



Urban development component of the second economy strategy

1 October 2008

MAKING URBAN LAND MARKETS WORK FOR THE POOR

Problem

- ◉ Impact of programmes on economic upliftment has been marginal: space is exclusionary, housing on outskirts, programmes not integrating poor into poverty market..asset rich/income poor
- ◉ Growth of **informal settlements** - spatial manifestation of pole's place in 'second economy'
- ◉ Uneven political support for **pro-poor agenda**, no clear national direction on urban land issues
- ◉ **Cost of transport** impacts on ability to look for work and remain economically engaged..deep locational constraints
- ◉ **Spatial planning instruments** not being manipulated to effect spatial changes
- ◉ **Urban services-** logic of state provision to enable poor to use resources an income for livelihood purposes
- ◉ **Inner city** - poor gain foothold in regulatory gaps - poor living conditions, unstable relationships, deterioration of **irreplaceable building stock**

Focus Areas

- ◉ Urban component focuses on investment in **public infrastructure** in urban areas and the impact of this investment on second economy
- ◉ Motivation: infrastructure provides basis for access to income generating possibilities, asset creation
- ◉ **Efficient city form benefits all, particularly the poor**
- ◉ Focus areas of investigation: (17 papers)
 - Economic Development
 - Spatial planning
 - Transport
 - Land
 - Housing
 - Informality - housing and economic activity
 - Urban services

This presentation, brief introduction and focus on informal settlement upgrading

Current spatial forms

Persistent inequality- spatial manifestation

Ghettoisation

Investment impacts not optimal:

Spatial integration ✗

Economic integration ✗

Unequal access to benefits of urban living

Social/ economic / spatial exclusion





Urban form

- Poor bear brunt of externalities
- Urban inefficiency perpetuates and exacerbates other forms of inequality
- Poverty alleviation and roll out of urban services does not automatically integrate poor (spatially, economically, socially)
- Efficient cities work for everybody, but poor urban form undermines advantages of cities



Strategic response: Energy crisis

- Constraints: state capacity and limited resources – interventions need to be strategic....
- Imperative to include poor elevated by reality of energy crisis
- Not poverty alleviation first and sustainable development later
- Public investment must be focused where benefits of inclusion are maximized
- Biggest driver should be energy challenge..focus on increasing efficiency of movement in cities and on the possibility of income generation

Infrastructure focus

- Investment in public infrastructure critical because:
 - Efficient cities work better for everyone
 - Access to employment
 - Poor more dependent on public services (e.g. transport, electricity) to access opportunities and earn income
- Ageing bulk infrastructure reaching capacity
- Low densities = high infrastructure/public service costs
- Public infrastructure attracts private investment
- But not in itself poverty alleviating: location dependent

The optimal poverty alleviation benefit of urban investment lies in the nexus between city restructuring, delivery of public infrastructure and shelter provision



