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UNDERSTANDING THE PERIPHERALISATION OF LOW-COST HOUSING DELIVERY IN THE MBOMBELA LOCAL MUNICIPALITY

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A research report submitted to the Faculty of Engineering and the Built Environment, University of the Witswatersrand, Johannesburg, in partial fulfilment of the requirements for the degree of Master of Science in Town and Regional Planning.

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DECLARATION

I declare that this research report is my own, unaided work. It is being submitted for the degree of Masters in Science in Town and Regional Planning (Housing) in the University of the Witswatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

Sign:_____

_____day of_____year_____

ABSTRACT

The demand for well-located land in order to be developed for the upper-middle to high-income housing, industries, offices, retail, etc in Mbombela Local Municipality, is substantial. Within the past 10 years, Mbombela Local Municipality, has experienced an increase in residential development on well-located land in and around its urban centres, i.e. Nelspruit, White River and Hazyview. Most of the land in and around these urban centres is privately owned, and as such, development is mainly driven by the market forces. However, there has been persistence in the peripheralisation of the poor through the government's programme on low-cost housing delivery in Mbombela Local Municipality. The high demand of well-located land has triggered high land prices and this is one of the causes of lack of access to urban land by the poor. Despite good government policies on socio-economic integration, there seems to be no challenges on the current situation, either by government, Mbombela Local Municipality or private organisations. This research argues that the lack of access to urban land by the poor is the cause of the persistent peripheralisation through the programme of low-cost housing delivery in Mbombela Local Municipality. These urban centres (Nelspruit, White River and Hazyview) accommodate only those who have power to purchase, and thus, creates a socio-economic gap because the poor are excluded by the market forces in these areas. Since the government and Mbombela Local Municipality own less land in and around the urban centres, the market forces become the sole supply of well-located land. It is therefore imperative that government, Mbombela Local Municipality and private organisations forge a partnership with the private sector and deduce a sound strategy that will seek to address and challenge the current situation.

DEDICATION

This research report is dedicated to all those who believed in me and hoped for Excellency from me. Special dedication to Lungile Mango, Delisiwe Mhlongo, my colleagues at Mbombela Local Municipality, my family (boManikela) and my children: Mnywabisi, Lwandile and Sothalanga. This work is also in memory of my late parents: Oswald Madoda Manikela and Saphlinah Nomaqala Lukhele.

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I would like to acknowledge the supervision rendered by Neil Klug. It was my first time to write a research report but he made it easier for me and I hope it is not the first and last assistance. I will also like to acknowledge Sarah Charlton who gave me advice and direction regarding the structuring of the research report. The information provided during the personal interviews is also acknowledged, more especially to the officials of Mbombela Local Municipality, Provincial Department of Agriculture and Land Administration and Department of Housing and Local Government.

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Map 2: Mbombela SDF map for Nelspruit

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Map 5: Mbombela SDF map for KaNyamazane

Map 5: Mbombela SDF map for Daantjie/Msogwaba

1.CHAPTER I: INTRODUCTION

1.1. Background

First of all I will like to mention that I am under the employ of Mbombela Local Municipality. I am employed as a Senior Town Planner under the Sub-directorate: Urban and Rural Management. I am basically responsible for land use control duties within the Mbombela Local Municipality's area of jurisdiction.

Mbombela Local Municipality is still generally not affected by the illegal occupation of land near towns and therefore there are no slums in the main towns. However, the recent (2005) attempt by communities living in the periphery to invade a privately owned piece of land (Dingwell farm) situated close to White River, is an indication that there is a need to embark on interventions that will integrate these communities with urban centers. It is a fact that the State and Mbombela Local Municipality do not own land that is well located near urban centers but such land is owned by private individuals and companies. The latter necessitate employment of interventions that will address the issue of unavailability of land near urban centers, thereby dealing with the issue of peripheralisation through the process of low-cost housing delivery. According to (Charlton, 2003) the fixed amount of the low-cost housing subsidy does not provide money to be spent on land. This therefore means that peripheral development will be perpetuated where land is always found to be cheaper. Additional subsidy money is therefore required in order to supplement subsidy money that will also cater for land acquisition.

The Mbombela Local Municipality is comprised of non-formalised settlements (Tribal land or R118 towns), townships (R293 towns), formalised towns around town centres and farm land. The Mbombela Local Municipality is therefore regarded as rural in nature. The formation of the jurisdiction is the former KaNgwane Homeland towns and the former white areas, however, the former

KaNgwane Homeland area still remain in the periphery. The expansion of these non-formalised settlements happens either informally or through the low-income housing delivery process.

The Mbombela Spatial Development Framework does not help either because land that is earmarked for residential development around towns (i.e. White River, Hazyview and Nelspruit) is privately owned and as a result, it is always developed for the middle and high-income groups. The high cost of land for residential purposes repels the low-income communities from the urban centers and land is only accessible to those who are economically able.

1.2. Aim

The main aim of the research is to prove that lack of access to urban land by the poor is the cause of peripherilisation through low-cost housing delivery programme within Mbombela Local Municipality. The role of the market forces in this issue will be key to the research. The research identifies private ownership of land and cost of land as the main obstacles. Townships and Tribal settlements are continuously expanded in the periphery which is inconsistent with the Principles of the Development Facilitation Act, 1995 and government policies.

