



REACHING TOWARDS SUSTAINABLE HUMAN SETTLEMENTS

*PRESENTATION TO 3RD DBSA DEVELOPMENTAL STATE
CONFERENCE*

CATHERINE CROSS, CPEG
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A NEW DISPENSATION FOR SETTLEMENTS

To overcome exclusionary apartheid spatial planning, the Freedom Charter provided that:

“Slums shall be demolished and new suburbs built where all shall have transport”

Drawing on the Charter principles, South Africa’s Presidency has placed housing with a new Ministry of Human Settlements –

“Housing is not just about building housing. It is also about... building communities with closer access to work...”

The President’s statement **connects housing with transport** to integrate delivery around **livelihoods and work access** –

*This new and wider vision of delivery **points to transport, migration and housing as key factors in sustainable human settlements***

WHAT DO SUSTAINABLE SETTLEMENTS LOOK LIKE?

SA's new government is driving its policy toward the BNG goal of sustainable human settlements –

Meta-goal is the **asset accumulation strategy for overcoming poverty**

DBSA's document points out we don't know what these settlements would look like – a list would include:

- **Decent housing**, without crowding, tailored to the **needs of the specific population** being housed
- **Good location**, with decent **access to jobs** and economic opportunities
- Adequate **access to infrastructure and transport**
- Room for expansion and provision for **future generations**
- **Potential for asset accumulation** as a ladder out of poverty

What are the factors that affect our chances to reach the sustainable human settlements goal?

PRESENTATION

1. **What's needed to get there:** Budget constraints
2. **Limit factors** for sustainable human settlements?
3. **Defining the problem:** asset accumulation strategies
4. Where settlement is going: **population flows**
5. **Breaking down migration**
6. The **formal housing market**
7. The **informal housing market**
8. **Infrastructure** and the transport factor
9. Toward **sustainable human futures**

Looking at three things –

- Population distribution and **settlement needs**
- Situation around **housing markets** for poverty population
- Role of **infrastructure in sustainability**

Asking, how far into informality, and how?

ANSWERING THE PROTESTS

Achieving sustainable human settlements means bringing together a cluster of requirements:

- **Land** in good locations that attract young households
- Affordable **housing** of a good technical standard
- **Housing finance** where needed by delivery or by beneficiaries
- **Security of tenure**, ownership or lease
- Working **housing market** that can support asset accumulation
- **Planning** for the specific needs of the beneficiary constituency

For up to half the population, this is expensive – facing recession, can government do it alone?

Protesters are demanding **government support for self-delivery of housing**

Site and service is drawing attention again

Government is starting to look at what people can do for themselves

SQUARING THE CIRCLE?

With a world recession in progress, South Africa's national budget spending faces stagnation or decline

Prospects for a new budget expansion are uncertain

- **Spending** by government **per person** has risen from R 6 800 in 1995 to *R 10 560 in 2007*
- The **social grant system** now benefits a quarter of the population, over *12 million people*
- Revenues are now in question as the recession bites

Housing and transport budgets have so far continued to rise –

- Hirsch's work indicated that social spending had already become *unsustainable as of 2005*

To reach **sustainable human settlements able to lift the poor out of poverty** means more bang for less bucks –

Closely targeted spending on housing and infrastructure will be needed

This may mean an accommodation with informality and self-delivery by the poor

LIMIT FACTORS

Sustainable human settlements means overcoming the delivery blockages that generate street protests –

Housing delivery is falling behind population increase and the backlog is not being reduced

Addressing the 43 percent of the South African population still in poverty, sustainable human settlements require *inter alia*:

- Enough **budget finance**
- Understanding of **national population flows**
- Breakdown of the **target populations' needs**
- Understanding of the **housing market** for the poor
- Local government **planning capability**
- Capacity to **implement effectively**
- ***Fast delivery on the ground***
- **Infrastructure, and transport to reach the job market**

Right now, none of these conditions are met reliably or on an adequate scale –

Underneath these obstacles, where informality meets the formal system is an almost blind interface

DEFINING THE PROBLEM

What makes settlements sustainable for SA's poor and vulnerable?

