

**MAKING URBAN LAND MARKETS WORK BETTER IN SOUTH
AFRICAN CITIES AND TOWNS: ARGUING THE BASIS FOR
ACCESS BY THE POOR**

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Summary:

Contemporary and historical state interventions in South African cities and towns have distorted urban land markets affecting especially the poor. This has resulted in market failure for less wealthy individuals and households in their attempts to find places to live, trade and manufacture in order to earn a decent living. This paper discusses the balance between state allocation of urban land and market distribution of land as a resource, an asset which inevitably becomes a commodity which can be used by the poor more or less effectively to alleviate poverty. Observations are made about how the market has been distorted, and why it would make good sense (socially, economically and ideologically) for poorer communities to be better located in South African urban areas. The paper ends with the beginnings of an agenda for change.

Key Words: urban land, housing, making markets work, distortion, failure

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I. INTRODUCTION

Although partly underpinned by a formidable land administration system and a strong land rights base, South African cities and towns continue to manifest the historic inequality of class and race in their spatial land use and ownership patterns. This is reflected in, and reinforced by, unequal access to markets in land, housing, property in general, and development and use rights. This paper discusses, at least in notional terms, in what balance market distortions and failures are to blame for the fact that the majority of the poor remain dislocated to the peri-urban fringes of towns and cities. It also addresses why it makes sense to open up access to well located land via the market and government allocation.

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II. CENTRAL CONCEPTS

Given that this paper addresses the theme around “the implications of various land market distortions on urban welfare ... particularly of the poor; and consequences of these distortions on the efficacy of ... government interventions” (World Bank, 2006), it is necessary to clarify an applied definition of the term ‘market distortion’ and to locate it within the broader notion of ‘market failure’.

The term ‘market distortion’ carries with it the implication that deliberate state regulation or intervention has prevented the “efficient allocation of productive resources” (DFID, 2005:8) by preventing the free establishment of a clearing price (Murphy et al, 1992).

Where the state fails to impose regulations in areas it is expected to, for example in registering of land titles, the resultant dysfunctionality of a market may also be said to be caused by a lack of market enablement (i.e. a failure to make markets work).

* The Southern African mission of the Department for International Development of the government of the United Kingdom.

† However, the author takes responsibility for the views expressed in this paper.

Where the regulatory framework is robust, but many members of a society are still not able to access a resource or good which can be argued to be fundamental to the alleviation of poverty, then this could be referred to as an instance of market failure.

So it may be said that markets can be distorted by state action but that the nature of private sector activity is often complicit in market failure. It may just as truly be said that at one time or another markets fail in the equitable distribution of a resource, but so do states fail in addressing the needs of the poor and their ability to create the conditions in which markets can be effectively accessed (Peter Draper, South African Institute of International Affairs, personal communication, March 23, 2007).

It has also been observed that,

“Governments have long recognised that market outcomes may not be pro-poor and have sought to intervene in markets. Unfortunately, traditional approaches to make markets work better frequently make things worse. This is because distortions are introduced that impair the efficiency of resource use and undermine growth. These distortions may reduce incentives for the private sector to grow and invest, and may not meet the needs of the poor. In the end, because of their costs, these interventions are not sustainable” (DFID, 2005).

Of course, the debates between free market ideologues and state interventionists are long and complex. Depending on the position adopted, the state or the private sector would be cast as the villain. This paper seeks to cast neither as the villain but to look at the cumulative impacts of state and private sector actions on the ability of the poor to access well located urban land through the markets operating in South African towns and cities.

Urban land differs in some respects from other commodities which are typically addressed by market theory. To be developed, land (usually) requires the public sector to service it and, on application, zone it for development. Similarly, the state is typically (although not always[‡]) the body which keeps records of transactions and land titles. Further, land is not an expandable nor fungible resource. Although it may be sub-divided and used more efficiently, it remains finite at least physically. The private sector, the public sector and civil society all trade in land as a commodity and the state, if involved and capacitated, acts as arbiter in cases of conflict around land use, and, more progressively, in protecting parcels or tracts of land for the common good (e.g. Zones of Special Social Interest in Brazil: UN Habitat, 2006). Land can be viewed as a simple resource and access to land is viewed as a basic human right in some countries. Land, however, is also a complex commodity:

“Usually people assume that land markets are the realm of human activity involved in buying, selling, leasing and securing land. This focus stresses the physical and directs analysis away from the social and cognitive capacities supporting successful land markets. It can lead to a naïve assumption that land is the only ingredient. In fact,

[‡] For example, in the historic Portuguese system, land titles and transaction records are held by land notaries, which system of notaries used to be a hereditary system (Dean, 1971).

successful land markets gain their vitality from creating and marketing abstract land rights and complex commodities, in addition to the land itself” (Wallace and Williamson, 2006).

Land is therefore seen sometimes as a basic resource to be distributed fairly (tribal land used for living and cultivation may be reducible to this[§]), and at other times it is understood as a complex commodity with abstract qualities imputed to it by the use and development rights which apply.

Because of market forces, it is increasingly recognised that if reasonably well located land is to be secured for low income housing, the state needs to intervene in some way in urban land markets. But are such interventions inevitably set to distort the market? Dowall implies that this need not be the case, as he observes that:

“there are three generally accepted justifications for government interventions into urban land markets:

- 1) elimination of market imperfections and failures to increase operating efficiencies;*
- 2) removing externalities so that the social costs of land market outcomes correspond more closely to private costs; and*
- 3) to redistribute society's scarce resources so that disadvantaged groups can share in society's output” (Dowall, 1993:11).*

Taking these starting points about market distortions, market failures, state intervention and private sector complicity, this paper will move from a brief discussion of how urban land markets may have been obviously distorted in the South African context, to how they ultimately fail the poor, and then to a discussion of how the state and other actors might intervene to “eliminate market imperfections and failures”, as suggested by Dowall.

III. HOW HAS THE SOUTH AFRICAN LAND MARKET BEEN DISTORTED?

1. Some history

The Apartheid city and its hinterland has been described many times (e.g. Lemon, 1991; Smith, 1992; Swilling et al, 1991). The history is one of active dispossession and prevention of ownership of land for black people sustained through a variety of systems over many centuries.

The fundamental elements of segregation and dispossession had already been put in place in South African urban areas during Colonial (pre-1910) and post-Colonial (1910-1948) times (Swanson, 1968) through the native reserve system of the early colonial towns, the 1913 Land Act (which prevented African people owning land outside the Native Reserves of the time) and the Native (Urban Areas) Act of 1923 (Lemon, 1991:1). The Group Areas Act of 1950, introduced by the Apartheid government, extended the concept to other parts of life and entrenched it spatially.

[§] But even tribal land has complex, often unwritten sets of use, inheritance and access rights attached to it.

With the stabilisation of the African labour force around the major cities by the late 1960s (Mabin, 1992:18), the Bantustan system enacted in 1954 was more vigorously applied, and most new African housing was built in the 'homeland' areas, often around 'decentralised growth points' where tax and other incentives tried to stimulate the formation of centres for production and employment creation. Under the Apartheid system, only some African people were given rights to stay in cities, and all were linked to a 'homeland' area which was meant to be a permanent, rural home. Some of the homelands were given quasi-independent status (see map).

