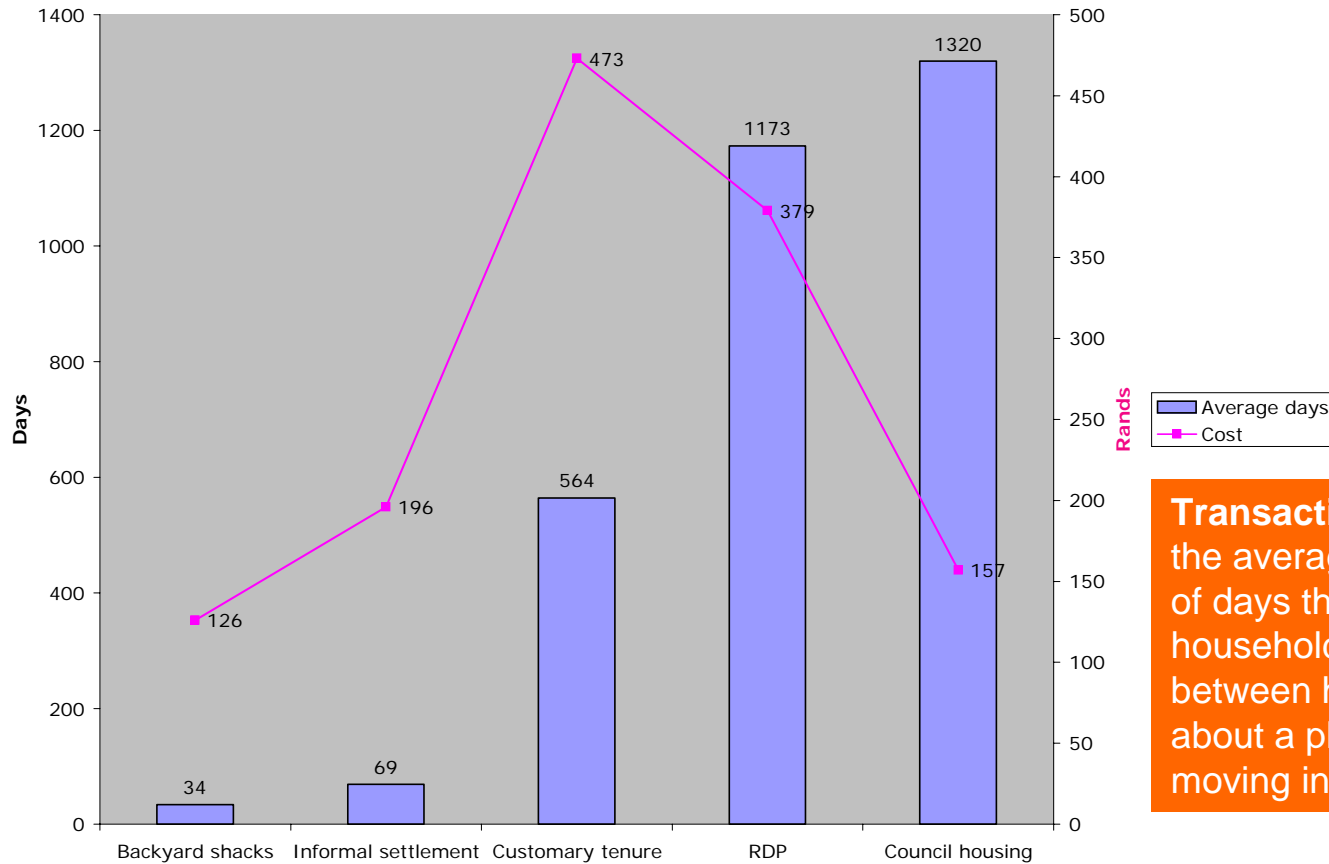
	RDP	Informal settlement	Specific area
Cape Town	Delft (4)	Nkanini (3)	Manenberg (37)
% transactions in last 5 years	14%	15%	16%
Self-allocated		83%	<i>Council housing</i>
Ekurhuleni	Kingsway (7)	Somalia (16)	Wattville (65)
% transactions in last 5 years	11%	38%	68%
Self-allocated		24%	<i>Backyard shacks</i>
eThekweni	Old Dunbar (10)	Blackburn Village (20)	Sobonakona Makhanya
% transactions in last 5 years	8%	24%	31%
Self-allocated		15%	<i>Customary tenure</i>
Average	11%	26%	