Government's asset accumulation strategy underpins the sustainable human settlements undertaking –

Government provides poor families with free subsidized housing as a *platform for self-investment and savings*

- The national route out of poverty is the housing asset –
- Families save up further assets to protect against shocks

Sustainable settlements therefore require the right kind of housing asset:

- Suitable, properly targeted housing asset that's **secure**, will **support accumulation** over 1-2 generations, can be **traded on a liquid market at need** but **won't be sold on immediately**
- Spatial factors – **land, location**, and **access to employment**
- **Solid community** with not too much migration turnover
- Adequate **physical infrastructure**, and specifically **affordable transport** giving access to jobs

MIGRATION INTO SETTLEMENT OPPORTUNITIES

Migration and settlement are what the poor use for anti-poverty striving – how the excluded overcome exclusion

Different types of settlement make up a **broad grid of settlement opportunities across the urban and rural sectors**

People migrate across this grid searching for accommodation that will locate them where they want to be

- Migrating households choose the best combination of **access, affordability, earning and social environment** they can locate
- But **not all households have the same needs or want the same destinations**

How effectively migration works determines households' **chances to accumulate assets and escape from poverty**

URBAN VS RURAL?

Demographic hot flows are into **metro peri-urban zones**, + **secondary cities** – settlements on the city fringes

- *The central cities resist taking large inflows*

Expect to see programmes to make **urban land available to the in-migrating poor**, using state land as close in as possible

- *But rural migration crowding into **small towns with no employment base** will remain a problem*

With heavy investment, South Africa may be able to **slow rural out-migration somewhat**

*Families losing their foothold in the farming sector will continue to **move to the nearest small town***

Others will drift deeper into the urban zone and end up in shack settlements

LIMITING MIGRATION?

If government puts resources into rural sector to reduce poverty and slow rural-to-urban migration?

Investment, infrastructure and services may help slow migration or **may have mixed effects**

- When a disadvantaged region develops, **migration rises** as more people can cover migration costs
- **Migration continues till high levels of local earning are reached**, able to compete with urban

But delivery itself does affect and can slow migration

Infrastructure attracts – where delivery goes is an active factor in migration

Careful not to deliver so as to hold people in areas with low potential for livelihoods

LOOKING CLOSER: IPDM

HSRC's Integrated Planning, Development & Modelling project research with CSIR is sponsored by DST

*Results at local level show **widespread changes in rural settlement and population distribution** –*

- The project is working toward a **new planning aid for IDPs** –
- **Based on survey data, using demographics to link migration to community profiles**
- Giving a new demographic typology of settlement down to micro-local level
- Allowing planners to read off *community needs at community level*

With South Africa perhaps on the edge of a new migration, what settlement-related **demographic trends** are we seeing now in the rural sector?

BREAKING DOWN MIGRATION

Where people live now affects the chances that they will migrate –

For migration, SA's poor can be separated into several key settlement categories:

- **Traditional rural settlement areas:**
 - 12% – but *traditional settlement appears to be disappearing fast - families are turning to brick housing*
- **The old townships:**
 - 27%, the largest single settlement type
- **Rural villages** with non-traditional housing :
 - 21% now – *village families are very poor but 70%+ now have decent-quality self-built dwellings*
- **Slum areas** of shack-type housing:
 - 21% only – not a large share compared to most other developing countries
- **Self-development areas** of owner-built decent-quality housing
 - 8 % – mostly RDP standard or better, growing fast in rural

SELF-DEVELOPMENT AREAS EMERGING

*Self-development areas are strategic – they are the **informal response to need for new housing developments***

New settlements with decent owner-built housing emerging on informal land, mainly in rural sector

- Outer fringes of towns or smaller cities, on abandoned land or in former homelands
- Easier and cheaper in rural sector to get informal sites to build
- Often look like formal development with roads, yards, modern houses

Poor but upwardly mobile, younger families moving inward to establish new households

RDP housing seems to cluster on formal municipal land

Self-development areas respond in informal areas with less delivery

- Municipalities often come in later with infrastructure

Significant rural-to-rural migration is going into these areas

A framework for infrastructure delivery to informal areas is needed

THE FORMAL HOUSING MARKET

The percentage of **poor South Africans in formal housing** is rising, but **so is the delivery backlog** –

Recent work from Finmark Trust shows that *the formal housing market is starting to work* –

- **Property values** are rising for the African population
- **Bank finance** is starting to come in

However, **only a tiny share of transfers in communities go through the formal market**

- Below R 50 000-100 000, *sales tend to stay informal because bank finance is not needed and the banks struggle to profit*
- And rising formal prices can expose poorer house owners to **displacement through down-market raiding**

The normal function of the free market is to transfer assets to whoever can best afford them

Poor urban communities use **informality to protect their small share of urban land against the action of the market**

The informal market will not disappear overnight –

THE INFORMAL HOUSING MARKET?