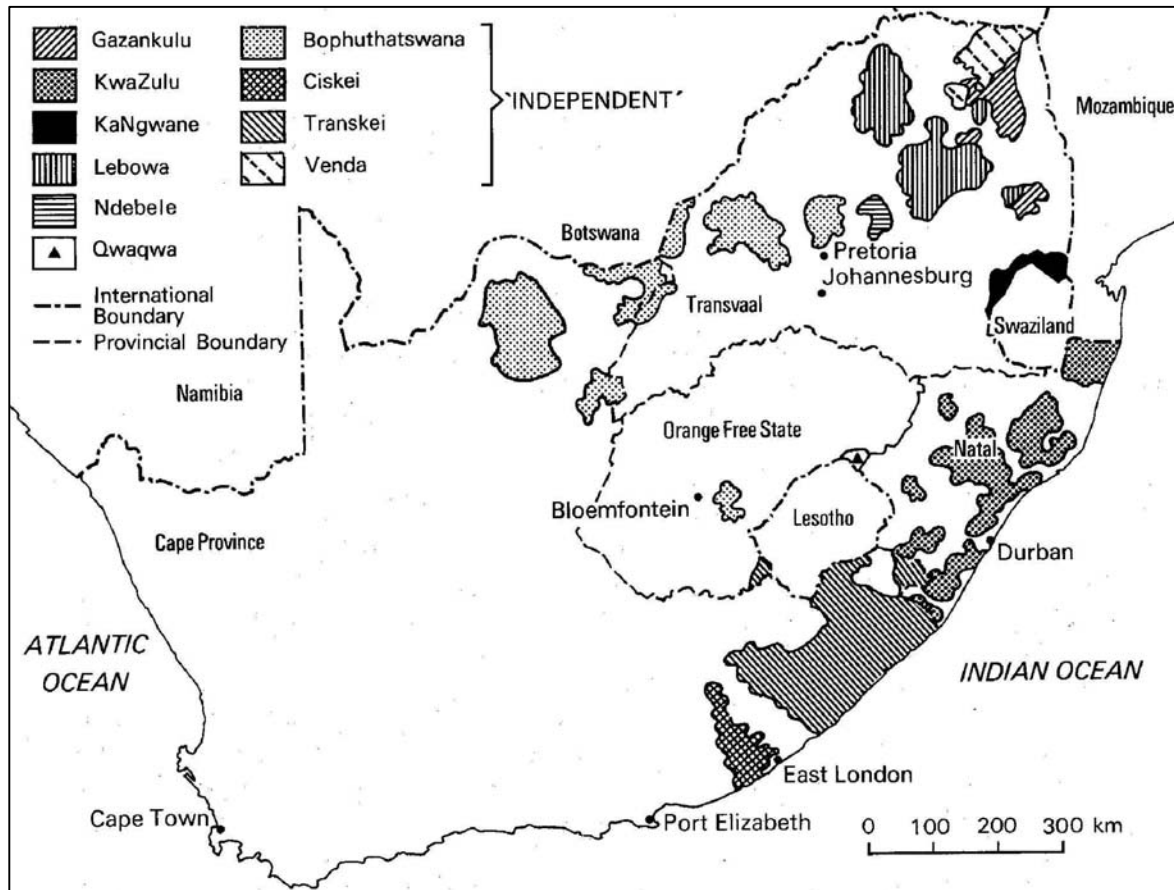


Figure no 1: Map of homeland areas of South Africa (source: Smith, 1987)

During the early part of the Apartheid era, many people were forcefully removed from existing formal and informal settlements. Within three decades this affected more than a million African people in urban areas (Lemon, 1991) and many settlements were destroyed in the process.

By the beginning of the 1970s the almost complete separation of races had been organised within cities where most urban African people had been forcefully removed to townships on the periphery where tenure was at best public rental, and from rural areas in 'white' South Africa to demarcated Bantustans or homeland areas.

Growing population pressure through urbanisation and within existing housing in the townships, coupled with the State's refusal to build more housing within the cities, saw the beginning of the phenomenal growth of informal settlements on the homeland borders that were located near the major cities from the early 1970s. In the face of this growth on the urban periphery, the State gradually realised the need to plan for movement to the cities, and it introduced policies aimed at promoting 'orderly urbanisation' in the 1980s (Reintges, 1992). The early 1990s saw low levels of production of low cost housing of around 30,000 units per annum, many of them being built in inappropriate locations and in homeland areas.

This history of exclusion of ownership of prime land and the rolling dispossession of land over centuries where there had previously been ownership or occupation rights, is a sore point. As Reg Rumney observes, "Discussion of ownership, particularly of land, stirs up all sorts of emotions in South Africa: above all, memories of great wrongs wrought, resentment at theft on a grand scale, and insult on a pettier but no less wounding level" (Rumney, 2005:401). It does lead to the observation that given such active dispossession, the South African land market has not been based on a fair 'start', and therefore ideologically it may be justified for the state to take action to distribute land more equitably and in the process to be justified in its short term distortion of the market. This would fit into Dowall's third category of justification of state intervention cited above^{**}.

The government's land reform programme is built on just this kind of reasoning and seeks to address (rural and urban) land restitution, land redistribution and tenure reform (see Centre for Development Enterprise, 2005). Under the land restitution component of the programme, people previously owning land can make a claim on that land. There is a time limit to the claims which can be made. The logic is that it is necessary to correct some of the 'wrongs' of the past. This is possibly the ideological aspect of the issue, but what direct market distortions have resulted from the historical conditions?

Other than very unequal land ownership patterns between 'black' and 'white' South Africans, for want of a better set of descriptors, the colonial and post-colonial governments distorted the urban land market in these ways:

- by limiting full ownership to Bantustan areas and tenure of township houses to municipal rental, the state denied ownership in most cities and towns to black people meaning that the majority of the South African population has a relatively short history as direct participants in the market and that a large proportion remain excluded because of affordability constraints and the inability of state allocation (of housing) to meet demand;
- by limiting income earning capacity (by, for example, denying access to adequate education), poverty and unemployment levels remained high, and thus the barriers to becoming land owners are very real because of affordability constraints;

^{**} i.e. "to redistribute society's scarce resources so that disadvantaged groups can share in society's output" (Dowall, 1993)

- by limiting the right to own a business many people were denied the experience of conducting businesses from their houses or even from formal business premises (Napier and Mothwa, 2001);
- by dividing the city into group areas ('white', Indian, 'coloured' and 'African') each with their own administration system, the inherited land holding and land management systems are a mess of competing arrangements and regulations which are difficult for anyone to navigate. "The highest degree of formal regulation (although not necessarily of regulatory compliance) is found in the areas of high land values – predominantly the former white race zones – and it dissipates gradually as the land values drop, with effectively no formal regulation in the former African townships and informal settlements" (Kihato and Berrisford, 2006);
- by investing in high standards of infrastructure in white areas and much lower levels of service in historically coloured, African and Indian neighbourhoods, as well as not allowing much in the way of economic infrastructure in the latter (resulting in 'dormitory' townships (Napier and Mothwa, 2001)), property prices are directly affected;
- by locating white group areas close to urban centres and transport routes, and by locating 'townships' out of sight in distant locations with long rail and road links into the city, the market was further distorted, and led to a system of transport subsidies which were required to underpin the system. These subsidies continue to this day, and in some cities cost double the housing budget (Wilhelm, 2001; Brown-Luthango, 2006).