The research will put into perspective the land demand for middle to high income housing, industries, offices, retail, etc, in good localities as another form of segregation. This is due to the fact that there is no affordable land available for low-cost housing around urban centres within the Mbombela Local Municipality's area of jurisdiction. Based on this scenario, different interventions will also be discussed.

The research report will therefore engage with the Mbombela region's dynamics, housing issues and challenges faced by the region in low-income housing. Interventions by the different spheres of governance will also be discussed. The end-product of this report is to bring about an understanding of the causes of continual peripherilisation in Mbombela and recommendations that seek to address the issue of access to urban land by the poor.

1.3. Rationale and Problem Statement

The proposed research will assist the Mpumalanga Government, Mbombela Local Municipality and other housing stakeholders in employing corrective measures in order to cancel the effect caused by the issue of access to urban land by the poor through the low-cost housing delivery programme. The research will therefore seek to address the question, why land is viewed as a constraint and cause of peripheralisation through the process of low-cost housing in Mbombela Local Municipality. There is a general perception from officials, developers and the general public that land is in private ownership and as a result it is expensive to acquire for low-cost housing development. The municipality and the provincial government seem not keen to challenge this situation despite a policy framework that is in place. The research acknowledges the contradiction between policy frameworks and the free market economy and will therefore seek to challenge the current situation by discussing possible interventions in this regard. The Provincial Department of Housing is the main driver of low-income housing. Local Municipalities are only responsible in establishing a waiting list, and to identify project areas (land) according to their priorities.

The Mpumalanga Province has identified social and geographical disparities as the main challenge faced by the province in the process of low-cost housing delivery. It (the province) acknowledges that a third of the population still live in

townships and on marginal land where informal settlements are increasing. In trying to address the latter, the province's planning includes, among other things:

1) Rental accommodation for the poor;
2) Fast-tracking and;
3) Racial integration.

However, it remains to be seen whether the plan will work considering the fact that in order to efficiently provide for rental accommodation, fast-track and racial integration, land remains the basis for the achievement of the plan. Suitable land that is readily available must be secured first and made available for a particular housing project. The latter will also reduce the red-tape regarding bureaucratic processes associated with development issues.

However, the big challenge is to convince the players in the free market economy that room for low-cost housing must be created by making private land available at an affordable price.

The Mbombela Local Municipality is comprised of vast tracts of land that are under Tribal Authorities/State land. The purpose of low-cost housing is to provide property ownership to beneficiaries. This land is situated on the periphery and far from urban centres and communities is still forced to travel long distances to and from work as well as the provision of services not being adequate.

1.4. Research Question and Assumed Solution (Hypothesis)

Research Question: What is driving the peripheralisation of low-cost housing delivery in the Mbombela Local Municipality? Within the context of land demand for the middle to high income group, industries, offices, retail, etc, how would

land be provided for low-cost housing in good localities without affecting the market?

Sub-questions: - Despite good policy interventions, why are the provincial government and Mbombela Local Municipality reluctant to challenge the current situation?

- What is the relationship between the planning system and the high market price of land in Mbombela?

- What is the role that may be played by NGOs, CBOs and banks in the land market?

1.5. Literature Review

The types of literature that will be employed in this research will be literature dealing with interventions in the process of providing land for low-cost housing, integration of the poor within economic centres and theoretical literature on "Demand and Supply". South African literature on segregation through the process of low-cost housing will also be employed e.g. in answering the question as to why has segregated dormitory development in South Africa prevailed since 1994. Huchzermeyer (2003) argued that one of the causes of segregated housing provision is the housing finance system, which she refers to as the once-off product-linked capital subsidy scheme. The argument is that the once-off product-linked capital subsidy is not a funding mechanism that can deal with urban spatial integration appropriately.

In trying to emphasise the point above Huchzermeyer (2003), further argued that the Department of Land Affairs should also start to prioritise urban land reform rather than to only concentrate rural land reform. She suggests that the Department must intervene in the urban land market.

This kind of literature will assist the research in the debate on possible interventions by government in the urban land market as a means to address the issue of unavailability of affordable land for low-cost housing delivery.

The arguments of the research will be built from existing literature. As highlighted above, the literature will be used to further the research arguments and also to relate it to a certain phenomenon in the province. Relevant literature will also be used pertaining to factors or challenges facing Mbombela Local Municipality. This would therefore create a local literature that can be related to the dynamics of the province in terms of low-cost housing delivery.

1.6. Theoretical / Conceptual Framework

The theoretical framework of the research will be neo-classical theory on "Demand and Supply". The theoretical standing of this research is that land demand for middle to high income housing, industries, offices, retail, etc, in close proximity to urban centres has resulted in the under-supply of low-cost housing in close proximity to urban centres. "The extent of social segregation and socio-tenurial polarisation of an increased reliance on demand-side subsidies has been seen as a source of reduced socio-economic integration" (Yates and Whitehead, 1998:419). The other theoretical standing of the research is that "the market economy doesn't solve problems, it creates them" (Friedman, 1998).

The market intervention approach will be the World Bank's concept of "direct public intervention in the acquisition of land". The intervention is based on three principal instruments: 1) nationalisation of land, 2) compulsory acquisition, and 3) land readjustment.

The theoretical framework will be argued against the Development Facilitation Act Principles. The specific principles are 1) Principle 3[1][c][i]: *"promote the integration of the social, economic, institutional and physical aspects of land development*"; 2) Principle 3[1][c][ii]: *"promote integrated land development in rural and urban areas in support of each other"* and 3) 3[1][c][iii]: *"promote the availability of residential and employment opportunities in close proximity to or integrated with each other"*.