IPDM's research findings reflect **poverty-level informal housing stock increasing rapidly**

- Government subsidy housing seems to have brought about a wide-scale *flowering of self-build housing delivery*
- Government now may want to come to terms with the fruiting of its delivery efforts –

The sustainable human settlements enterprise may need to consider exploiting this trend –

- Delivery of subsidy housing has led to an upward realignment in housing expectations
- Sparking an expansion of **good-quality self-build housing on informal land**

When poor communities build up housing assets, they turn away from traditional savings in livestock

And move **into the informal housing market for household accumulation**

CAPITAL FORMATION ON THE INFORMAL MARKET

IPDM survey results underline the value of **capital formation in informal housing assets:**

- Estimated total housing value for a single community reaches **R 10-25 million on the informal market** – and liquid
- Crude preliminary estimates for the Gauteng/Sekhukhune/Northern Mpumalanga study area come back at **R 12 billion in the poor communities**

By complementing subsidy housing, this new government-initiated housing trend introduces a new delivery mode –

- **Combining subsidy housing + informal self-build housing + site and service + rentals** can help complete government's task of housing the poor faster
- And at lower cost to the fiscus

Support with land release, building subsidies and infrastructure delivery can help to build on this trend

THE TRANSPORT FACTOR

Access to the economy goes through transport for the poor population in cities

- Transport is how people move between where they can settle and where they can capture livelihoods
- **Jobs are the most important single element of urban access**
- And the cities are an exclusionary environment for the poor

The cost of transport is part of what the poor buy into when they settle in the cities –

Migration, human settlements and transport need to be understood together in order to deliver access to the economy in the key urban sector

- While not neglecting the source populations in the rural districts

And transport infrastructure draws settlement –

To achieve greater control over where shack settlements develop, the location of transport delivery and transport subsidies give an effective lever

TRANSPORT FOR THE SHACKS

Transforming the shack areas into sustainable human settlements is a key government priority

- Most rural-to-urban migrants struggle not to wind up in transport-excluded areas
- With limited available transport and unaffordable costs

*Right now the most popular areas for good-quality self-build housing is at the urban peripheries – **these are the informal suburbs***

- Access to the city's economic core zone is a crippling cost
- A new transport dispensation for these peripheral settlements is critical

*To achieve a sustainable result against poverty in the shacks, **reviewing transport delivery and transport subsidy spending will be vital***

TRADEOFFS AROUND INFORMAL SELF-BUILD HOUSING

What tradeoffs would sustainable human settlements need to support asset accumulation?

Alongside reviewing budget spending and boosting delivery capacity in local governments – ?

New delivery approaches to accommodate good-quality owner-built housing on informal land may prove to be critical –

- *Migration on its own finds well-located land when formal planning cannot*
If so, human settlements delivery probably needs to establish a **new framework for settlements planning that engages informality**
- Without relying partly on self-delivery of decent housing by poor families, not easy to see how government will meet delivery demand

To make such models work, the anchor component will be **ensuring affordable transport provision**, because this is the way into the economy

THANK YOU!

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WHERE SETTLEMENT IS NOW

SA has **four major migration corridors** –

- From Limpopo, from North West and Free State, and from Mpumalanga and northern KZN, all into Gauteng
- And from southern KZN through Eastern Cape into Cape Town

General drift **toward seacoast** and also **to megacities** –

- Gauteng is **migration magnet for SA's north**
- Cape Town for the southern third

In 2001 study for Cabinet, half the magisterial districts in impoverished rural sector already had **net out-migration** based on 1996 data –

And population has flooded out of former homelands into formal local government jurisdictions

But the most rapid in-migration is into secondary cities

– largest flows go to main metros, but relatively fastest go to smaller cities