

Informal Urban Land Markets and the Poor

This case study draws on research that investigated how people access, trade and hold land in poorer and less formal parts of three metropolitan areas. It is based on a research study undertaken by the Isandla Institute, Stephen Berrisford Consulting and Progressus Research and Development, commissioned by Urban LandMark. See Sheet 5 for reference details.

An introduction to the study is given below. On the back of this sheet some learning and reflection activities based on the case study are provided. You can do these activities on your own or in groups, as appropriate for your learning session. Look at these activities before you begin so you know what to look out for while you are reading.

The next part of the document (Sheets 2, 3 and 4) presents some of the experiences of people accessing land in informal settlements, low-income housing projects and backyard rental accommodation (people's real names are not given). The final component of this document (Sheet 5) includes a summary of the key findings of the study and some of the recommendations arising from it. Note, particularly, the reference on Sheet 5 to Smit (2008a) that gives a more complete picture of land market processes in the study areas.

Learning outcomes:

By the end of this session participants will be able to:

- Understand some of the challenges faced by people accessing land in poor areas of towns and cities
- Identify actions that can help to make land markets work better for poor people.

Background to this case study

The case study is based on findings from research that investigated the extra-legal ways in which poor people access, trade and hold urban land. The research included in-depth interviews with 74 households in nine settlements in three South African metropolitan areas – Cape Town (Western Cape), Ekurhuleni (Gauteng) and eThekweni (KwaZulu Natal). The types of settlements examined were:

- informal settlements
- recently allocated Reconstruction and Development Programme (RDP) housing projects (a programme of subsidised houses for low-income households)
- backyard shacks
- an area of public rental housing
- an area under a traditional authority.

The study showed that urban land markets exist in poorer parts of South African cities. Within these informal markets people access, hold and trade land in an organised way that is influenced primarily by social relationships. Within these socially-dominant land markets, there is an economic logic to the way in which people make decisions based on assessing the advantages and disadvantages of their available options – a process which involves making some trade-offs. These land markets are also influenced by government policies and interventions such as registration of shacks in informal settlements and the provision of services.

Photo: Urban LandMark



Low-income groups receive subsidies to purchase RDP houses

Part of a series of case studies developed as a teaching and learning resource for studies in urban land markets. Urban LandMark Tel: 012 342 7636 Fax: 012 342 7639 email: info@urbanlandmark.org.za • www.urbanlandmark.org.za
Department for International Development (DFID) funds Urban LandMark

Learning Activities

Before you start

Before you read the case study, spend a couple of minutes to list the key factors that you think influence people's choice of accommodation or place to stay.

After reading the examples

1. In small groups, discuss these questions:
 - (a) What do the stories tell you about the challenges people faced in finding a place to live?
 - (b) How well did the people's choice of accommodation meet their needs? What type of trade-offs (if any) did people make?
2. What do you think policy-makers and government decision-makers could do to help urban land markets work better for low-income households?

Reflection

- What new, or surprising, insights have you gained as a result of this activity?
- To what extent are you motivated to share these with your colleagues and/or to explore the issues further?

Photo: Urban LandMark



Delft, an RDP housing settlement in Cape Town

Delft

Here is a story told by someone who now lives in an RDP house in Delft.

Luvuyo's story

I was born in Cofimvaba, Eastern Cape. I moved from Cofimvaba to Gugulethu in Cape Town. I rented a back yard shack there. But if you stay in a backyard you will never ever have your own place. Then they said there is a place at Langa, in Joe Slovo, so I moved there and erected my own shack. Now I have a house at Delft.

Renting a backyard shack in Gugulethu

At Gugulethu, we were paying R100 per month for rent. But sometimes we were short of money so we paid R50 and the rest later.

At first I stayed with my mother at Gugulethu. My mother told the landlord that I had arrived, so people should not be surprised if they see me in the yard. The landlord had her own house and we were renting the space for our shack at the back.

Gugulethu was nice because we had sufficient transport and clinics were there. I was not healthy when I stayed with my mother, I had an operation. Then they prepared a shack for me. It took only three months to get my own shack.

What I did not like about Gugulethu was that there were people who were stealing and we used to lock our shacks. Jobs are not there at Gugulethu. If you want to get a job you need to go to town and queue at the constructions.