1.7. OUTLINE OF CHAPTERS

1.7.1 Chapter II: Literature Review

The literature review will assist in addressing the main research question. Debates and approaches from different institutions (e.g. the World Bank) and researchers will be put into perspective. The literature review will lead the research into its theoretical framework.

1.7.2 Chapter III

The research question will be addressed by first providing a brief overview of the theoretical approach of "Demand and Supply" in relation to low-cost housing delivery in Mbombela. The theory will try to explain why there is correlation between land demands for middle to high income group, industries, offices, retail, etc, and under/non-supply of well located land for low-cost housing in urban centres within Mbombela.

1.7.3 Chapter IV: Contextual Framework

In this chapter, I will be providing a background overview of the South African context regarding the issues of access to urban land by the poor. The South African Constitution and other land legislation will be key to this chapter. The background will assist in understanding the dynamics of Mbombela in the context of the National Housing Policy and housing delivery strategy within the jurisdiction.

1.7.4 Chapter V: Conceptual Framework

It is important for the research to have a conceptual framework, which will assist in analysing the problems and challenges faced by Mbombela Local Municipality regarding the issue of access to urban land by the poor. The conceptual framework will be drawn from the literature review and theoretical framework.

1.7.5 Chapter VI: Mbombela Study Area

Since Mbombela Local Municipality is central or a subject of this research, special attention will be given to its status quo. As background, the following aspects will be discussed: socio-economic and demographic features; livelihood strategies and cultural features; major linkages and interconnections between sub-region and other parts of the country and internationally; the level of basic services, infrastructure, facilities and amenities; social and political dynamics and development challenges (priorities of the Mbombela by district, provincial and national government). Development activities in three main urban centres (Nelspruit, White River and Hazyview) and their supporting settlements will be the focus point of this report.

1.7.6 Chapter VII: Findings and Problem Analysis

Based on the information from Mbombela Local Municipality study area, findings will then be made and discussed in this chapter. In analysing the findings, concepts will be drawn from Chapter V that is dealing with conceptual framework. The findings and analysis will be central to the recommendation of this research.

1.7.7 Chapter VIII: Recommendation and Conclusion

Based on the findings of the case study and problem analysis, this chapter will provide recommendations. The recommendations will lead into answering the research question and will be in the form of interventions that can be employed by also taking into consideration the dynamics of Mbombela. The recommendations will vary from the housing policy approach, shifting to interventions in the land market by government. I will then conclude by giving the way forward regarding the issue of access to urban land by the poor through low-cost housing delivery programme.

1.8. Research Method

The following research methods were undertaken:

1. Qualitative method: different types of literatures were reviewed. These include books, research and academic papers and documents. Most of the research and academic papers were accessed from Wits Library and from websites. Books were purchased and documents such as the Mbombela IDP and the Mbombela Spatial Development Framework were accessed

from Mbombela Local Municipality. Only literature that was relevant to the research report (access to urban land by the poor) was chosen. The purpose of this method was to refer from researches that are already done and to also refer from internation lessons.

2. Personal Interviews: Interviews were conducted with officials from Mbombela Local Municipality and Mpumalanga Provincial Departments. The purpose of this research method was to get views from these official regarding to issues pertaining to access to urban land by the poor and the Provincial/Municipal policies. Three(3) officials from Mbombela Local Municipality, one (1) official from the Department of Housing and Local Government and one (1) from the Department of Agriculture and Land Administration. Response from the personal interviews was written down so that the information cannot be distorted. Thepurpose of this method was to get personal views from officials who are dealing with this issues(such as policy making, development planning, housing, etc) in their work environment on a daily basis.

3. Quantitative method: A questionnaire was not necessary per se, as the research relied more on existing quantitative data which was obtained from the Mbombela Local Municipality, the Provincial Housing Department and National Housing Department. The data obtained from these sources is presented in a form

of tables in the research report. The purpose of this method was to quatify some of the data obtained from relevant sources. The data is mostly represented in a form of tables. The use of tables was to present the quantitative data in a simplified manner.

2.CHAPTER II: LITERATURE REVIEW

In this Chapter, I will be reviewing literature regarding access to urban land by the poor. The purpose of this discussion is to outline different debates regarding the issue of access to urban land by the poor. This discussion will also assist in terms of understanding the problems and challenges faced by all the stakeholders in ensuring and maximising access to urban land by the poor. The cause for continuous peripherilisation can be as a result of government policies or market exclusion, so this literature review will basically try to bring that understanding.

Land serves as a base for provision of low-cost housing. The literature review will therefore also include debates regarding provision of low-cost housing because the significance of access to urban land by the poor is basically to enable provision of low-cost housing in close proximity to opportunities and socio-economical integration. In essence, I will not divorce low-cost housing from the issue of accessing urban land by the poor, but key to the research will be the issue of access to urban land by the poor.

This discussion will not only be a literature review but it will also seek to establish a theoretical framework of this research. It is therefore important that the literature review must also provide the research with the conceptual framework. In order to have a better understanding of the subject issue (continuous peripherilisation through the process of low-cost housing), the literature will not be restricted to local researche but will also learn from other international debates on the issue. Some of the countries have managed to deal with the issue, so it is important to learn from them and to try to relate such lessons to the South African and (especially) Mbombela's context.