Biggest pro-poor public investment - shelter

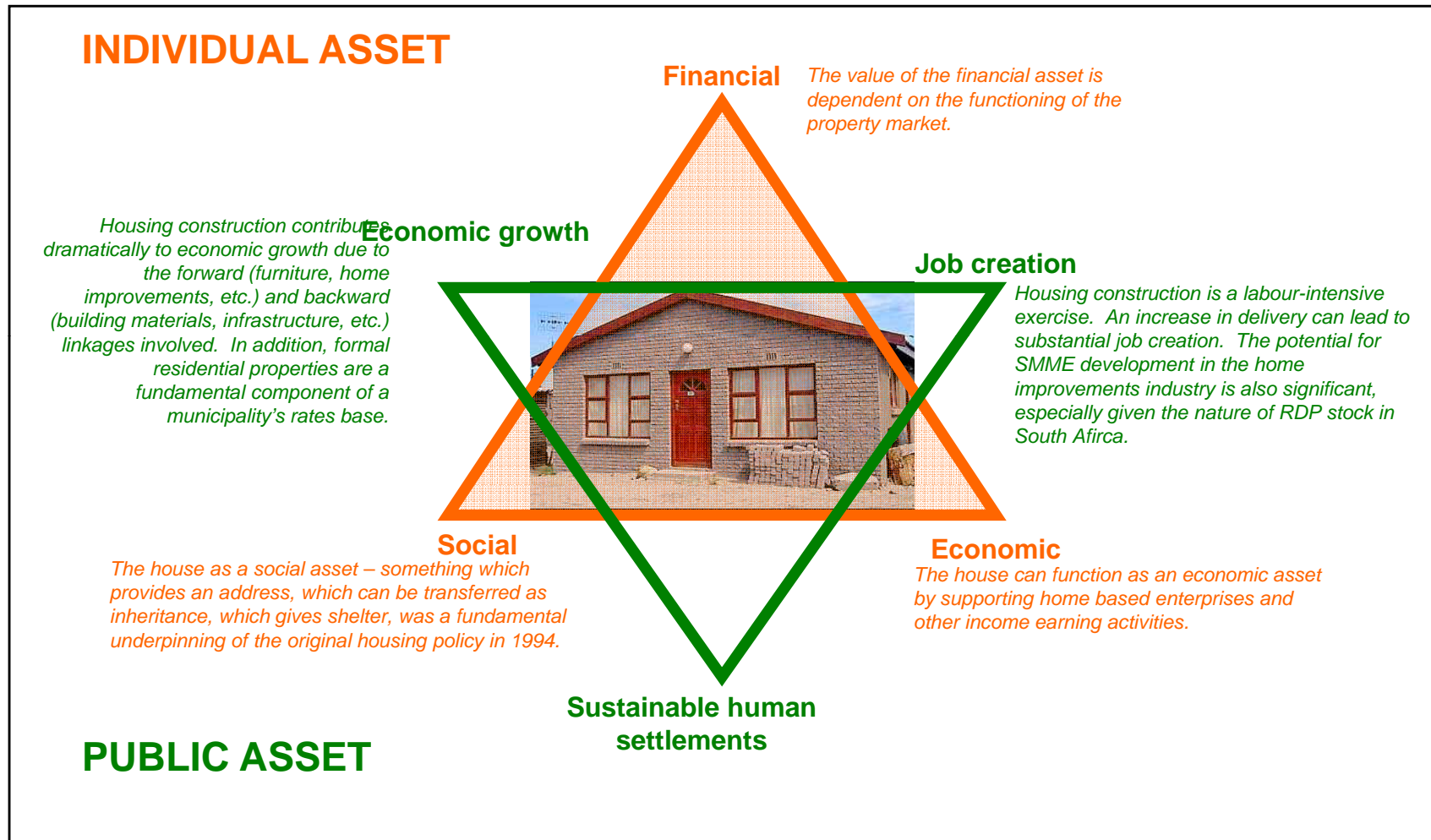
BUT

How do we shift from housing as shelter to housing as asset and to sustainable human settlements?

Need an ASSET building focus...



Housing as an asset



Core recommendations

1. Strategic pro-poor land use and transportation planning at municipal level (predictability)
2. Transportation corridors and mass transit
3. Infrastructure -led upgrading of informal settlements
4. Housing and land delivery
5. Area based projects with clear budget line
6. Development instruments

Infrastructure-led upgrading of informal settlements

- A national strategy to unlock funding for municipal level upgrading of informal settlements (IS)
- Limits to formal housing capacity to achieve 2014 targets
- New paradigm:
 - away from IS as illegal, dysfunctional
 - importance of IS as reception areas, able to address accommodation needs at scale
- Programme of active upgrading of IS

