

Cities Alliance Innovation Programme

The Secure Tenure in African Cities initiative:
Micro Funds for Community Innovation

Cities Alliance

Cities Without Slums



- Grant Recipient: **Transaction Support Centre**
- Partner: **CAHF / 71point4**
- Grant amount: **USD 50,000**
- Duration: **9 months**
- Year: **2019**

TRANSACTION SUPPORT CENTRE

Securing tenure, building wealth

PROJECT UPDATE

Project overview

What is the problem?

Many low income property owners in South African cities do not have title deeds to their properties.

Where does it occur?

The Centre is located in Khayelitsha, a low income neighbourhood of Cape Town, South Africa

Who does it affect?

Lower income property owners, often government housing subsidy beneficiaries

What are the causes?

In some cases, housing subsidy beneficiaries never received title deeds because of process and system failure. In addition, formal property transfer processes are costly, time-consuming and often unfamiliar to lower income households. As a result, where title deeds were provided, the property may no longer be registered in the name of the current owner because of informal property transactions or because original beneficiaries have died.

Approach

The Transaction Support Centre (TSC) is an action-research pilot project that assists clients with title deed and other property-related problems. The TSC is a walk-in office, open six days a week. Over 350 clients have approached the TSC for assistance since it opened its door in July 2018. The most common problems include informal transactions and deceased estates that have not been wound up.

Frontline staff at the TSC assist clients to gather required documents and prepare matters for instruction through partner conveyancing attorneys. The TSC provides hands-on support throughout the process which in some cases includes negotiating settlements on municipal bills that are in arrears and regularising unauthorised building activity. The TSC also assists clients obtain title deeds that have been processed but never handed over.

The TSC uses the learnings from its client cases to engage with officials across spheres of government, highlighting policy gaps, poor processes and system weaknesses. The TSC also runs targeted projects, leveraging the pilot site to address more narrowly defined problems at scale.

Achievements so far

The TSC has built strong relationships with a range of institutions, including private sector providers and various government departments, without which the Centre's work would not be possible. It has also created a research partnership with the City of Cape Town, to enable information sharing and engagement around learnings emerging from the TSC.

In terms of client successes, the TSC has resolved title deed problems on 20 cases to date, including seven cases of informal cash sales, five deceased estates and three cases where subsidy beneficiaries had never received their title deeds. A further 28 matters with various title deed problems have been instructed on and are currently in the process of being finalised with our conveyancing partners. The TSC has also had some success with assisting clients with new transactions and, to date, has helped 2 clients purchase properties and is currently assisting another 7 buyers with transactions.

In addition, the TSC has conducted occupancy surveys of 930 households who have never received title deeds and has begun to facilitate the signing of sales agreements, the first step towards regularising the registration of these properties. All these properties will be recorded on a blockchain-based property registry once information has been verified.

Lessons learned

The challenges that impede titled ownership in South Africa are complex and widespread. Addressing these challenges on a case by case basis is time consuming and expensive. To address them at scale will require intervention at a policy level and within key administrative systems. Significant efficiencies can be achieved by leveraging new technologies to support subsidy and land administration systems and processes. In addition, solutions will require cooperation across government departments including Human Settlements, Home Affairs, Justice and Rural Development and Land Reform, the custodian of the country's Deeds Office.

Despite the challenges the TSC demonstrates that it is possible to regularize ownership. Its success rests on a visible local presence, trust within the local community and a desire on the part of property owners to secure freehold title. The TSC is also reliant on its close working relationships with key officials in local and provincial government as well as support from private sector providers.

Moving forward

There is strong support in government and within the private sector for the work of the TSC. However, the TSC currently operates on goodwill – it has no formal MOUs in place with government, and private sector partners offer their services at no cost. While this has enabled the TSC to build a strong demonstration case and to develop a very detailed understanding of the underlying challenges, it has implications for the sustainability and scalability of the current model. Going forward there is a need to review the current funding arrangements of the TSC as well as the operational requirements needed to grow the centre and replicate its operations in other municipalities.