2.1. The Evolution of Housing Concepts and Ideas

The 1960's to 1970's saw emergence of individual experts on housing concepts and ideas. The common housing approach that was advocated during this era was site and services. The most significant approach was advocated by John Turner and it was named 'assisted self-help housing'. Nientied and van der Linden (1988) note that from the mid-1960's onwards, there was a shift by several authors in terms of the approaches of low-income urban housing in the Third World. Notably, authors recommended that government must stop to provide standard housing for the poor, and instead, human potential must be utilised in order to permit and enable the poor to house themselves.

John Turner was the popular promoter of this liberal approach. His approach was based on the fact that housing should be viewed as a verb rather as a noun and that the material value of housing must be replaced by human use value.

> *"From 1972 onwards, the World Bank has very actively persuaded the new approach to urban low-income housing. In the four fiscal years 1980-3, the Bank approved loans for urban projects in 28 different countries, totalling $US 1, 778, 9 million (World Bank 1980-3). The major part of these loans is absorbed by sites-and-services, squatment upgrading and integrated urban development projects - this latter category usually includes a sites-and-services and/or squatment upgrading component"* (Nientied and van der Linden, 1988:139).

The Marxists were the most prominent critics of the liberal approach. Rod Burgess was the most vociferous of the Marxists. Burgess' argument is that the liberal approach is in favour of capitalism and it is a means to maintain the status quo without addressing the actual causes of poverty.

> *"This apparent paradox in Burgess' critique of Turner in its turn gave rise to further comments. In Burgess' view, on the one hand, Turner appears to be a bourgeois liberal, whose proposals further the interests of capitalist development, on the other hand, no government can be expected to implement these proposals on a larger scale, since in their implications, they run counter to these capitalist interests*" (Nientied and van der Linden, 1988:142).

According to Smith (1999), one of the basic tenets of neo-Marxist writers is that the poor are regarded as a necessity for the purpose of capital accumulation. The fact that they provide a large and cheap labour pool makes it easier in ensuring the cheapening of the cost of labour reproduction. The state's role in this process is twofold, i.e. to support capital accumulation and to maintain social stability.

For government to maintain stability means that there is no political unrest, an increase in economic opportunities through sound economic policies and access for all to basic needs such as health, education and shelter. The private sector functions well when there is socio-economic stability within a country. That is why institutions such as the World Bank advocated the "enablement of the market to work".

The 1970s to the 1980s saw the World Bank entering into housing delivery by adopting the approach of sites and services, and squatter upgrading through the process of integrated urban projects. Housing experts advocated for state assisted self-help, individual tenure and targeted subsidies. In 1986, Turner came up with what he called 'order of development'. In this approach (Turner, 1986), emphasises three key issues and tasks which governments have generally neglected: (1) the planning and allocation of land, especially for low-cost development; (2) the support and enablement of people able and willing to

organise their own housing and local development; and (3) the generation and support of local finance systems.

In the late 1990s, the World Bank's approach was the 'whole sector development'. This approach puts emphasis on urban policy and economic development, and it was called 'enabling markets to work'. The approach encourages public/private partnership. From the 1990's onwards, the emphasis was on urban productivity which was directed to poverty issues and research. The United Nations encouraged 'sustainable development'. The latter resulted in the adoption of the Agenda 21 which was focused on issues of sustainable development whereby cities are viewed in a Globalising World. In other words there is no longer an excuse from the 'third world' countries with regard to issues of informal development. Governments are required to comply with the provisions of the Agenda 21. Governments are now compelled to put in place policies that will ensure sustainable development in order for each individual country to gain from the 'Global World'.

2.2. The World Bank's Approach on Low-cost Housing and Land

Nientied and van der Linden (1988) note that although Turner views housing also in terms of supply and demand in the solution which he proposes, he also agrees that the market values do not play a dominant role: The material values of housing are only regarded as one indicator of the human use value. In Turner's perspective, this should take the place of materially determined market value. In the World Bank's view, 'harnessing of the market forces' is the key to the solution of housing.

According to Nientied and van der Linden (1988) the approach of both Turner and the World Bank toward housing might be seen as similar, but the distinction is that the World Bank's policy is more towards economic theory. Turner's approach is more on satisfying individual needs. The main policy standing of the

World Bank is 'Enabling markets to work'. The latter requires that governments must ensure that the situation is conducive for investment. Conductivity includes political stability, good governance, deregulation and competition, whereas Turner emphasises individual rights through 'self-help' housing.

The policy of 'enabling the markets to work' becomes a problem when the poor are excluded in the aspects of socio-economic development. For instance, if well-located land is owned and controlled by the market, the market will only respond to the demands of those who have the power to purchase. This leaves the government with a sole responsibility of catering for the poor.

The enabling condition of the market tends to favour the middle to high-income housing, offices, retail, industries, etc. The demand of well located land, mainly for the middle to high-income housing, offices, retail, industries, etc, has excluded low-cost housing in terms of supply of well located land by high price of land.

> *"The World Bank recognizes provision of conventional permanent housing is not possible given the limited resources available. The housing deficit is then explained in market terms: evidently, there is insufficient demand for housing, but numerous constraints make for weakness on the supply side. As long as the supply side keeps providing conventional permanent housing only, it is not properly geared to the enormous existing demand. The only viable method of correcting this is to bring the supply cost down so that housing and services become accessible to large parts of the population presently excluded from the formal housing market"* (Nientied and van der Linden, 1988:147).

