REACHING FURTHER TOWARDS SUSTAINABLE HUMAN SETTLEMENTS

PRESENTATION TO DBSA 2010 CONFERENCE

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20 OCTOBER 2010

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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***

- **Spatial planning of service delivery with housing delivery** will be critical to humane sustainability

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WHAT DO SUSTAINABLE SETTLEMENTS LOOK LIKE?

Government is now driving its new **12 Outcomes metricated planning policy** toward sustainable human settlements –

- Under Cabinet's 12 Outcomes metric planning approach, new emphasis is coming onto *economic and human infrastructure* –
- *Services goals* are woven throughout the Outcomes specifications
- ***Better spatial planning* will be key**

It's not clear what sustainable settlements would look like – the emerging list includes:

- **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 & human services – especially transport**
- **More potential for asset accumulation** as a ladder out of poverty

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PRESENTATION

1. **Defining the problem:** poverty and planning strategies
2. **Breaking down migration**
3. The **functionality of urban shacks?**
4. Spatial planning for **upgrading?**
5. **Infrastructure** and the transport factor
6. Toward **sustainable human futures**

Looking at three things –

- **Settlement constituencies** and **settlement needs**
- **Delivering housing + jobs** for poverty population
- Role of **infrastructure in sustainability**

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FINANCIAL CONSTRAINTS?

Coming out of a world recession, South Africa's national budget spending risks 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 *14 million people*
- The economy is struggling to expand & spending has to be more effective

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 infrastructure and housing will be needed**

- ***This may mean an accommodation with shack areas & informal shelter as the poor migrate around the space economy***

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DEFINING THE PROBLEM

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

Government's asset accumulation strategy has underpinned 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 along with the *right kinds of services*

- Spatial planning factors – **land, location**, and **access to employment**
- Suitable, properly targeted housing asset that's **secure,** will **support accumulation**, can be **traded on a liquid market at need**
- Adequate **physical infrastructure**, and specifically **affordable transport** giving access to jobs
- *And priority attention to supporting job search*

PROBLEMATIZING SPATIAL PLANNING

Housing delivery is the first modality of government anti-poverty delivery –

- **Service delivery ultimately depends on housing delivery**

*The persistence of shack settlements stands out as the **key problem facing spatial planning of delivery***

Outcome 8 will deliver 400 000 new units to try to absorb this demand

- Why is it proving so **difficult to replace shack settlements** with formal subsidy housing?

- Issues needing to be unpacked include *location factors, delivery speed and cost,* and *access to transport*

- And under these, the **reasons why poor people choose** different kinds of housing and location to move into

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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 who migrate in seeking jobs –

Migration, human settlements and transport need to be spatially planned together so as to deliver access to the metro economy

- Transport is one way to square the circle: **location / jobs access / area functionality**

And transport service infrastructure draws settlement –

- *To achieve greater control over where shack settlements develop,* transport and transport subsidies offer the best planning lever

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OUTCOME 8 SUCCESS

*Outcome 8 will put **400 000 formal units on well located urban land –** with transport and services*

- The right commitment, but who is going to be in these units?

*If the planning not very sensitive to delivery implications, it likely **won't be the unemployed poor –***

- Instead, will be **working poor + urban elites**
  - If so, the poverty problem will not be addressed
  - ***Overcoming poverty means helping the unemployed – especially rural migrants***

Using housing vs poverty may need to go further into perceiving **what kinds of housing are out there now** –

- *How many types of settlement?*
- *And what do the differences mean?*

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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

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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 source areas?

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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

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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 rural 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

Spatial planning for land release, building subsidies, services & transport delivery can help to build on this trend

But are the shacks ready? Shack housing is extra-cheap for good reasons –

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MIGRATION BY FUNCTIONALITY

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**

Knowing why households have migrated tells what poor people are trying to do there –

- *This is settlement functionality*

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SHACKS FUNCTIONALITY IN THE CITIES?

Spatial planning identifies the key to housing process as location –

All settlements have specific functionality where they are

For successful delivery, spatial planning needs to match functionality to constituency

- The **metro informal areas** split their function by where they are located

- The closer in to the CBD, the more **shack areas function for job search** almost exclusively –
  - *Central zone shacks:*
  - Young male work-seeking constituency
  - Living on temporary basis in harsh conditions
  - *Periphery shacks:*
  - Older on average, more stable, more women
  - More residential constituency in slightly better conditions

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FUNCTIONALITY: MOVED FOR ACCESS TO…

Settlement type	*Jobs*	*Housing*	Schools	*Clinic/ health services*	*Water or electric*
Informal Central	**56%**	12%	15%	2%	11%
Informal Periphery	26%	**51%**	9%	7%	6%
Informal Rural	27%	28%	23%	11%	7%
Rural self-development	15%	**45%**	27%	5%	4%
Urbn formal rentals	31%	30%	29%	-	-

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SPATIAL PLANNING IN THE CITIES?