Transaction time and cost

- Transaction:
 - the number of households coming in in the last five years and engaging in either buying, renting or looking after a place.
- Transaction time
 - The average number of days that households took between hearing about a place and actually have the rights to it
- Transaction cost
 - Average financial cost of transacting (transport, fees, people that had to be paid etc.) and strengthening rights (eg. investment in improvements)



Transaction time and cost



Transaction time = the average number of days that households took between hearing about a place and moving in

Key observations

1. Land markets operate in poorer parts of the three metropolitan areas
2. Informal settlements play a critical role in urban land access
3. Social relations are dominant in these markets, although an economic rationale is present when people make decisions
4. Financial logic is evident in the research sites, although these markets are socially dominated

Key observations 2

5. The state is present in the socially dominated land markets
6. These markets work for poor people in the short term but, with current policy interventions, have limitations in the long term.
7. Little differentiation in perceived advantages of living in informal settlements, RDP housing projects and backyard shacks

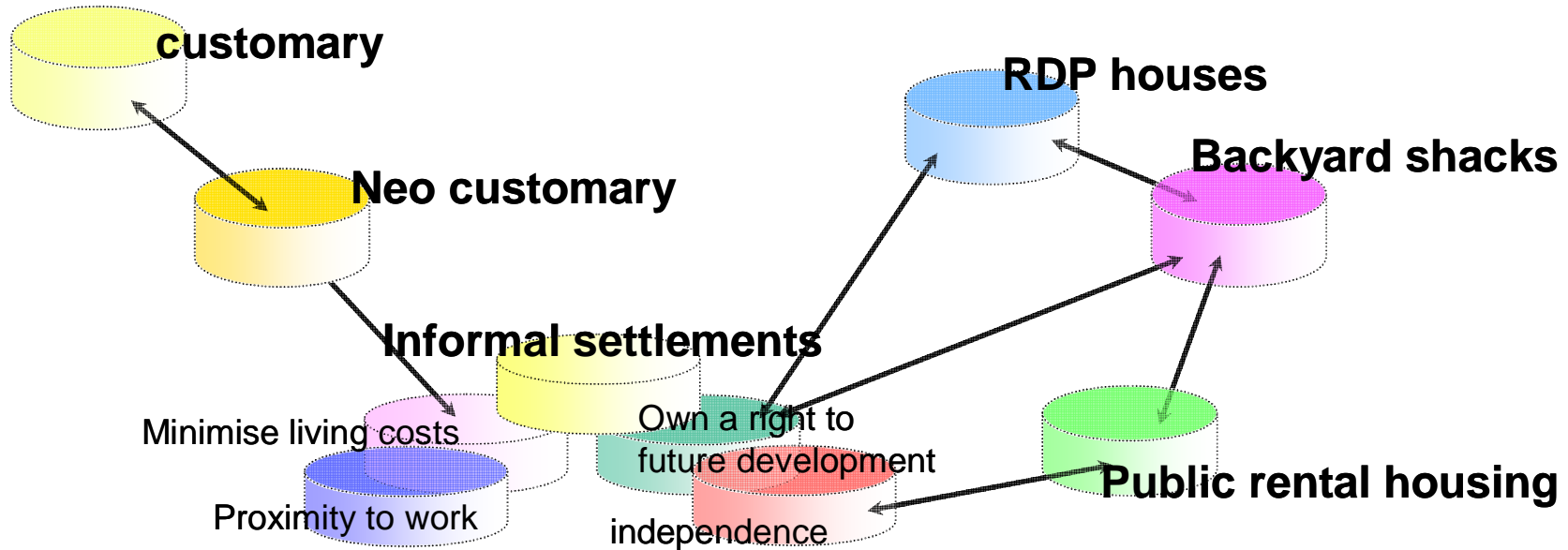
Common assumptions questioned

- *The market is absent in poorer parts of our cities*
- *Informal settlement eradication as an appropriate policy response*
- *Price is determinant in a single and financially dominated market model*
- *The state is absent in so-called “informal” areas of our cities*