And so there was in 1994 a set of unequal relationships of the potential players in the South African urban land market: the dispossessed and the unfairly possessed, the educated and those historically denied access, the well located and the peripherally located, the sophisticated navigators of the complex regulatory environment and those excluded by lack of knowledge of the system, the information rich and the information poor, those who could afford and those who could not, and the owners and the tenants. It is clear that by the end of the Apartheid era, South African cities and towns were very unequal places, and it has now become evident that the market and spatial distortions of the past cannot easily be wiped away even with progressive intentions. But what attempts have been made to set the situation to rights?

2. Democracy

The 1990s was the decade of fundamental change with the introduction of a democratic system in 1994. The newly elected government began to remove racialist legislation and to establish a constitution guaranteeing a set of human rights, including the right of access to land^{††}, and to adequate housing and services. The government committed itself to build a million houses in its first term (5 years) (Smit, 1999) and a housing grant (referred to as a housing 'subsidy') was introduced to assist low income earners. Government acted as facilitator and the process of

^{††} The Constitution of the Republic of South Africa says in clause 25(5), "The state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis" (Republic of South Africa, 1996).

house building under the subsidy scheme was dominated by private sector developers (Napier et al, 1999).

The removal of Apartheid legislation occasioned a limited, short-term filtering of households according to income status (Maharaj, 1997). However, household mobility within urban areas has remained low and in most areas a market in low cost housing is only just beginning to develop.

Around two million houses have been built through the government grant system and allocated to qualifying households (Department of Housing, 2007)^{**}. In a replication of Apartheid spatial patterns, the vast majority of these are located on the urban periphery distant from city centres and in many cases divorced from economic opportunities and social amenities.

Essentially with a fixed amount of funding available from the State for the private sector to build each house, developers and local authorities have maximised the amount of funding being used to achieve a reasonable level of service and size of house, and minimised expenditure on land. Cheap land is peripheral land, often located beyond the historical townships. During the first decade under the current government this approach has won votes and produced large numbers of houses, but it has exacerbated the inefficiency and (now economic) segregation of South African cities and towns. The land market sets land prices, and so strong is the inherited Apartheid city pattern, that the current housing programme under a progressive government has fallen victim to those same market exclusions. Government housing and land programmes have addressed mass delivery and redistribution but have not, until recently, given enough attention to correcting market distortions. But what new distortions have arisen in the last decade?

3. Recent market distortions

While meeting a vast need and demand for housing, services and land, the government system of housing allocation has led to some clear market distortions of its own.

The one is that because policies, programmes, and promises to the electorate have been framed around the delivery of a house, the energy and attention of provincial and local government has been to facilitate the delivery of houses. This means that vacant, serviced land on which people could build their own houses is hardly ever available to middle and low income households. At best, where an informal settlement is recognised, residents may be able to remain on their land and receive services. Serviced, vacant land has gone seriously up-market, with high cost land being available mainly within luxury security estates (Landman, 2005).

Secondly, there is for the poor no means of expression of demand for location within the formal market. The state housing programme has essentially been a supply-side instrument / intervention with low income housing being produced in large quantities. The houses are allocated to households drawn from a municipal waiting list. Households and individuals may have applied a number of years before and the choice of where to receive one's allocation (which city or town, which neighbourhood, which house within the settlement) is almost never offered.

^{**} Official statistics indicate that by December 2006, some 2,306,087 houses were complete or under construction.

The upshot of this is that for people whose circumstances may have changed (for example, job location may have changed), the match between location and formal accommodation is often missed.

The visible expression of demand for land and housing is the establishment and growth of informal settlements, albeit not a perfect nor uncontested expression. In a sense, what the subsidy supply-driven state intervention seeks to do in more recent times, is to follow that impulse, by focusing on informal settlement upgrading.

Thirdly, because households are either allocated state housing or invade land extra-legally, they are catapulted often unwittingly into a *de facto* commodity market where their newly acquired resource or 'asset' has a real value. The asset so acquired is often undervalued (Department of Housing, 2004b), because of the lack of familiarity with the market in land and housing, as well as a series of other effects such as degrading and mono-functional neighbourhoods and badly located and integrated urban land.

Fourthly, the current housing programme has resulted in a market distortion locally referred to as the housing 'gap'. Possibly as a result of the production of essentially free houses, there is very little housing production going on between the low cost state-subsidised houses (a product cost of around R35,000/ US\$5,000^{§§}) and the lower end of where banks are willing to mortgage a house (around R160,000/ US\$22,850)(Banking Association of South Africa, 2005a:16). There is an internal logic to this. Households which earn less than a certain monthly income qualify for a state house which is transferred virtually without cost, although there has been a small entry payment required in the last few years. If a household earns just above that qualifying threshold, it makes more sense to depress one's income in an application than to try to afford the full cost of a house. In any case, bank finance is rarely available around this level.

Recent commitments by major South African banks to lend downmarket (to households earning between R2500/ US\$360 and R7500/ US\$1,070 monthly) have revealed and confirmed the lack of production and hence availability of houses in this band (ibid.). In fact, the encouragement by the State of banks to lend downmarket and to oblige developers to produce mixed income developments (Smit, 2007) are attempts by the state to correct the market distortions that have arisen as a result of large volume, subsidised, low income housing production.

Again, because local authorities focus at the low end of the 'market' on *house* supply (not vacant land supply) and at the upper end on supplying land and bulk infrastructure to the much wealthier sector, serviced urban land as a commodity is rarely if ever available to lower and middle income households. It is the intention of this work to look at a broader 'access frontier'^{***} than just ownership, although becoming a land or house owner for the first time is

^{§§} US Dollar equivalents calculated at US\$1 to approximately seven South African Rands.

^{***} "An important concept [in markets for the poor thinking] is the access frontier which is defined as "the maximum proportion of usage possible under existing structural conditions (of technology, infrastructure and regulation)". The position of the frontier and the rate of movement towards it reflect market deepening and the extent to which the market is working for the poor" (DFID 2005, citing Porteous, 2004).

important in terms of building urban citizenship and contributing towards urban economies by securing a tradable asset.

IV. HOW DO URBAN LAND MARKETS AND THE STATE FAIL THE POOR?

As a result of these kinds of distortions, ultimately urban land markets fail the poor with a shortage or absence of available land for settlement and for commerce and industry. Where affordable land is available and can be serviced, it is rarely integrated very directly into existing urban economies, although history does show that today's peripheral land will be tomorrow's core land as the urban boundaries extend to encompass outlying settlements (see discussion in Biermann, 2006). However this may take a number of decades during which maintaining a reasonable livelihood will be very difficult with many inherent costs. What then are the outcomes of the distorted land market?

1. "Two economies"

One outcome of the distortions, which as we have seen do not derive *only* from the last decade of state intervention, is that house prices at the upper end of the market have seen unprecedented growth, whereas low income house owners have not benefited from the same growth.

For this analysis, three categories of housing are discussed. Government (or 'RDP'^{†††}) housing has an average production price of around R35,000/ US\$5,000, 'affordable' housing which commercial banks are now becoming more likely to mortgage has an average price of around R150,000/ US\$21,430, and 'middle class' small houses are valued at around R600,000/ US\$85,700.