The World Bank's influence in the South African Housing Policy can be traced. Jones and Datta (2000) assessed South Africa's housing policy against the World Bank's policy 'do's' and 'don'ts' that are part of a strategy to enable markets to

work. They discovered that the South African government adopted a majority of the do's' and avoided a majority of the don'ts' of the World Bank list.

> *"The World Bank list, however, does not provide a route map to policy makers as to how to formulate policy. The list is a useful means of gauging the direction of change over time, a transition from the 'don't' side of the list toward the 'do', but it provides no indication of how these principles are to be translated into concrete policy reform"* (Jones and Datta, 2000:410).

The above means that government must formulate their own policy frameworks which must be in line with the World Bank's list. In other words, the policy formulation per individual country must be informed by the dynamics and development challenges of that particular country. The fact that the World Bank's list does not provide a route map to policy markers does not mean that individual government cannot formulate policy frameworks. It is important for government to formulate policies such as the housing policy that seek to address the challenges faced by governments. Perhaps it is important to first understand the origins of the 'enabling housing markets' policy by the World Bank.

According to Keivani, Mattingly and Majedi (2005), the origins of the enabling housing market policy may be traced back to a number of earlier initiatives and policy developments both from within and outside the World Bank. The policy developments include the Bank's Urbanisation Sector Working Paper in 1972, the self-help debates of the 1960's and subsequent policies on aided self-help. The new approach therefore is articulated in terms of a set of comprehensive policy measures for developing the housing sector as a whole. Through enhancing private market capacity, it is deemed would then be able to reach a wider sphere of commodity circulation that includes much of the lower income groups.

The World Bank's approach entails that government must only be active in the supply-side. The latter means that government must provide infrastructure to those who do not have purchasing power (the poor), and whom the market forces do not cater for. Jones and Datta (2000) argue that the good intention of subsidies can be outdone by the cost of regulatory restrictions. The developer's costs can be raised in such a way that it favours the higher-income end of the market, and as a result, a less responsive housing supply will be the end-product.

It is clear that the World Bank's approach emphasises the private market development. It lacks an insight of the dynamics of providing low-cost housing, more especially, in the South African context where housing developments have continued in a segregatory manner since 1994. If the market takes a driving seat in the provision of low-cost housing, the possibility is high that a new form of segregation can emerge. The current continuous provision of low-cost housing in the periphery qualifies the approach as perpetrating segregated development, whereby due to the market forces, the poor are still pushed to the periphery.

The UNCHS managed to identify this problem of enabling strategy. The saw it as important to also include the affected communities and NGO's in ensuring that the strategy does not segregate.

> *"Later formulations of the enabling strategy by the UNCHS have attempted to overcome some of these shortcomings. This can be seen in the adoption of adequate shelter for all and sustainable human settlements, in the UNCHS 1996 conference in Istanbul. They included the low-income communities themselves, community groups, NGO's and women as main actors who should be supported through the enabling strategy in their own rights as well as the private market (UNCHS, 1996). Nevertheless the private markets are still identified as 'primary housing delivery mechanism' which form the backbone of the 'shelter for all'*

> *policy of the UNCHS, 1996, Clause 63"* (Keivani, Mattingly and Majedi, 2005:2).

According to Yates and Whitehead (2000) the World Bank's approach is that governments should intervene by utilising a range of enabling instruments that will serve to get the institutions in order. In order for governments to be able to address the issue of demand-side, they ought to develop property rights, privatise existing housing stock and abandon mass evictions.

There has been some criticism of the World Bank's approach. The main criticism is labelled as the Bank's over emphasis on the formal market and this has resulted in an oversight to other modes of housing delivery.

> *"Perhaps the most important criticism of this enabling market paradigm is the inappropriateness of the enabling strategy in the context of developing countries and the need for a wider range of strategies that might provide more effective alternatives to enabling formal markets. Chief among alternatives is for the state to do what the market does not"* (Keivani, Mattingly and Majedi, 2005:3).

In essence, the state intervention will serve as a means to respond to the inadequate response of the market toward low-cost housing delivery. Keivani, Mattingly and Majedi (2005) argued that the enabling formal market approach results in more speculative investment in land and the trend to maximise profits. This reduces efficient market activity and usually increases land and housing prices.

The World Bank's approach on access to urban land by the poor places more emphasis on the role of government in the process of land development. According to the World Bank, governments must only set policies that will be able to attract the private sector. The World Bank does not support the idea of

governments taking the role of both a developer and regulator of markets. "When acting as a developer, governments have tended to act in monopolistic ways" (South Asia Energy and Infrastructure Unit at the World Bank, 2005:3).

According to the South Asia Energy and Infrastructure Unit at the World Bank, (2005), government should focus on releasing land for legal development. It also promotes the formulation of development plans as a means to provide access to urban land to all economic groups. The World Bank recommends that such development plans must include, among other aspects, objectives in a development, spatial articulation of the objectives in a zoning map, a set of land development regulations reflecting the market demand, housing designs and affordability of housing for various socio-economic groups. In essence, the spatial articulation of the objectives must indicate areas earmarked specifically for a particular socio-economic group. The idea is that the poor must also have a share on urban land and developers will be channelled to develop such land for a particular socio-economic group.

In the following discussion, I will be deliberating on the need to provide access to urban land by the poor. It is imperative that we understand the meaning and significance of accessing urban land by the poor, in fact, what it does to the poor. The discussion will therefore seek to create an understanding of the importance of accessing urban land by the poor.