My uncle and my mother moved to Langa in Joe Slovo. My mother was always advising me that I am wasting my time by renting, I must go and look for my own place.

Moving to Langa

My friend said I should move my shack to Joe Slovo and he will try to find a site for me. I went to get permission from the residents' committee. I registered my name, and signed and submitted my ID (identity document). They gave me a piece of paper.

It took three months waiting to get a site at Joe Slovo. I always had to check with the committee that they hadn't forgotten about me. The committee gave me the site, the number where I should erect my shack.

We did not have to pay anything. We were living free. The only thing was if someone passed away, we used to donate some money to the committee who was collecting. You will donate whatever amount you could afford, I gave R5 or if I had enough money, R10.

Transport was available. Trains, taxis and buses were there. Taxis from Langa to town were cheap. Jobs were very scarce. There were no shops, only spaza shops were available.

People who were staying in bond houses used to break into our shack. They stole things like TVs and stoves. All the best things used to be stolen. The other thing was that at Joe Slovo, people were killed and you could not know the reasons behind that.

We were staying there because we did not have other places to stay. We were just waiting that one day we will own our own houses.

The RDP houses at Delft, Cape Town were built on a number of greenfield sites (areas not built on previously). These sites are generally considered to be far from jobs, shops, facilities and transport. People were relocated to Delft from the housing waiting list and from different informal settlements.

We rented a backyard space for our shack.

It was good because there was transport and it was near clinics.

I moved my shack to Joe Slovo where living was free. But crime was there.

Photo: Urban LandMark





A shack in the yard of an RDP house in Delft

My house in Delft

I moved from Langa because shacks at Joe Slovo were always catching fire. I heard from our councillor at Joe Slovo that there were RDP houses at Delft.

They [City Council] said we must register. So I submitted my ID and signed at Langa, in Joe Slovo. After one year, they told us that we must go to the office and check our names on the list. They said those of us whose names appear on the list, we must demolish our shacks and move to Delft. We also received letters. It was quick, some people wait 7 years or more before getting a house.

My name was chosen and I moved to Delft. When I arrived it was still being built.

My life is better since I came to Delft. There are many people I know here from Joe Slovo. What I like is that we have water and toilets inside the house. I buy electricity coupons.

Our house used to be burgled when we arrived here. The house was not painted, I am the one who has done that. I plastered the walls and floors so that it is level. I have also changed the water pipes and put the zinc ones since the other type of pipes they used to steal them. I think I need to plaster this house on the outside. Even the roof – when it is raining the water comes inside the house. I will try to repair it.

The bad thing about this place is transportation. There are no trains, only taxis or buses are used, but the price is high. There is no employment.

When I go back to Eastern Cape, I normally ask someone to stay here in the house, a family person. If I die, I will leave it to my children. I do not want to move from here. If I was working maybe I could think about moving from this place, but I am not working.

There are many shack fires in Joe Slovo. So I registered for an RDP house.

I moved to Delft. In my house there is water, a toilet and electricity.

But transport is expensive from here.



A street in Delft, Cape Town

Blackburn Village

Photo: Urban LandMark



Many migrant job seekers stay in Blackburn Village, KwaZulu-Natal

Blackburn Village is an informal settlement on the periphery of Durban, near an area of rapid urban development (including the Gateway Mall, one of the largest shopping centres in South Africa), where there are said to be many jobs, especially in construction. Originally there was no access to water, sanitation and electricity. Subsequently, however, services were provided by the eThekweni Municipality, and residents now have access to water and informal electricity services.

Here is a story told by someone who moved to Blackburn.

Nomonde's story

I was born in Lusikisiki in the Eastern Cape. In 1997, I ran away from home because I was pregnant and needed to find a job. Since there were no jobs in the Eastern Cape, I decided to come here to Durban, to look for a job. I went to a place called Sydenham in Kanana and lived there till 2000. I had to move because there was a housing development. The area we lived in was cleared, they destroyed all the shacks there. Because I was a newcomer in the area, I did not qualify for a house. I had relatives in Blackburn, so I went to live with them.

I left my home in Eastern Cape because I was pregnant and had to find a job.

Living in Sydenham

When I arrived in Sydenham, I lived with my friend in her home. I was unable to build my own house, as the area was already full; all I could do was rent a place in somebody's yard to build my shack. My friend helped me. We went door to door, looking for a place. It was hard, as people did not know me, many were very reluctant to let me rent in their yards. Eventually, we got a place, it took one month.

