

**MAKING URBAN LAND MARKETS WORK
FOR THE POOR IN THE CONTEXT OF
EXISTING LOCAL LAND ACCESS AND
TRANSFERS INSTITUTIONS: A RESPONSE**

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Central argument of position paper

“Lack of recognition and support [for local practices]... runs the risk of undermining livelihoods and sidelining the poor from development opportunities and access to the economy”.

→ There needs to be recognition of local practices; “socially meaningful and socially legitimate” local practices must be integrated with the formal system; and the pro-poor functioning of institutions which regulate land access and transfer arrangements (including market, state and locally based institutions) must be enhanced.

The land transfer and registration crisis

- The formal land registration and transfer system is not only not operative in informal settlements but is in a state of crisis in townships and new housing projects.
- The complexity and high cost of the formal/ legal system has resulted in local practices for the buying and selling of properties becoming increasingly prevalent.

Parallel systems

- In some areas, two parallel systems have come to exist, one regarded as 'legal' by the state and formal market, and one regarded as 'legitimate' by local residents (with its own embryonic documentation practices).
- It is essential that these parallel systems of legality and legitimacy are integrated as far as possible, therefore formal/legal systems must be changed in order to accommodate some of the principles and values of local practices.

Integrating formal systems and local practices

“Formalization is the process by which informal activities, participants and entities obtain legal recognition. It must often be supplemented, or preceded by, a variety of substantive reforms... It must be based on empirical evidence of practices in the informal economy and developed with a clear understanding of local environments, systems and needs... Addressing informality is a multifaceted proposition which requires a through understanding of the factors that create and drive informality... Reform initiatives may also require that the formal sector be re-defined to accommodate many of the principles and values tolerated in the informal sector”

- High Level Commission for the Legal Empowerment of the Poor, 2006

Reforming formal/legal system to accommodate values & principles of local practices

- **Ensuring that the formal system provides forms of tenure that are appropriate for and affordable by the urban poor and which can be upgraded to full ownership where necessary.**
- **Ensuring security of tenure for all members of the household.**
- **Ensuring that land registration and transfer processes are accessible by the poor (both in terms of cost and location).**

A final word

- **Given the extent and depth of structural poverty in South Africa, the market will not work for everyone.**
- **“An agenda for action should also contemplate how the benefits of well functioning property markets in specific locations can be shared”, e.g. inclusionary housing incentives, land value taxation.**

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Thank You!