2.3. Low-cost Housing and Land in Pushing back the Frontier of Poverty

The 21st century's housing researchers and activists see housing as not only a shelter but also as a means to eradicate poverty. This has lead to emergence of new low-cost housing ideas, notably, De Soto's ideas of low-cost housing. According to Cousins, Cousins, Hornby, Kingwill, Royston and Smit (2005) a central tenet of the De Soto argument is that housing plays a important role in facilitating access to finance. Based on De Soto's argument, the question

remains as to whether the low-income households are prepared to forward their houses as collateral for a loan? It is clear that De Soto's argument is solely dependent on the actual demand for loans in order for the house to serve as collateral.

"De Soto offers a simple yet beguiling message: capitalism can be made to work for the poor, through formalising their property rights in houses, land and small business" (Causins, Causins, Hornby, Kingwill, Royston and Smit, 2005:1). The authors note that De Soto's initiative is generating strong opposition from NGO's, social movements and bodies such as the International Land Coalition, which contest the single-minded focus on individual title, formalisation and credit as solutions to poverty. The authors' argument against De Soto's idea is that he is over simplifying the informal economy and associated property relations and he has also failed to acknowledge the rather different principles that often inform the 'extra-legal' property system found in rural areas and informal settlements. They further argue that for property to function as capital there must be a market for it, allowing it to be used as collateral for credit banks and other lenders.

It is interesting to note that their argument is based on access to urban land by the poor, either through formalisation of existing slums or through low-cost housing delivery. Their argument therefore does not view rural land, situated in the periphery, as a vehicle toward economic prosperity by the poor. It is simple to understand their argument because formal economic activities are taking place in urban areas and not in informal settlements in the periphery. In order to allow the poor on the periphery to be actively involved in the economy, requires that urban land must be accessible to them by means of low-cost housing delivery. This will ensure that they get security of tenure, proper services and an increasing value of their properties. This in turn will enable them to utilise their properties for investments purposes.

Huchzermeyer and Karam (2006) further argue that urban land must be considered as a source of livelihood, and at the same time, can be used as a source of wealth creation among the poor. They view urban land as playing an extremely important role in poverty reduction and economic development directly and indirectly. Based on this argument, access to urban land by the poor must be seen to be key in the reduction of poverty. Low-cost housing must therefore be highly considered as a means to reduce poverty whereby low-cost houses are built on urban land so that the poor can also be afforded an opportunity to have valued assets (e.g. house).

2.4. The Role of Private Institutions in Urban Land Markets

Favacgue and McAuslan (1995) suggest that the use of NGO's is another means of dealing with the inaccessibility of urban land by the poor. They base their argument on the fact that NGO's interact directly with the poor and they understand their plight well.

> *"Private institutions that play an important role in land markets are the nongovernmental organisations (NGO's), including community-based organisations (CBO's) and cooperatives. These institutions tend to operate at the lower end of the formal land markets and in informal land markets. They act as the point of contact between formal and informal markets, between public sector agencies and the people in the informal sector, and often between private landowners and people wanting land"* (Favacque and McAuslan, 1995:29).

It is a known fact that NGO's operate at the grass root level where they interact directly with communities/the poor. It therefore becomes easier for NGOs to amplify the voices of the poor, but they often clash with government on principle issue.

> *"Obviously, NGO's involvement in urban management means a good deal more than helping the poor obtain land and housing and fill in legal forms correctly. It also has to do with empowerment-participation as an end, not just as a means-and a restructuring of relations between government and the governed. Although this idea may be tolerated or even encouraged by some governments, other governments react negatively to this aspect of the work of NGO's"* (Favacque and McAuslan, 1995:32).

Huchezermeyer and Karam (2006) are supporting a more comprehensive land policy approach. According to them, this approach cannot be successful unless the private sector, NGO's and communities assist the state by getting involved. It is always going to be difficult for government to deal with issues of access to urban land by the poor, without the collaboration of the private sector and NGO's. This partnership can be at strategic level whereby the implementation part will be at delivery level (local municipal level). However, if the private sector continues to develop parallel to government policies, integration will never be achieved. "NGO's claim to be able to improve housing more cheaply than formal developers and to use a combination of savings and micro-lending as a means to cover the finance gab" (Jones and Datta, 2000: 406).

With regard to the issue of support for NGOs, Huchzermeyer and Karam (2006:30) state that:

> "*only in the new millennium, with the emergence of 'new' issue-based social movements (one being the Landless People's Movement) responding to growing dissatisfaction with evictions/involuntary relocations and a persistence of unequal distribution of land rights, have informal settlements re-emerged on the civil society agenda. Urban development NGOs such as the Development Action Group (DAG) and*

Planact, and university initiatives such as the Centre for Applied Legal Studies (CALS) at the University of the Witwatersrand, increasingly support these popular movements".

2.5. The Role of Urban Land Markets in Market Economics

Markets in general provide for the exchange of goods and services between buyers and sellers. As such, markets differ in terms of economies. There is market for food, capital, labour and land. The medium of exchanging goods can be through advertising, auction or brokers. According to Dowall (1993) all market transactions are composed of three dimensions, i.e. a product, a quantity and a price. Markets therefore require that a seller's process to affect the market transaction starts with a search for buyers. Once the number of buyers has been established, then the price is determined and thereafter the seller has to determine the quantity thereof.

