

MMW4P Perspective on Low Income Housing in Metro Competitive Context

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MMW4P Perspective

- Broad church, but key features include
 - Assess nature of existing markets before intervening
 - Address market imperfections and failures, especially those impinging on opportunities for poor
 - Not very far from Rawls (thus familiar to liberal planners)



Perspectives on Urban Form

- Post-apartheid “normalisation” of SA city?
- Stubborn-ness of class segregation
- Reflections on Turner
 - Economic opportunity of special interest to poor?



Land Use and Property Investment in SA in 21st Century

- Private sector and NGOs squeezed out of low income housing, and state role comes to fore
- Integration into global economy, lowered interest rates accelerate prices and investment in middle and upper income residential; Financial Institutions chase after commercial, office



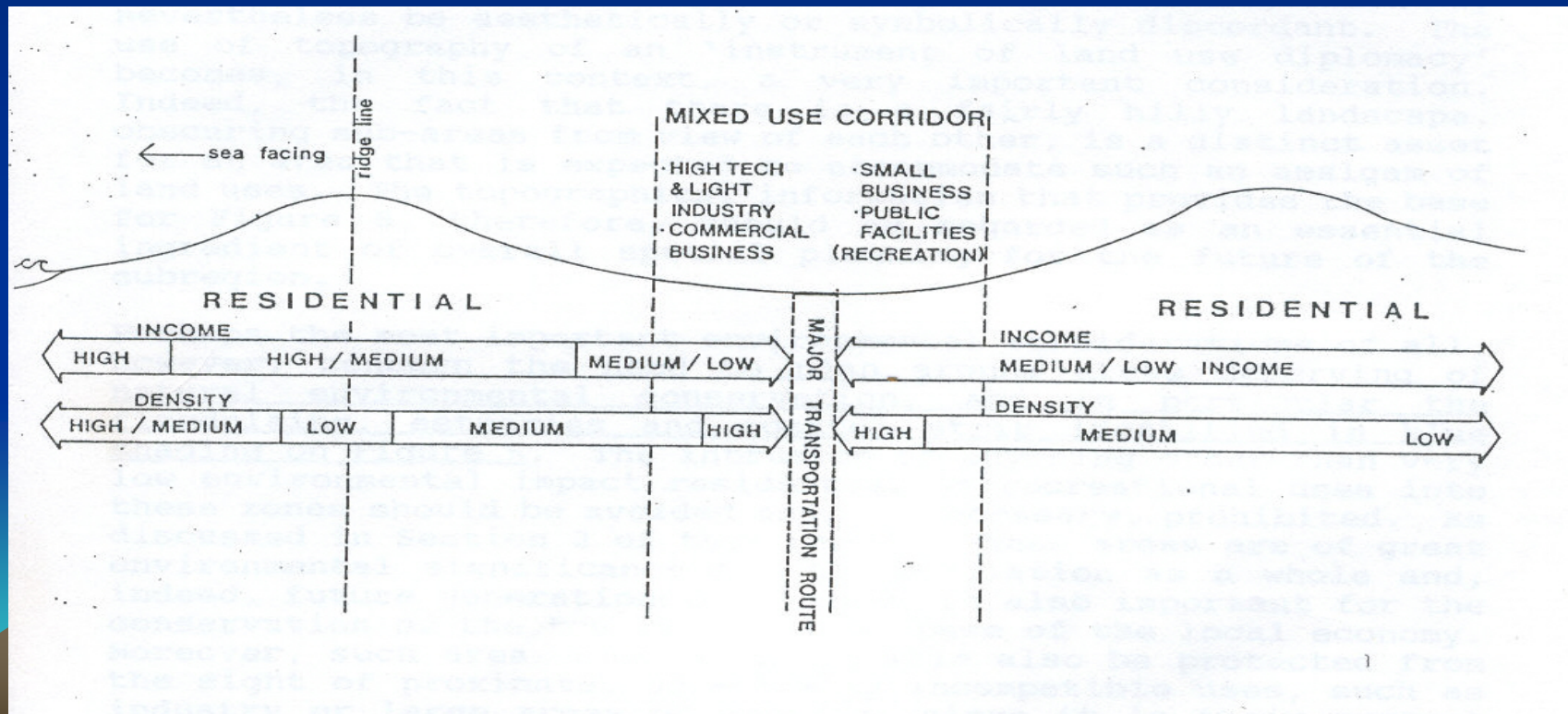
“Residential Filtering” Ladder Driving New Systems of Supply?