Kecia Rust observes that "While there is little research on the tradable value of subsidized housing it is widely understood that there has been substantial depreciation in formal sales". Other anecdotally informed sources put the resale value of an RDP house as low as R5,000 (Department of Housing, 2004b). In the second category, "'affordable' houses appreciated by only 70%" between 2002 and October 2006, while "'small' houses in the 'middle class' market appreciated by 120% (Rust, 2006).

At the top end of the market house prices doubled or trebled between 1999 and 2005 (Brown-Luthango, 2006:9).

It is clear that rises in property prices in 'township' areas have not kept pace with the upper end of the market because of a range of factors, including limited bank lending, neighbourhood effects, high conveyancing costs, and cultural views of housing and land as long term assets (FinMark Trust, 2003). Parallel to the operation of the formal market in land and housing is a vibrant informal set of activities which include property exchanges and arrangements to use and rent land.

^{†††} Housing was originally funded through a national programme called the Reconstruction and Development Programme (RDP) and the term 'RDP housing' has stuck.

To add to this picture of an increasing gap between gains realisable through the property market at either end of the spectrum, the cost of land between 2004 and the third quarter of 2006 doubled while building costs increased by an impressive 50% (Rust, 2006). This meant that it was increasingly difficult to afford better located land particularly for lower income people and for the state attempting to build low cost housing.

There is a key debate around whether lower valued properties should mimic market booms at the upper end (thus potentially closing out first time home buyers once markets begin to function better), but there is agreement that poorer households who receive government housing are not able to benefit from much in the way of increased property values as well as being released into a residential market without much in the way of preparation, as mentioned above. Similarly, metropolitan government is not extracting sufficient value at the upper end of the market through rates and taxes, nor finding logical or defensible ways to redistribute these values at the lower end (see discussion later).

The disparate gains at either end of the property market, and other economic indicators, have given rise to a view that two economies operate alongside one another in the South African economy.

The Human Sciences Research Council (HSRC) has summed up the perceptions around the differences between the two economies as follows:

“The first economy is modern, integrated with the global economy, and produces the bulk of the country's wealth. The second economy is underdeveloped, isolated from the first and global economies, contains a large percentage of people including the urban and rural poor, and contributes little to the country's wealth. The two economies need different strategies but: transforming the second economy requires transfers from the first economy, [and] the first economy is unsustainable without the integration of the second economy” (HSRC, 2004).

The new rhetoric speaks of bridging the divide between the two economies (Business Day, 2004)(Department of Housing, 2004a)(Department of Finance, 2003). Not least is the physical or spatial divide between where people are able to afford to live in urban areas, and how that conditions their ability to cobble together a livelihood which is personally and collectively sustainable.

The debate has been brought into housing:

“The reality of the second economy is that an RDP house can be bought for a mere R5000 despite the fact that government spends around R25,000 to build it^{†††}. It has no real financial value. There is an almost non-existent housing secondary market in most, if not all, townships with owners failing to sell their properties even if they could afford to buy a better house in the suburbs. In a stagnant, non-active housing market where investors make losses, getting no return on their investment, where red lining means

^{†††} This was the subsidy amount at the time of this speech. It has since increased to R35,000.

access to credit is virtually barred, ... home ownership is a burden rather than representing wealth creation." (Department of Housing, 2004b).

As a result of this kind of reasoning, an intention was built into policy to apply mechanisms to try and bring together the two economies. And so a key objective of the housing strategy introduced by the state in 2004 was "Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump" (Department of Housing, 2004c).

Essentially this can be interpreted to mean that the state intends to intervene to stimulate the housing market across the board, with the objective of improving the value of lower cost houses as assets especially for the poor. Several attempts to do this have since been mooted. The one intervention is to establish a national Housing Development Agency which will acquire better located land for housing and release it to the private sector or municipalities for low income and affordable housing (South African Parliament, 2007). Another intervention is to introduce regulations on inclusionary housing where developers building more than a certain number of houses at a time would be obliged to build a certain proportion (around 20 to 30%) in the affordable housing band (Smit, 2007).

There is a vibrant debate in the press and in state caucuses on whether these measures would make the market more redistributionary, as intended by the state, or whether they would distort the market and severely slow the production of middle and upper income housing. The South African Property Owners Association is on record as saying about inclusionary housing that "We would prefer an incentive-based approach rather than that it be done on a penalty basis" (EProp, 2006).

Behind these interventions is also the intention to socially and spatially integrate South African cities and towns. In the State of the Nation speech of 21 May 2004 President Mbeki referred to the need to "conduct a thorough review of the impact of socio-economic transformation on social cohesion within communities and across society as a whole, including such qualitative issues as non-racialism and non-sexism...". In addition, the South African President specifically indicated that government would address "the broader question of spatial settlement patterns and implications of this in our efforts to build a non-racial society".

Further to this, in a governmental review there is mention of the "need to place greater emphasis on overcoming the spatial disjuncture between home and work by promoting more compact designs that increase residential densities and reduce long-distance commuting" (Office of the President, 2003: 109).

There is therefore a fairly developed understanding that the market is failing the poor and favouring the wealthy, and there are very clearly stated intentions to address these issues at a fundamental level. But some of the intended corrective measures mentioned here may well have the effect of further distorting the market if introduced without careful discussion with private sector agents.

2. How do urban land markets fail the poor?

If historical legislation and current state subsidies distort the market, what is the state of the undergirding regulatory environment? Does it enable or disrupt markets which should work for the poor?

In a complex and confused regulatory environment, existing land owners and land ‘speculators’ become the dominant players and the poor are often the losers:

“Often, the interaction of various regulatory systems, including the length of the often-complex procedures they create, means that they have a significant influence on the initial acquisition cost of land. However, these influences extend beyond acquisition, to costs incidental to ownership of the land, for instance maintenance and the payment of municipal land-based taxes. Further, regulatory systems may create other hurdles that negatively affect the ability of the urban poor to acquire land. Often, laws become potent instruments in the hands of better off neighbouring communities, determined to resist the integration of their communities with the poor. Government systems meant to assist the poor to acquire well located urban land may not work properly; regulatory systems create fragmented and uncoordinated consent mechanisms, which pose serious challenges to under-resourced and under-capacitated municipalities, [and] provincial departments and other institutions that drive these programmes. Positive results are often obtained only after determined pursuit over very long periods of time, often with the use of external consultants. In addition, institutions involved in the process of providing land at local, provincial and national government level administer disparate and uncoordinated aspects of the procedures. This makes going through the process a daunting task, which has a negative impact on the poor” (Kihato and Berrisford, 2006).

As a consequence, the more sophisticated urban operators are able to manipulate the system to their own ends, with the outcome that private land operators often acquire land from municipalities for higher income settlements at below market values (EProp, 2007), or buy up land ahead of the directions of urban growth more successfully than municipalities who may do this with a more redistributionary intention were the correct policies to be in place. If no forms of value capture are in place, municipalities often invest in areas to the sole benefit of wealthier existing and new land owners.

Depending on the size of the city or town, there is sometimes little existing capacity and capability amongst staff working in municipalities to strike deals with the private sector which would favour the poor by establishing more points of access to live, trade and manufacture in better areas. The available tools and instruments to make these kinds of deals and trade-offs are available in the international literature and best practice lexicon, but rarely easily available to the local official.