According to Dowall (1993) land markets perform four important functions: 1) they bring buyers and sellers together to facilitate transactions, 2) price setting for land, 3) allocation of land by setting prices so that the land market clears, i.e. the suitability and quantity of land offered for sale equals the quantity of land demanded, and 4) the importance of land prices. He cited an example whereby a buyer has to pay a high price for a land portion. Due to the high price of the land portion bought, the buyer will then be compelled to use the land extensively. In return, the service rendered by the use of the property will be of high price in order to maximise profit.

Competition is best for markets to works. However, it requires that there must be many buyers and sellers. For instance, if the market has a number of buyers then the seller or buyer will be able to influence market prices. *"Under competitive conditions, buyers will have little control over the market price and will have to accept or reject the seller's offer. Under competitive market conditions,*

individual buyers and sellers are price takers, not price setters" (Dowall, 1993:3).

What informs and shapes the demand for and supply of land? Dowall (1993) provides an explanation whereby the demand for land is derived from different activities of utilising land. The activities include housing, factories, retail shops, farms, government facilities, etc, within which the conditions of demand are derived and the demand for land will be determined by the demand for these activities. In other words, the power to purchase through availability of finance from the buyer will enhance the demand, whereas lack thereof will reduce the demand. In explaining the supply of land, Dowall (1993) indicates that the supply of land available for urban development is determined by the gradient of land, availability of infrastructure, master plan and zoning mechanisms, and the willingness of land owner to sell land portions. An unfavourable gradient of a land portion will affect the supply of that particular land due to constraints associated with development on steep slopes. Again, if a private land owner decides not to sell his/her land portion, then this often results in idling of land in high inflation situations.

Well developed cities, in terms of infrastructure, will also increase the supply of urban land. However, over regulation by local municipal policies can hamper the rate of supply of urban land. "For example, if a city alters its land development policy and creates a greenbelt around the city, the supply of land available for development will shrink. If a city is suddenly confronted with a flood of immigrants needing housing, the demand schedule for land will shift, and more land will be demanded at various prices" (Dowall, 1993:5).

In terms of competition for a land portions, Dowall (1993) cites the fact that in the land market, land developers search and compete for land. This bidding price insures that land is developed and used to its maximum potential. Competition for land portions from the market is also determined by the potential of the land

use that is envisaged by the competitors. The land market entails that land parcels must be utilised to their best potential in order to maximise economic returns. So, bidders that envisage utilising land for high intensity development are at an advantage. This market phenomenon has got an impact in terms of access to urban land by the poor because developers who have finances will always influence the price of land. It is difficult for government and local municipalities to compete for land in the open market because of the price of land charged by land market.

Dowall (1993) proposes the following forms of government intervention into urban land markets:

1) reduce market imperfections,

2) do away with externalities in order for the social costs of land market to be outcome to correspond more closely to private costs,

3) distribute the community's scarce resources in order for the disadvantaged groups to also be able to share in community's output.

According to Dowall (1993), the first two interventions seek to maximise the efficient way of allocating land market's outcomes, whilst the third intervention seeks to enhance the equity of land market outcomes. This can be done by targeting land resources to low and moderate income groups. This therefore means that government intervention must also include increasing the level and transparency of information about land markets and its transactions. This can be done by eradication of market imperfections, failures and externalities.

2.6. Low-cost Housing and Urban Land Markets

Slums in the cities are an indication of a need to accommodate the poor in terms of access to urban land. Urbanisation is inevitable and therefore is another cause of a need to supply urban land to the poor. The exclusiveness of the market forces the poor to resort to forceful and illegal occupation of vacant land in close proximity to opportunities.

Serra (2006) argues that the formal housing sector provides a diverse range of market housing solutions that includes land portions. These solutions will respond to the price demands of all types of households, including the needy. The housing industry functions above both the issues of capacity and the willingness to pay for the poor. This is one of the reasons why the poor end up housing themselves.

The market forces are not only the contributor to inaccessibility of the poor to urban land, but also the land policies in general are a contributing factor. Land policies must also take into cognisance the need of the poor by promoting access to urban land by the poor. Serra (2006) recommends that, because land policy is an area in which much research is needed, the following are of particular interest: i) urban and land regulation, ii) expansion of the infrastructure, iii) the concession of financing and subsidies to land purchase and cost recovery of government programmes, iv) land taxation, and v) land titling.

In suggesting a solution, Serra (2006) suggests that attention ought to be paid to three basic government issues: i) decentralisation of responsibilities to local governments, ii) introduction of private sector participation in the provision of urban infrastructure, and iii) the increasing participation of civil society in the definition and implementation of housing policies for the poor.

According to Farvacque and McAuslan (1995) another important point to note is that all spheres of societies view security of land tenure as more than a relationship between people and land. It engulfs cultural, social, and political concerns. They argue that the evolution of government has got to do with the struggle over land. In order to understand the patterns of land tenure one needs to examine how they have evolved over the years.

2.7. Problems Associated with Access to Urban Land

It must be noted that the rate at which urban land is exchanged within the market is an indication and contributor to economic growth. In order to be regarded by the market as a contributor to economic growth, one must have purchasing power so that the market can respond to one's demands.

Marx (2006) sees the problem of access to urban land by the poor as resulting from the fact that the poor are generally excluded from the priority of economic growth, whereas there is a connection between economic growth and urban land markets. He further argues that due to this perception, the poor are not accommodated in the urban land market because it is perceived that their inclusion will not contribute to economic growth.