I was renting for R50. There was no receipt. It was just an understanding between the owner and I. The owner could lie and say I had not paid the rent. It was the risk I had to take, because I needed a place to stay. Even when my shack was removed, I could not complain. My shack was not supposed to be there in the first place.

When I came, I did not get permission from the residents' committee, get introduced, and get a number. Back then I was naïve. All I was happy about was the fact that I had a place to stay.

I put my shack in someone's yard and paid rent, without permission from the committee.

The area is just a big field now, nobody lives there. The municipality removed the shacks. There was a big dam there, and it was said that many children had drowned in it; therefore the area was declared unsafe. The municipality ordered us to vacate the area.

My friends got government houses. I could not get one because I came late, and I was renting. My shack did not have a number, so when the houses were being removed I was among the people whose houses did not appear on the map. So I had to go my way, and my friends moved to their new houses.

The place was unsafe and our shacks were removed. But I did not get a RDP house because I did not register my shack.

I started seeking a job here in Blackburn, which is where I live now.

Living in Blackburn

My sister told me about Blackburn. She said there were jobs here, and that everybody is treated well. The councillors provide fast service for the people, so does the residents' committee as long as you behave and follow orders.

My sister gave me one of her shacks.

My sister used to live here before she moved to her house in Waterloo. She was one of the first people to live in Blackburn. She had five stands with shacks which she used to rent out. She gave me one of them to live in.

I chose this place because there were jobs available in the sugarcane farms. I did not need to use public transport to go to work as you could walk to the farms. I saw it as an ideal place to live.

I work on a farm nearby. Schools and clinics are near, and there is transport to town. We have water and electricity. But it is not safe.

My life has improved because, with the money I make, I am able to take my child to school, we have a school nearby. We have mobile clinics that come here. There are also the grounds, where our children can go and play soccer. We use public transport to go to the shops in Verulam.

We don't pay for water here; all we pay is the electricity. You buy an electricity card, and put it in the electricity box, installed in your house.

The bad thing is the crime level because the houses are near the sugarcane field. Thieves can hide in the fields and they come out at night into your house and rape you. You aren't safe at all, especially if you are a woman and don't have a boyfriend or husband and you live alone. We also have to walk on the freeway where there is a lot of robbery, people get mugged.

Getting my place here

My sister took me to the committee to register my name as a member of this community. You need to tell them who you are, where you lived before, why you left that place. Thereafter, I was welcomed here, and could live here. If you don't register, should anything happen to you, the committee cannot help you, because they don't know you.

When I got here, my sister also introduced me to the neighbours. You 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.

It did not take that long, maybe two weeks, for me to get a place and then I moved in. My sister had the right to inform one of her tenants to move out, so that I could live in it, and I did not have to pay rent.

We have jobs; people here are employed. They are free, they can start their own businesses. This place is really nice to live in. But you are not allowed to change anything. If you live here, you are going to stay in that house the way it is, until you decide to move elsewhere.

No one can come to say my house is theirs. I am not afraid, everybody knows this is my house, even the committee knows this.

The sugar company owns this place. Most people here work for them, but it is not a must.

My plans are to have a house that I own, live happily with my child, that is all. The only thing that can make me move is to get a government house.

Everyone knows this is my place. I like it here. But one day I will get a government house.

Photo: Urban LandMark



Many residents of Blackburn Village find jobs on farms, but they say that criminals hide in the sugarcane fields

Wattville

Photo: Urban LandMark



Many home owners in Wattville rent out rooms or space in their yards.

Wattville is a township in Ekurhuleni established in the 1940s, with a large number of people staying in backyard rental accommodation. Many landlords in Wattville seem to have a number of tenants each. The households in backyard rental accommodation in Wattville were generally smaller (from one to three people) than households in the other settlements in the survey.

Here are two stories told by people who moved to Wattville.

Nonhlanhla's story

I grew up in KwaZulu-Natal. When I first came to Johannesburg we were staying in a shack in some place called Harry Gwala. It's the shacks down there near the dam. It was very difficult staying there. We paid a huge sum of money for nothing because the shack was bad – it had holes and the rain came in, and because of that we were not on good terms with the landlord.