As mentioned above, the regulatory system also favours objection by existing land owners to new development which does tend to happen when that new development is for lower income residents than currently live in the vicinity (see discussion in Bobo and Zubrinsky, 1996).

Another area of market failure is lack of information. There is evidence that a market in second hand township houses is beginning to emerge. Estate agents are moving into traditionally neglected neighbourhoods such as Soweto near Johannesburg. However, because of lack of information available to existing home owners, the price is often set below market value and agents or middlemen resell for a more realistic value after a short time often with no improvement to the property. “Anecdotally, some have suggested that for the Soweto market, a standard value of R50 000 has been applied, irrespective of the property, its condition, its location within the township, etc. While the sizes reported of some more recent mortgages dispute this allegation, the impression remains that township properties are undervalued” (Banking Association of South Africa, 2005b). It would be our assertion that this situation derives from a general lack of exposure to market transactions and a lack of available information allowing comparison between transactions.

As commercial banks, estate agents, and valuers become more involved in areas of historically low market activity, it can be expected that more realistic values will emerge. This is likely to happen for a number of reasons. Banks have voluntarily set targets for lending into lower income bands. It is also becoming more fashionable for larger bodies to consider potential ‘bottom of the pyramid’ gains. In legislation, a relatively new Property Rates Act obliges municipalities to base their rating of properties on the value of land and improvements. As this process rolls out in cities and towns, many properties not previously assessed will have a value placed on them which may have the effect of giving occupiers and more realistic notion of value.

This raises another area of failure which is that municipalities have not maximised possible gains and opportunities for cross subsidisation across urban areas through better value extraction. This is possibly more a case of state failure than market failure, although it has a market effect in that infrastructure investment in outlying areas where the poor live is inadequate, and therefore this impacts on property values.

Brown-Luthango has written in detail on this subject, starting with the premise that, “It can not be left up to the market to address the current development and spatial challenges as the current operation of the market reproduces and reinforces marginality, exclusion and poverty” (Brown-Luthango, 2006:28). Brown-Luthango believes that “The development of mechanisms for value capture and shared growth from benefits of surplus values accruing from the ‘boom conditions’ in the upper end of the land and property market can generate the necessary additional resources for infrastructure investment that promotes densification, integration and the generation of resources for low income residential development on well-located land” (ibid.:29).

And the way to do this, it is suggested, is through value capture, which “...refers to a process by which all or a portion of increments in land value attributed to public and “community” interventions are recouped by the public sector. Mechanisms to capture value include conversion of additional value into public revenues e.g. taxes, fees or through infrastructure developments to benefit the poor” (ibid. 10).

The degree to which value capture is applied will vary from place to place. Broader forms would include depressing market values in certain zones and less expansive forms would simply

involve more realistic valuation and rating of property, and linked reinvestment in under-serviced parts of the city.

Whatever means are used to improve the functioning of the market, they need to be done with a view to not distorting it further. However, many commentators argue, particularly in the South African case, that the fundamental inequality that has arisen from the colonial and Apartheid systems requires to be addressed directly with bold counter measures (Brown-Luthango, 2006; Napier and Ntombela, 2006).

V. WHY SHOULD THE POOR GET ACCESS?

It has been shown that many people in the South African context have historically been excluded from using and owning urban land, and indeed from the urban land market, through dispossession, market distortions and state failure. Recent pronouncements demonstrate that the state is seeking to make the market (in general) work for rich and poor alike. The outcome being sought in the built environment is integrated cities and towns (and sustainable human settlements of course) in which the segregation of classes is not as stark, and where less wealthy households are better located in the city with respect to urban opportunities.

But why is the integration of the poor into the city a good idea, ideologically, socially, and economically? Why do the poor have a place in the city?

1. The social justice argument

Ideologically, at least in a context where the right to access land is entrenched in a national constitution, it is important that all citizens (and even residents) are fairly granted the choice to own or use land.

Although this paper does not intend to take on the whole land rights debate, it can be argued that property rights (for those who already own land) and rights of access (for those who aspire to acquire land or use rights over land/ space) are key in building a stable land market. This is clearly argued by Wallace and Williamson (2006) as cited above. Land, land rights (“rights, restrictions and responsibilities”), improved technical supports (“for example, land registration and accurate spatial identification”) and the “cognitive capacity of market participants” are seen as the building blocks or necessary ingredients for a functional land market (2006: 124).

One of Hernando de Soto’s more alluring suggestions is that wealth (and a viable economy) can be created by “...building a legal and political bridge from social contracts scattered ‘on the ground’ into one national law ...” (De Soto, 2000: 183). In this reference, he was addressing how formal property law and titles usually give little or no regard to the extralegal social contracts which exist in great diversity in many countries and which are the *de facto* basis for determining real property rights.

Royston (2006) holds that there is still poor understanding in South Africa of ways in which the poor access and hold urban land extralegally. She contends that a lack of recognition of current

practices ‘perpetuates inequity’, as the prevailing context recognizes, and by implication legitimizes, only the ‘formal rules of the game’ (Royston 2006:2) in the form of current formally recognized systems (Charlton, 2006).

Going beyond social justice, which may suggest that the poor should be granted a fair bid at a place in the city because it is the right thing to do, there are also reasons why it makes good social sense to integrate cities and towns.

Landman and Ntombela (2006) point to the relevance and importance of public space in cities for promoting human contact, social interaction and tolerance, in a context currently marked by widening inequalities, thus providing a social and moral argument for access to urban land by the poor. In a response to Landman and Ntombela’s paper, one commentator agreed that it was important to think about “more than just access to residential land for the poor; rather good public space, access to facilities, and more generally rights to the city are important” (Todes cited in Charlton, 2006).

The obverse point can be argued: what are the negative implications of the failure to integrate classes? Ongoing and even greater class segregation is currently taking place as better off households leave peripheral township areas (where they were obliged to live under racist legislation) and informal settlements in order to take up opportunities elsewhere in the city. This has negative social outcomes with the increasing agglomeration of the poor and hence greater vulnerability to crime, violence and exploitation (Kitchin, 2003). Kitchin also points out that it is socially and economically problematic for poverty to be concentrated by “race, neighbourhood, and political jurisdiction” (citing Rusk, 1998). Poverty alleviation programmes essentially cause people to move out of existing neighbourhoods and mean that the communities left behind become socially and economically more homogenous. This has been one of the critiques of South African subsidised housing policy, which forms homogenous neighbourhoods as a result of the application of narrow criteria to those qualifying to receive the subsidy (Huchzermeyer, 1999). Non-qualifiers, with a preponderance of foreign nationals and single people, can then also be left behind in informal settlements as a result.

Socially then it can be argued that the poor should have access to well located land so that there is more opportunity for social integration. However, given that Apartheid was one of the world’s most notorious cases of the social engineering of racial segregation, in designing current interventions to address spatial inequality, it is sometimes difficult to avoid the accusation of reverse social engineering.