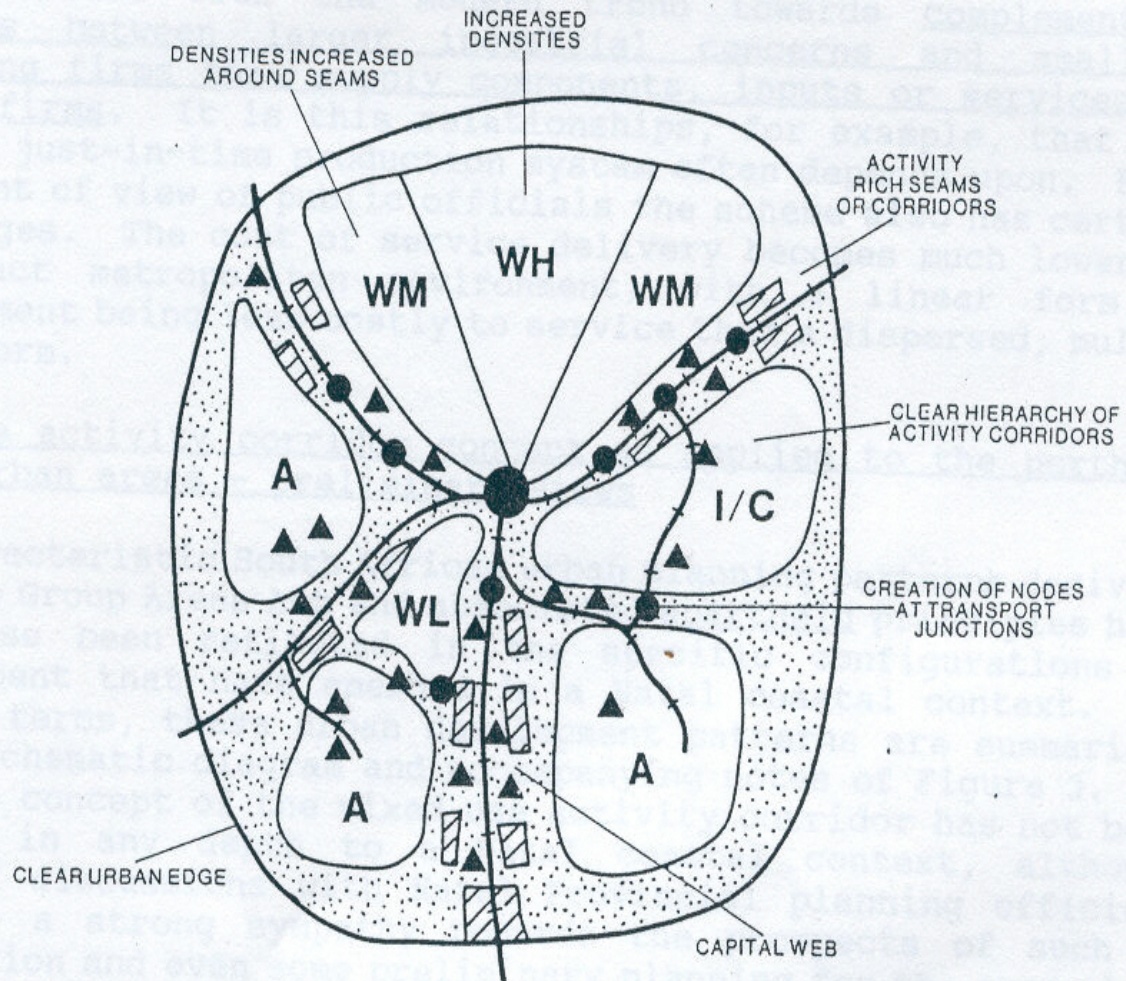
- Evidence sketchy but seems
 - Rural people move into metro informal settlements
 - Metro informal settlement people move into townships
 - Township people move into CBDs, and former Indian/Coloured/White suburbs
 - Former suburbanites move into new “gated community” housing supply
 - However, developers now seeing a “middle income” new housing market (African middle class)



LAND USE MIX AND COMPETITION FROM OTHER USES

- Dbn northern corridor
 - Infill in a valuable former “buffer zone”





- | | |
|------------------------------------|-------------------------------|
| I/C INDIAN & COLOURED | WH WHITE HIGH INCOME |
| A AFRICAN FORMAL SETTLEMENT | WM WHITE MIDDLE INCOME |
| AFRICAN INFORMAL SETTLEMENT | WL WHITE LOW INCOME |
| INDUSTRY | PUBLIC TRANSPORT |
| ▲ FACILITIES | ● COMMERCIAL ACTIVITY |

History of Durban Northern Corridor Evolution

- Starts with Mt Edgecombe/La Lucia Ridge in north, Briardene in south (all higher land values)
- Followed by middle income Sunningdale, lower income Waterloo, etc
- Then Gateway/URNTC
- Current focus on Cornubia/Pheonix East, including significant low income component



Some Dimensions and Impacts of Competition

- Comparative land values
 - Shops and offices value R2 500 000/ha
 - Middle income housing R500 000/ha
 - Agriculture R250 000
 - CONSEQUENCE: Lower income housing needs to be higher density to compete, BUT
 - Building costs make this relatively uncompetitive with historic stock



AN MSUNDUSI ILLUSTRATION

- Large houses in Imbali R250k
- Flats in CBD R100k
- Large house in Bombay heights R400k
 - All have good schools, public facilities, access to work and economic opportunity, etc
- In KZN context what this means is that (especially upgraded) informal settlements offer the best value-for-money to poor; and historic stock offers best value for money for working class, and lower-middle class



CONCLUSIONS

- MMW4P perspective definitely useful, but loose – my suggested MMW4P approach = “tweaking existing normalisation” to extract maximum value for poor
- Well located **land** for poor in metros will be hard to come by without subsidy, although with historic stock it may be a different issue
- **DEBATING ISSUE:** Is class structure and poverty best addressed directly (e.g. welfare) and indirectly through skills, economic growth strategy etc, whereas land is probably a very expensive instrument for redistribution?

