REACHING FURTHER TOWARDS SUSTAINABLE HUMAN SETTLEMENTS PRESENTATION TO DBSA 2010 CONFERENCE

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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

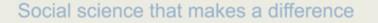
### WHAT DO SUSTAINABLE SETTLEMENTS LOOK LIKE?

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



# 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



# 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



# **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 antipoverty 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



# THE TRANSPORT FACTOR

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

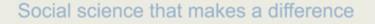
- Transport is how people move between where they can settle and where they can capture livelihoods
- Jobs are the most important single element of urban access
- And the cities are an exclusionary environment for the poor who migrate in seeking jobs –

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





## **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?



## **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



# 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?



# 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

### 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 –





## **MIGRATION BY FUNCTIONALITY**

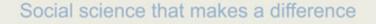
Migration and settlement are what the poor use for antipoverty striving – how the excluded overcome exclusion Different types of settlement make up a **broad grid of settlement opportunities across the urban and rural sectors** 

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





### 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



### 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%	-	HSRC

Social science that makes a difference

Research Council

### 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



### 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 -?



### **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:

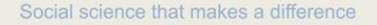
'I can budget now. I am relying on my own income to make ends meet, I manage to send money to my two children. We don't intend to move, because Swedenville is a good place for people with low-income jobs.'



### 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?





### 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

### **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



# **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 transportexcluded 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?

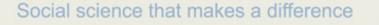
# What tradeoffs would sustainable human settlements need to support jobs access?

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





### **THANK YOU!**

### economic performance & development hsrc 20 october 2010





# 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



# **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



### 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 -