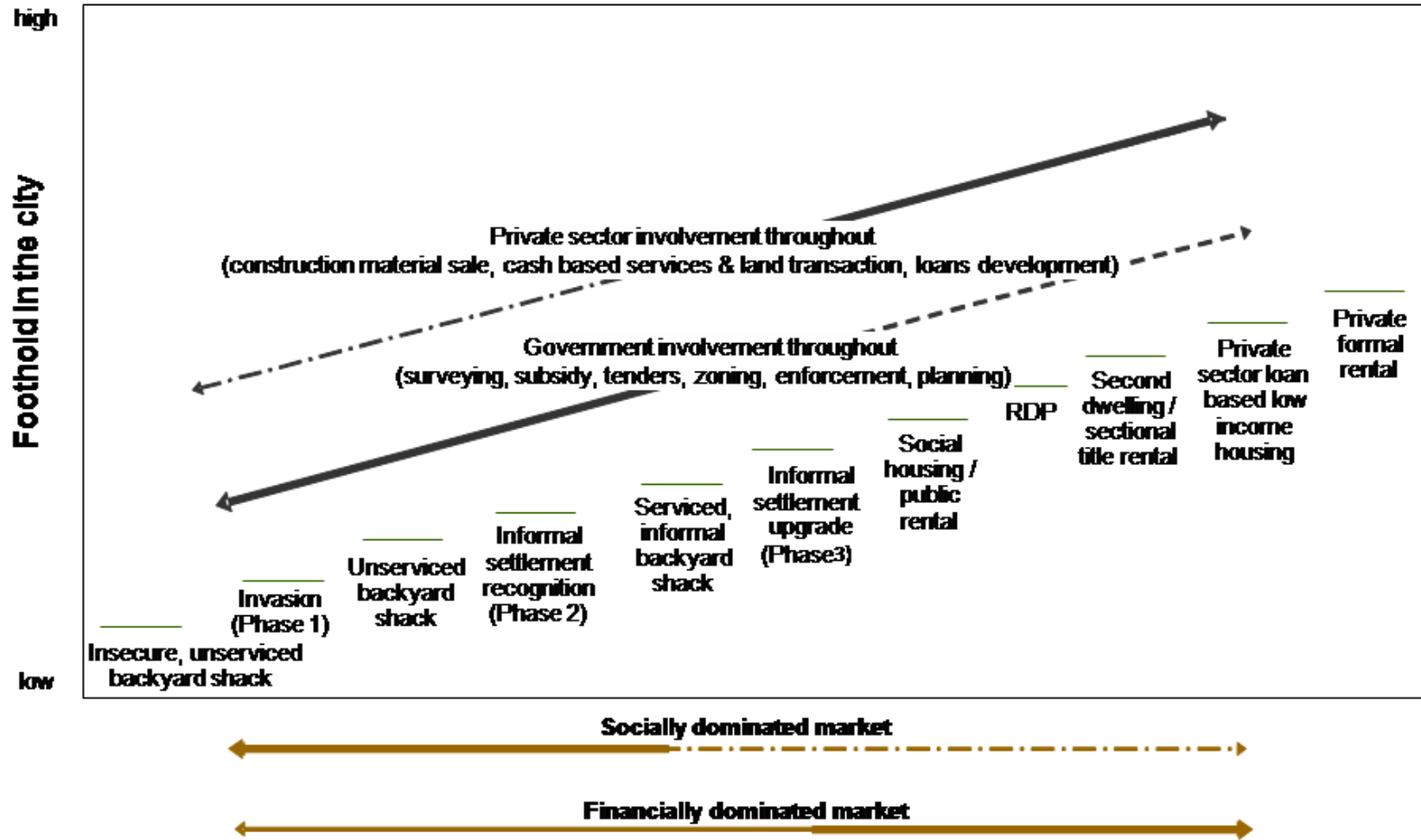
Policy implications

- Recognize socially dominated land markets
- Support the role that informal settlements play in the urban land market
- Develop social interventions that support poor people's access to land
- Recognize the ways in which the financially dominated land market depends upon the socially dominated
- Public investment should support greater urban land market differentiation

Urban land market



Urban land market



Presenter details

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