Finding a room to rent in Wattville

We thought the life in shacks was bad so we looked for a room, a place where we will be secure, even if it's raining. There were lots of places we could have gone to, but they were too expensive. We also thought of transport to work. From Wattville transport is not that expensive and the train station is in walking distance.

For us Wattville is affordable and transport is good.

We came here, to Wattville and went from door to door looking for a place. At this door, we asked for the mother of the house and we told her we are looking for a place to stay. We started explaining our situation to her. It was winter and it was raining. Although she had no place at the time, she felt pity for us. She created a space, she gave us a room she was using for storage until she hears of another place or if one of her tenants moved out. Fortunately one of her tenants moved out.

Life is better in Wattville

Being a tenant is not the same as being in your own place, but the landlord hasn't given us any grief so far. It's good compared to other places. I can say that life has changed for the better. When we were at the shacks I often got sick, now I'm better here.

Our shack was not healthy. Our room here is better.

At the shacks we were using paraffin – although electricity was there but we were not allowed to use it. And paraffin was damaging our furniture, paraffin stoves create smoke and the furniture becomes dull in colour, everything smells of paraffin. In winter it gets windy and the shack was full of dust and it's really cold there. It was unhealthy for us.

The rent is steady, and includes water and electricity.

At the shacks we were paying rent and we needed money for paraffin, it was too much. Here we use electricity, it is included in the rent. At the shacks the rent increased quite often. The landlord used to tell us that the water has increased therefore rent increases. Here if they say the rent is R250 that is inclusive of electricity and water.

We take turns with other tenants to sweep the yard and wash the toilets.

My wish for the future

My wish is to have my own house because if you rent a room there are lots of things you can't do – you can't even buy the furniture you want, my relatives and friends can't visit me because this is not my place and it's small, one room can never be enough. So I wish to have my own place.

As a tenant, there are things you can't do in the place.

I can't afford a suburb, the economy doesn't favour us. I'd like to move to a place where I can even open a small business. RDP houses are better. We have registered even when we were still at the informal settlements. Some people who we registered with have got theirs, so we are still waiting patiently for our house.

We have registered for our own house; we are waiting.

Neo's story

When I first came to Gauteng, from the Free State, I lived with my aunt near Boksburg. The thing which made me to leave my aunt's place was that I wanted to be independent so that I can learn about life on my own.

My place in Wattville

Now I rent a backyard room in Wattville. My brother told me about this place. Here I have my own space, it's a proper township, and my room is beautiful as you can see. The floor and walls are plastered, it is secure and safe, there are also no tsotsis [criminals].

The best thing is having a place to myself.

I now have a TV, radio, and I have a bed. I pay R250 for the room; I can afford it. I also help to clean the yard, washing, taking the trash out and general maintenance work. I don't get a receipt for the rent, but that's OK, the landlord and I have an understanding. It is a good relationship, we take any problem that arises, if I am sick she helps me.

I help with cleaning the yard. The landlord and I have a good relationship.

I work in Benoni, which is nearby. I sell curtains, blankets, bedding, and pillowcases. I leave for work at 5:00am and return at 9:00pm. We have staff transport.



Photo: Urban LandMark

Backyard accommodation in Gauteng

Summary sheet

Making urban land markets work better for the poor

We can say that urban land markets are working well for poor people if they are able to access adequate shelter and basic services, in suitable locations, with access to amenities and transport at an affordable cost, with a reasonable security of tenure and reasonable prospects of upgrading to a more formal option if desired. However, the study showed that this is not often happening.

People have to make major trade-offs

Although people are able to access, for example, relatively good locations and affordable accommodation in informal settlements, and adequate shelter, services and secure tenure in RDP housing settlements, they are seldom able to satisfy more than a few of their requirements simultaneously, and major trade-offs usually need to be made. For example, the stories in this case study show that people in informal settlements put up with inadequate shelter, services and physical insecurity in return for the benefits of access to jobs, reduced transport, and a greater chance of getting an RDP house. Those who chose rental accommodation in the more established area of Wattville, put up with the limitations of space and insecurity of tenure.