The inner shack areas of the central city zone are there for **job search – they serve the unemployed**

But housing's implicit bargain with the metro cities has been: **Help the poor while neatening central city for investors**

- *The thinking has been that* **shack areas are permanent slums***, poverty traps*
- This planning approach specifies **upgrading all shacks**
  - With priority to the **central city zone**
  - And moves these residents out to the periphery

With criticism: Do not exclude – **upgrade in place**

    On the other hand –

- *Even in situ upgrading can exclude the unemployed*
- *Better-off people crowd in to replace the very poor*

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SHACKS FUNCTIONALITY FOR JOB SEARCH

Core zone shacks functionality is not standard residential

- **Central informal settlements provide temporary not permanent housing – much cheaper**

- ***These areas serve the in-migrant rural poor looking for jobs***

- *Most residents are not trapped –*

  - They expect to **move up to better housing once they capture a reliable income stream**

Therefore:

- ***The poor in shacks can be excluded from the economy*** by removal/ displacement

- ***Or by upgrading before they're ready*** *– that is, before these households can sustain formal housing*

- *If that happens, people may have to go **start again in a new shack area***

May need to **re-sequence upgrading initiatives –** ?

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SHACK COMMUNITY COSTS?

Swedenville **is a new unserviced shack area** bordering an established Gauteng township

About 20 km from nearest metro CBD

- Young population – mean **age of household head** = 33
- Average **wage income** = R 2100/ m
- Average **education of head** = Grade 11
- **Cost of stand** to build house = R 300-600 from committee
- Mean replacement **cost of house** = R 2600
- **Cost of rent = 0, all housing is owned**
- **Cost of service charges = 0, area is unserviced**

Conditions are tough but not squalid

Possible to move in for less than R 1000, stay free of charge and catch bus or train to work:

'I can budget now. I am relying on my own income to make ends meet, I manage to send money to my two children. **We don't intend to move, because Swedenville is a good place for people with low-income jobs.'**

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SHACKS AS *ESCALATOR AREAS?*

Because the central shacks are not permanent housing:

- *Bad conditions are tolerated by young work-seekers to save money*
  - These settlements are not the same as a lifelong sentence to poverty –
  - Most people find jobs, or return home
- *Using Robson et al (2008) neighbourhood functionality categories –*
- The central shacks are '***escalator areas'***, areas occupants use to move upward out of poverty
  - *Unless the city removes them*
  - **Formal housing may not be the solution for opening up the city job market to the unemployed**
- Substituting *formal permanent housing* for *quick cheap informal accommodation* in the central cities can risk vital functionality?

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THE MARKET VS THE UNEMPLOYED?

The unemployed need ***instant dirt cheap access at point of need*** –

And then medium-term housing in reach of work

- **No formal delivery can match access speed & cheap costs of informal systems**
- And **'well located' areas** try to upgrade automatically into **higher-priced housing** –
  - The market allocates valuable properties to those who can pay
- Upgrading does replace the inner shacks with decent housing and services –
  - **Then these areas become unaffordable or unfunctional for job-seeking rural migrants**
- And the cities' **working poor move in**, excluding both the *unemployed* and the *insecurely employed*

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SEQUENCING UPGRADING?

For upgrading success, critical to identify the right point for permanent housing delivery –

Many shack areas can upgrade now, but not all are suitable

- The question is, which ones are ready to address first?

This means identifying the constituency of the **unemployed and the insecurely/temp employed**

- Separate from the constituency of the **working poor**

At the moment, there is no neat solution for the cities' conflicting upgrading priorities

- **The inner shacks the cities want to remove and replace are those most needed for economic access**
- **These areas offer the jobs for poor in-migrants**

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TRANSPORT FOR THE SHACKS

Transforming the shack areas into sustainable human settlements is a national planning 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 SHACKS ACCOMMODATION?

What tradeoffs would sustainable human settlements need to support jobs access?

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

New planning approaches to preserve temporary access by the poor to the shacks option 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 spatial planning that engages the shacks**

- *Allowing for the different constituencies shacks attract*

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

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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

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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

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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 –

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