Community Survey 2007: by province and type of main dwelling

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	Informal dwelling/shack in back yard	Informal dwelling/shack NOT in back yard e.g. in an informal/squatter settlement	Total
Eastern Cape	25,833	101,703	127,536
Free State	39,154	108,906	148,060
Gauteng	267,292	452,581	719,873
KwaZulu-Natal	51,291	140,962	192,253
Limpopo	23,591	44,100	67,691
Mpumalanga	23,556	86,261	109,817
North West	70,893	146,143	217,036
Northern Cape	4,239	23,520	27,759
Western Cape	84,346	110,061	194,407
Total	590,195	1,214,237	1,804,432

Informal settlement upgrading and second economy

- Quick, affordable access to city, reception areas
- Reach most vulnerable
- Focus on livelihoods: access, location, rather than top structure
- Focus on access to tenure and assets
- Once settlements have been formally recognised and infrastructure is put in place, people feel secure enough to start investing in their dwellings.
- Link between housing outcome and savings, housing support



Direct actions for upgrading IS

Progressive upgrading (sophisticated)

1. Scanning and grading IS
2. A plan for progressive upgrading
3. Dedicated funding
4. Blanket recognition of well located IS; alternative tenure
5. Fast-tracking upgrading /relief: progressive upgrading
6. Enabling tools for consolidation of settlement
7. Getting ahead of IS: land release, limit densification
8. 'One pot' funding stream
9. Monitor

1. Rapid identification and grading of informal settlements

Inputs:

Appoint professional / professional team

Access existing municipal data, aerial photos, GIS, environmental information

Site visits

Deeds office assessment - land ownership

Initial meeting(s) with community leadership to identify key emergency issues;

Existing structures of support and gauge levels of community organisation.

Outputs:

Schedule of existing settlements showing their extent, approximate size (no. hh), their 'A', 'B' or 'C' status...potential for upgrading

A. Full upgrade in short term

B1. Must move - no interim relief

B2. Interim relief only

C. Interim relief + incremental / long term upgrading



2. Feasibility (plan of action for each settlement)

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- Tailored response
- Detailed planning and budgeting exercise involving line function City departments, professional team and community leadership, financial institutions, NGOs
- Detailed plan of action for a package of emergency relief measures
- Capital budget
- Funding application
- Action plan



3. Finance

- State subsidisation focuses on engineering, social and educational infrastructure
 - Community saving
 - Housing micro finance
- “ In a context where a household has been ensured security of tenure (whatever form that may take) and given infrastructure & other services, the literature suggests that there is sufficient incentive for households to then improve their housing situation”
- Policy question: Ensure subsidy does not crowd out microlending
 - Subsidy may be area based

Streamlined and effective funding²⁰ mechanism

Criteria:

- Quick
- Flexible
- Non bureaucratic
- Plan-based
- Subject to regular audit
- One pot funding stream, grant alongside MIG
Treasury - local government

4. Formalisation of informal settlements

- Legal recognition
- Benefits to households and municipality
- Crucial step in asset creation, citizen responsibility, securing of rights to municipal services
- Various legal options:
 - Municipal town planning scheme: special zones
 - DFA

5. Fast track emergency relief

May include:

- Standpipes
- Sanitation: portaloos, sanitation blocks, VIP's
- Solid waste disposal
- Footpath access with basic storm-water controls
- Storm-water controls and drainage
- Access ways for emergency vehicles
- Fire protection: fire hydrants, buckets, local fire committees with stipends, portable fire extinguishers, rapid callout response protocol for helicopter / aeroplane bombers
- High mast lighting
- Transport



6. Enabling instruments to facilitate consolidation ²³

- ii. Partnership agreements
- iii. Intermediation
- iv. Housing support services
- v. Sample plans and advice at municipal level
- vi. Social infrastructure
- vii. Link to employment programmes (Community Work Programme)



Key interventions, cont.

- Develop pro poor transport strategies
- Implement appropriate service levels
- Identifying, acquiring and servicing alternative land





Further policy considerations/requirements

- Existing policy space
- Overcome cumbersome procurement problems
- Assess and address land-legal obstacles:
 - State investment on non-state land
 - Zoning
 - Land use management
- National technical support (NUSP)
- Oversight responsibilities