2. The poverty alleviation argument

There is much discussion of land as an asset which can render to households a good which can be used to alleviate poverty either through using the property to trade up and achieve positive residential mobility, or to use the property as a locality for trading or small manufacture. There is also a heated debate about whether property needs to be underpinned by formal title in order to be more efficient as an asset (e.g. title may enable the use of property as collateral for formal finance)(de Soto, 2000; Royston, 2007; Tomlinson, 2005). Others point out that legalisation of

land and the transferral of ownership rights may take a very long time and curtail the plans of households to remain mobile (Datta and Jones, 2001: 349).

Despite this, the argument that land is a usable asset (whether it is owned or simply has defensible use rights attached to it), especially if it is located in neighbourhoods which are well integrated into the urban economy, seems self evident. From the perspective of the individual household, Landman and Ntombela suggest that access to, and ideally integration with, public parts of rich areas provides some opportunity for poorer inhabitants to 'gain access to opportunities and facilities which are generated through the resources of the more wealthy' (Dewar and Uytenbogaardt, 1991, cited in Landman and Ntombela 2006:14).

In South Africa the state allocates large numbers of land parcels through the land restitution process and through the housing programme. Therefore, Cross (2006:7) argues that the Department of Housing is the essential line department in the attack on poverty because it is the only initiative which distributes an asset with the potential to allow the poor to escape poverty in the medium term, thereby relieving the welfare strain on both the state and cities.

For Cross, the main benefit is in promoting asset accumulation through self-investment. She distinguishes this approach from 'flashier strategies' which emphasise housing as a route to access credit and to entrepreneurial risk-taking, focusing rather on the potential for 'household savings and gradual capital formation' (Cross, 2006:19). The importance of secure tenure, she maintains, is in providing a poor household 'with a reliable urban perch with which to build an asset base' (ibid.).

Kihato and Berrisford (2006) also highlight the influence of land on urban poverty. They concur that 'traditional formal system' assumptions that urban land is an investment asset for trade or raising collateral may not be the primary motivation for the urban poor to acquire land (2006:4). They flag the need to understand better the importance of land 'as a place that provides access to employment, income generation through home based industries and rental income or for purposes of building social networks' (2006:5).

Although the state supplies land in large quantities, we have seen that as a result of high land values and limited state funds the land is not well located. There is also evidence that people are not using their land asset effectively to alleviate poverty. Sometimes politicians frown on the use of residential land to earn extra income. For example a provincial politician was reported in the Johannesburg Star newspaper in July 2005 as saying that 'the government builds houses for people to live in, not to rent or erect shacks in their yards'. This was as a result of a visit to Kagiso on the East Rand where the politician determined that some residents were renting out their RDP houses, while others had erected more than one shack in their backyards to let to tenants (FinMark Trust, 2006).

The use of the land or housing asset to escape poverty is clearly suppressed and this can partly be explained by historical restrictions on ownership and indeed on initiating small businesses (Napier and Mothwa, 2001). So attention to ways in which markets can be made to work better is needed so that pent up demand can be released.

McCarthy (2006) stresses that the redistributive nature of the market should not be underestimated. According to Charlton (2006), McCarthy's optimism relates to the phenomenon of residential filtering, in which established dwellings are sold on the secondary market, at below replacement or new stock value, to poorer people as the rich move to other parts of the city. In his analysis:

"It could be argued therefore that if it was more effectively planned for, the land use and residential filtering sequence that is beginning to unfold in South African cities could be the most efficient and redistributive form of market delivery for all class groups, including the poor" (McCarthy 2006:8).

In the context of land redistribution, the Centre for Development Enterprise observes that:

"In certain provinces in the 1990s the value of land redistributed through the open market to black South Africans was five times higher than that redistributed by the state. This was also probably true in other provinces as well. While this is not widely known, the land market may well be the most effective mechanism for redistributing land from white to black in South Africa" (Centre for Development Enterprise, 2005).

From the discussion of market distortion and market failure, it is asserted in this paper that effective redistribution will require a healthy balance of state allocation for the very poor and for the excluded, and opening up access to the market. Land as a commodity is particularly sensitive to government regulation and administration, or lack of it. It is also very susceptible to the framework of rights in a country and the degree to which these can be claimed and enforced.

A timely piece of advice for state departments working on land distribution and titling comes from Geoffrey Payne:

Tenure regularisation programmes which operate at city level are likely to reduce market distortions, but impose an excessive burden on land registries. Conversely, those implemented at the local level will be easier to cope with, but are likely to increase urban land market distortions... (Payne, 2001: 425)

However, the urban economies managed by local authorities rarely give precedence to the needs of the poor in the allocation of valuable land. Marx (2006) has pointed out that there is a fundamental blind spot around valuing the economic contribution of the poor, and therefore valuable land is rarely zoned for the use of poorer communities.

Charlton (2006) outlines Marx's position: economic growth and urban land markets are perceived by researchers and policy makers to be closely related and therefore growth is assumed to be the outcome of competitive urban land markets through an interrelated set of functions that urban land markets perform. Specifically, economic growth is seen to depend on large-scale formal productive investments: "from the perspective of local government planners, competitiveness is understood to depend on the incidence of advanced industries and land uses" and "the efficient distribution of land uses relies on an efficient urban land market" (Marx, 2006). Because the poor are seen to be predominantly consumers rather than producers, other land uses which are seen as more productive inevitably win out when urban developments are

prioritised. Marx argues that this is a wrong assessment of the contribution of poorer communities, and that a proper assessment could change the mindsets of urban planners.

What all of this suggests is that the state has a very central role in setting the conditions in which the market can fairly distribute land as a complex commodity. Further, there is a direct role for the state in land allocation. And what is emerging now in the South African situation, is that the state can also make deals with the private sector to begin to achieve the integration and desegregation of the city. State, banks, property developers, and estate agents also need to be prevailed upon to open up their systems and make market information available to people trying to get access to land and housing, and to those trading, sometimes for the first time, at least formally, in these commodities. Given these conditions, it is possible that the effects of land ownership and access to land will become more effective tools for poverty alleviation in the hands of the poor.

3. The urban efficiency argument

Finally, opening up the market in well located land to the poor makes sense from an urban efficiency perspective. Locating large numbers of poor people on the urban periphery means that accessing employment and other urban opportunities generates a tremendous amount of movement and concomitant costs. The poor bear the brunt of this, with cities only subsidising public forms of transport. This has a negative impact on the broader economy as it exerts upward pressure on wages and labour costs as a result of high transport expenditure (Firoz Khan, personal communication, February 09, 2007).

About 67% of the demand for public transport comes from township areas (Department of Transport, 1999). The subsidies needed to prop up public modes of transport continue to pose a problem to national and local government. The excessively long working days for the poorest sectors of population reduce productivity and increase transport costs borne by the consumer and by employers.

We have argued elsewhere that:

“In most government departments and agencies, amongst design professionals (i.e. planners, urban designers, architects, and geographers), development-oriented NGOs and CBOs, and the social sciences of academia, the normative position that there should be access for the poor to better location in cities and towns, as a matter of better practice, is mostly uncontested. This is based on the assertion that through accessing better urban location for the poor there will be greater chance of improvement in living and working conditions, greater participation in a variety of markets, and therefore ultimately some measure of upward social and economic mobility. It is also based upon the assumption that a sprawling city with the poorest living at the furthest periphery is both unjust and inefficient.