More options available in the 'informal' sector

The study also showed that people move from place to place according to their different needs and stages in their life history. For example, to find jobs, young people leave home to be independent. As the stories in this case study show, people are able to find different options in terms of location, affordability levels and types of accommodation (such as renting or owning a shack) within the 'informal' sector. However the only current 'formal' option for most poor households is a RDP house. People generally have little or no choice about the location, type of house, form of tenure and affordability level of RDP housing. Although RDP housing settlements provide adequate shelter, adequate services and adequate security of tenure, they are often less adequate in terms of location, affordability and size (indoor space per capita).

Recommendations

In order to address these inadequacies and make urban land markets work better for the poor, the following recommendations were proposed by the study:

Adapt the formal land system to be more widely applicable and more useful for the poor

Formally transferring a property is an expensive and complex process that requires going through a conveyancer and the deeds registry. Similarly, the process of complying with rental legislation (e.g. the Rental Housing Act) and falling within the ambit of the provincial Rental Tribunals (whose function is to provide protection from unfair rental practices) can be complex and expensive. The formal system can be adapted to:

- *Provide forms of tenure that are appropriate and affordable for the poor.* As providing formal individual land ownership for all is not a realistic goal, greater use should be made of more flexible forms of formal tenure which are more appropriate to the tenure needs of the urban poor and which can be upgraded where necessary (see below);
- *Ensure security of tenure for all members of the household.* Whatever the form of tenure, the tenure rights given need to ensure that all members of the household, not just the 'head' of the household, have security of tenure. For example, encouraging the idea of 'family ownership' by registering houses in the names of more than one adult.
- *Ensure that land registration and transfer processes are accessible by the poor* (both in terms of cost and location). For example, there could be a decentralised municipal office where people could go to, pay a fee and transfer property.

Provide a wider range of subsidised housing options for all categories of need

- *A wider range of subsidised housing options* would offer people more choice in terms of:
 - location – from high-density housing in well-located areas (which are within walking distance of jobs, shops and facilities) to lower-density housing in peri-urban areas (for example, agri-villages)
 - types of accommodation to cater for different household sizes (from single people to extended families) and different affordability levels (from single rooms with shared facilities, as in the Wattville rental market, to self-contained housing units)
 - forms of tenure, including rental and individual ownership. Greater use could be made of more flexible forms of formal tenure, which can be upgraded to formal individual ownership where necessary.
- *Broaden the target group for subsidised housing* to include individuals and extended families, so it does not focus only on residents of informal settlements and the stereotypical nuclear family. For example, it can also include people in rented accommodation in townships and other ‘formal’ areas. Such a focus may also help to reduce the tendency for some people to move to informal settlements from accommodation that is more suitable for them, simply to secure a position on the waiting list for an RDP house.

The study showed that residents of informal settlements cannot be regarded as a static and discreet target group, as living in an informal settlement is often one element of a complex household history.

Incrementally upgrade informal settlements where appropriate

Where a settlement is well-located and is not on a hazardous site, it should be upgraded rather than relocated. Relocation often makes people worse off, as it disrupts their social and economic networks. Upgrading can improve living conditions in the short-term. Such an approach involves the official recognition of residents’ rights to stay in a specific area; the provision of better basic services and advice and support for the construction of better quality shacks; the site could also be laid out to reduce fire risks and facilitate future incremental upgrading. In order to avoid overcrowding and the growth of new informal settlements, such a programme needs to be provided in parallel with the rapid provision of serviced land for settlement, or ‘managed land settlement’.

Stimulating the provision of good quality backyard rental accommodation

The provision of good quality backyard rental accommodation can be encouraged by, for example, assuring small-scale landlords that, subject to very basic minimum standards, letting accommodation is encouraged, and they will not lose their property to the tenants, and encouraging the use of standard written rent contracts; and implementing urban upgrading programmes.

Reading list

Source documents for this case study:

Gordon R (2008), *Urban Land Markets: Review of data on how the poor access, hold and trade land*. Urban LandMark, Pretoria.

Isandla Institute and Stephen Berrisford Consulting, with Progressus Research and Development (2007), *Do informal land markets work for poor people?* Urban LandMark, Pretoria, May 2007.

Marx C and Royston L (2007), *How the poor access, hold and trade land* (research summary booklet) Urban LandMark, Pretoria, October 2007.

Smit W (2008a), *Analysis of qualitative survey on accessing, holding and trading land: Synthesis report*, Urban LandMark, Pretoria, March 2008.

Smit W (2008b), *Urban land markets and the poor: New findings*, Urban LandMark, Pretoria, June 2008.