This normative position is not automatically shared by property developers and land owners (small and large). It is also not automatically shared by the property divisions of municipalities and parastatals organisations for whom the sale of land in their possession represents much needed revenue” (Napier and Ntombela, 2006).

Given that the concept of ‘periphery’ is not a simplistic calculation of distance from the Central Business District, and that some outlying areas may be well integrated into transport routes and close to other opportunity centres in a multi-nodal city structure, it is also true that most low income housing areas and many informal settlements (at least in South Africa) are not optimally located. Biermann’s work demonstrates that some locations which would on first glance be regarded as peripheral, when researched from an empirical cost-benefit perspective are revealed to be as integrated as central locations (Biermann, 2006).

With the global emphasis on reducing carbon emissions, South African cities, towns and regional geographies are seen globally as some of the least efficient settlement formations, not only because the poor are dislocated to the periphery, but also because the urban form is very low density.

Brown-Luthango notes the spatial dysfunctionality in which ‘Apartheid policies and urban management strategies affected the lives and life chances of the urban poor in very significant ways’ (2006: 2) . She maintains that some post-Apartheid policies have tended to reinforce these patterns, such as large transport subsidies propping up spatial inefficiencies. The motives for these post-Apartheid approaches need to be questioned, she contends, as they ‘could be construed as a deliberate action by the state to continue to subsidise and reproduce capitalism’ (Brown-Luthango 2006:). For Brown-Luthango therefore a major problem is that South Africa’s existing broad urban development policy mechanisms for spatial restructuring and inclusive cities are ‘insufficient to influence the behaviour of land and property markets to work for the poor’ (2006: 15).

It is therefore generally agreed that concerted effort needs to be put into addressing and reversing the Apartheid city form at all levels. How can this be achieved?

VI. HOW CAN WE ACHIEVE A MORE FUNCTIONAL MARKET? – AN AGENDA FOR CHANGE

This paper argues for a balance between ongoing state programmes which target the allocation of land, services and housing to people who have been excluded from the formal economy, and working towards a more functional urban land market system. Making urban land markets work for the poor will require (at least) a three pronged approach:

- working towards shared economic growth where there is a real reduction in poverty and a reducing gap between the rich and the poor, so that more people can afford to enter land and housing markets;
- working towards lowering barriers to accessing the urban land market and widening the access frontier, so that the market works more efficiently with greater legibility, easily available market information, and reduced costs for trading and holding land;
- working on (mainly state) interventions ensuring that people who, despite the actions taken above, still fall outside of the market have access to land, housing, and services primarily via state allocation and can therefore ultimately become market players if they so wish.

On this last point, the route into the land market may often be via informal means, and greater responsiveness of policies and legal recognition for the extra-legal routes to land holding are no doubt needed.

Although there is a need for balance between state allocation and market allocation, it is timely to bring in a focus on making markets work better for the poor. Whether the route into the land market is via informal settlement (when the settlement is legally or practically recognized by urban authorities), via government allocation through a state supply programme, or via purchase of land or the rental of land, it is clear that the entry thresholds remain high.

A goal statement for the South African context which balances these issues would be that *organisations should be working together to improve access to well-located urban land by making markets work for the poor and improving governance systems thus giving meaning and effect to the right to land.*

There are four areas which need to be kept in dynamic tension: people, governance, market and place (i.e. the physical outcomes of a better market).

Picking up on the reasons outlined above for why it would be a good idea to include the poor in the city, the primary outcomes in these four areas which need to be kept in view include:

- *people*: that there is greater tenure security and the ability to assert rights and aspirations, leading to greater residential and income mobility (poverty alleviation);
- *governance*: that institutions, policies and legislation become more pro-poor and responsive, with the lowering of the barriers to, and costs of, holding and trading land formally, and the general promotion of a functional, accessible market;
- *market*: that there is greater access to better functioning urban land markets by the poor, allowing people to locate themselves more effectively relative to urban opportunities which enhance livelihoods; and
- *place*: that there is greater choice of urban location and tenure type within ultimately more efficient cities and towns and more sustainable settlements.

The paper has described the South African context in a fair amount of detail. The various urban actors, be they state, private sector or civil society, are essentially in different places when it comes to their understanding of urban land markets, and their motivations obviously differ. The messages that they need to take on board therefore also differ.

This means that the beginnings of a fairer land market need to be borne out of:

- a greater awareness on the part of the state of the benefits of supporting a functional urban land market which the poor can access;
- a greater awareness on the part of the private sector of the economic (and social) imperative of bringing the poor into the city and promoting more efficient urban form;
- the stimulation of multiple places for engagement for civil society to assert their positions and demand their rights; and, very essentially
- the building of a more dependable empirical base for policies, strategies and actions.

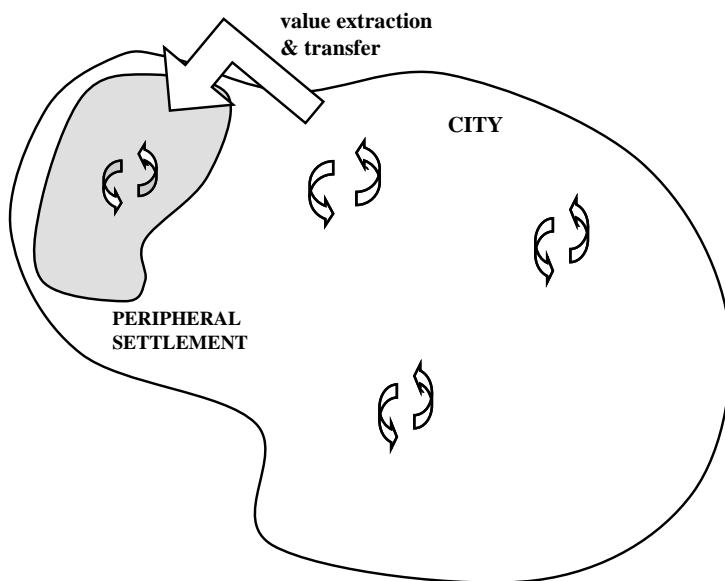
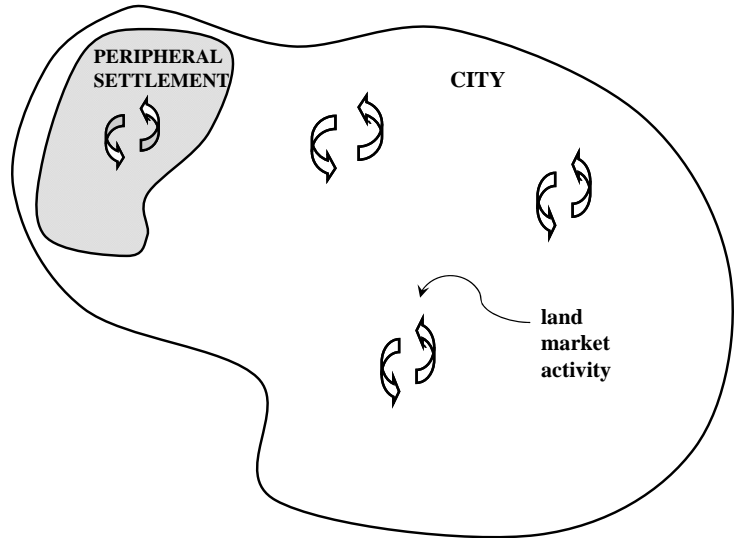
In terms of an agenda for change, it is necessary to take on these humble goals and outcomes systematically, and it is suggested that an achievable process would be to pursue the following sequential tasks:

1. convince the various parties that this agenda is crucial to successful urban economies and viable societies (using the new empirical base as evidence);
2. investigate what a functional market should look like in the view of the urban actors, and through analysis of the sector, establishing also where there are points of commonality and difference between the variety of desired outcomes;
3. gather experience, best practice and generate creative ideas on how to move towards a more functional market by, in this case, broadening the access frontier for the poor;
4. disseminate these models of how to achieve a better land market, and capacitate the actors where they may need new skills and capabilities to implement them.

Different countries have vastly different regulatory frameworks and types of (formal and informal) market activity, even in the southern African region. The work of Wallace and Williamson (2006) is particularly useful in defining where the necessary tipping points would be in different situations which would be necessary to build a more functional land market. De Soto's work is also very well known (although not uncontested) in this respect.

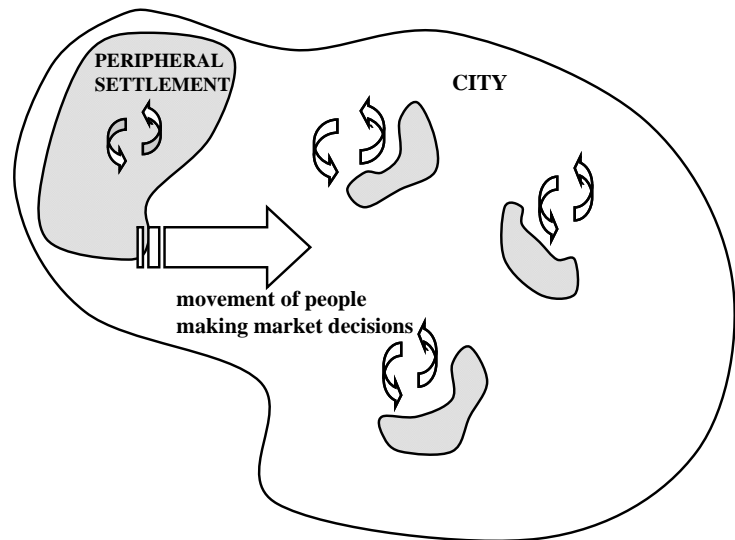
In the context of the South African city, using this agenda for change, it is necessary to investigate in more detail how the various processes underpinning a functional land market actually operate, and how they can be improved, without discarding the advantageous aspects of informal markets where these exist. The almost overwhelming challenge of reversing the Apartheid city structure has been taken on by many minds greater than ours, but in the area of making urban land markets work better, some of the contributors to this paper have represented the areas that need to be addressed in the following diagrammatic form.

The diagram represents a city or town, with a peripheral settlement such as a township and an informal settlement near the urban boundary. The circular arrows show market activity, and the first emphasis in making markets work would be to give attention to how markets work in peripheral settlements. There is a great deal of extra-legal trade in land and shacks in informal settlements. Similarly there is formal and informal trade in the historical townships. However these markets are different in their operation to urban core markets (FinMark Trust, 2003). If regulatory systems are to become more responsive, then it is essential to understand the operation of peripheral markets.



Secondly, this paper has also discussed value extraction. To improve the value of properties in peripheral settlements, it is necessary to invest more in infrastructure especially since townships are under-serviced and many informal settlements are altogether unserved. Given the property boom in much of the rest of the city, the rating of the property values and of the gains yields much needed municipal revenues to fund infrastructure development.

Thirdly, the issue of residential mobility has been discussed. If poverty is not to become more and more concentrated on the periphery, then opening up real choices of places to live in the city nearer other nexuses of market activity is crucial. Interventions such as state land banking, state housing and property agencies, and inclusionary housing regulations are some of the attempts being made to achieve this. It is important that these types of state intervention are not done in ways which cause greater market distortions as they attempt to balance out ownership and occupation patterns across the city.



The discussions of redistribution in South Africa are couched within a context of economic growth, and the applied logic is that as growth is achieved in the economy, that the benefits of growth should be shared, or distributed between the rich and the poor. The concern is that much growth has been jobless growth. And given limited statistics so far, but using what is known, we could hazard a guess that it has also been landless growth: land ownership patterns have transformed very little and the main transformation has been through state allocation through the housing programme. It is possible that the market may be the most powerful redistributive mechanism, as held by some commentators, but it does not appear to have performed optimally yet in achieving this. It is therefore crucial that in a context of economic growth, that ownership patterns also begin to transform.

The intention to transform is there. Various sectors have drafted and adopted 'charters' which are voluntary agreements between the private sector and the state in South Africa. They include the financial sector, the construction sector, and the property sector, amongst others. Much of the current bank activity in starting to lend downmarket is as a result of commitments made through the Financial Sector Services Charter.

A "Property Sector Transformation Charter" is also being drafted, and it takes on the issue of addressing existing patterns of ownership. As the draft states:

"To date the commercial activities surrounding property continue to reflect inequalities in ownership, with little transformation having taken place. The situation is further exacerbated by skewed ownership patterns of property in general.

The charter aims to address the low levels of black ownership in property owning enterprises and in property services, as well as unlock obstacles to ownership by black people of property assets" (Department of Public Works, 2006).

So the common intent is there amongst many of the actors. However, as this overview has shown, the means to achieve this may emphasize state allocation in ways which distort the market, or may balance state action in fulfilling its developmental state role and the stimulation of market activity where the previously-poor become market players themselves.

VII. CONCLUSION

The systems of titling, registration and cadastral recording are well developed and sophisticated (although not always able to cope with the volume of transactions) in South Africa. However, at a local level the systems around urban land development and transfer remains complex and difficult to penetrate. This favours larger corporate players and well resourced individuals with the means to navigate the system, and the property boom over the last five to ten years at the high end of the market is witness to the effectiveness of these activities. It does not favour the poor. Fully a quarter of urban South Africans live under informal tenure arrangements^{§§§}. The danger is that the poor will remain poor, victims of jobless and landless growth, endless recipients of state allocation, and dislocated to the urban periphery. Crude attempts to bring the two economies together may have the opposite than desired effect, simply undermining the property boom whilst not redistributing any tangible benefits. There are many interventions which *can* begin to address the spatial disparity of South African cities and towns without distorting existing markets to the extent that they become unworkable. It is possible to bend markets slightly, with good enough motivations and using state interventions in a circumspect manner. The lessons exist in best practices drawn from many parts of the world and from replicating successful practices locally. But if this is to happen, support is needed to capacitate officials to negotiate with market players, to reduce the costs and complexities of administrative systems, to make market information available to potential buyers and sellers, to extract value and disburse it responsibly, to bring urban actors together around common actions, to transfer best practices, and to cleverly predict and monitor the impacts of interventions.

In many cultures, land is viewed as a resource to be used for the common good. As land becomes an increasingly complex commodity, elements of that viewpoint need not necessarily be lost nor militate against the stimulation of vibrant urban land markets which constantly open up opportunities for the poor to have a place in the city, and thereby to become less poor. The challenge is understanding the complexities of the system sufficiently well to be able to intervene to address market failures but without distorting the market to the detriment of all.

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