Landman and Ntombela (2006) view the problem as a result of the nature and design of South Africa's urban spatial form. They argue that the embracing of privatisation of urban land through the establishment of gated communities has a negative impact in enabling access to urban land by the poor. They note that South Africa's urban land market only caters for the middle and high income groups and excludes the poor. The latter results in absence of positive social contact between economic class groups.

Royston (2006) introduces an interesting argument by stating that the poor do have access to urban land. According to her, the problem is the lack of knowledge from the poor with regard to the actual means and processes of accessing urban land. She cites government intervention as a solution, whereby land is made available to the poor through the national housing programme.

Kihato and Berrisford (2006) bring another dimension to the debate. They argue that the regulatory framework that is inherited from the apartheid regime is still applicable. According to them, there are various regulatory tools that can be utilised by the state to manage urban land better for the poor. They also note that, at the same time, there are a range of legislative and regulatory frameworks that restrict access to urban land by the poor.

> Charlton (2006), adds: *"For example, with respect to the supply of urban land, strategic planning through the mechanism of Integrated Development Plans is restricted by administrative problems with land use management systems, as well as limited tools through which to translate strategic ideas in to 'day-to-day land use decisions…This hampers the availability of well-located affordable land for socially driven land development"*

In other words, the issue of lack of access to urban land by the poor must form part of municipality's Integrated Development Plan. This can be done by identifying vacant suitable land for low-cost housing development and the cost attached to that particular piece of land. Once this has been done and incorporated to the IDP, then it will be easy for local municipalities to seek funding from the relevant institutions for purchasing and development of the land.

2.8. Vulnerability of the Poor on Well-located Land by Market-driven Evictions

The other form of accessing urban land by the poor is through land invasion. Usually, well-located land is invaded because of the dire need of the poor to be in close proximity to opportunities. The issue here is that sometimes the poor can force their way to well-located land but will remain vulnerable to eviction, more especially from the market forces. In this instance, private or public land can be invaded by the poor in a form of shack/informal settlements. According to Durand-Lasserve and Royston (2002), eviction trends must be analyzed with reference to the global context of the perpetual imbalances between demand and the supply of land for housing, the shortage of well-located urban land for development, increases in the land value in the urban land market, and increasing commodification of informal land markets.

According to Durand and Lasserve (2006), negotiated market-driven evictions are caused by the prospect of investment in a property that is informally occupied. Such land usually is perceived as undevelopable as long as it is occupied. The investors will seize this opportunity by purchasing the property below market value and subsequently sell it back at a higher value, regardless whether is developed or not.

In terms of the market forces, well-located land that is informally occupied by the poor has a value that is below the market price and therefore in order to increase its value the occupants must be evicted or displaced. It is amazing that soon after an eviction has taken place, the same land can be sold at a higher price, regardless of whether the land is developed or not. In other words the use of land by the poor does not have value in terms of the market forces. The poor does not add value to land that is well-located; instead, vacant well-located land has more value than land that is occupied by the poor. Durand and Lasserve (2006), argue that

the decline of the market value of land can be attributed to, among other factors, squatters already occupying the land and that there is no tenure of the said land.

Kreibich and Olima (2002) argue that market-driven displacements are experienced more frequently when several types of property rights coexist, and each type has a different value depending on the types of protection it provides. This results in a situation whereby the poor are highly exposed to pressure. In other words, the market-driven displacement only targets the more vulnerable (the poor). The authors cite an example of Rwanda and other Sub-Saharan African countries. Kreibich and Olima (2002) further cite an example where market-driven eviction happens when urban land and houses have been occupied in a post-war emergency context by refugees or returnees without proper government control.

The risk of eviction on well-located land is high where there is no land tenure and where the land is well-located for profit-driven land development investment. The market-driven eviction is not only limited to private land but also on public land.

> *"Those living on prime land or land located in areas suitable for profitable housing or commercial development projects are particularly vulnerable to pressures from the administration or investors, especially if they do not have full security of tenure. Poverty and weak community organization usually increase the risk of market eviction"* (Huchzermeyer and Karam, 2006:212).

In South Africa, for instance, illegal occupants of land are protected in terms of the Land Eviction Act. The Act stipulates that alternative land must be provided first prior to eviction of the people. The question remains whether the alternative land is well-located or not. In most cases people will be evicted and placed on land that is even far away from the opportunities. It is important that inputs from

the affected community are taken into consideration with regard to the proposed relocation or alternative land. This will assist in keeping the community in close proximity to opportunities as was envisaged when they occupied that particular land.

2.9. Spatial Exclusion of the Poor on Urban Land

Spatial formation of South Africa's cities has an impact in terms of exclusivity through physical and economic barriers. Those who are living in urban areas are more and more prepared to spend much in order to be exclusive with regard to their standard and way of living. This prevailing kind of spatial exclusivity results in separation of communities in terms of socio-economic and level of services.

> *"Urban transformation through fortification and privatisation of space, services and governance has a number of consequences for the poor that influence the poor's ability to achieve more sustainable livelihoods and access to well-developed places. Sustainable livelihoods are mainly influenced through accessibility constraints to a number of livelihoods or capital. These have a direct impact on the poor in two ways: access to places of work or friends and access to land or property"* (Landman and Ntombela, 2006:14).

In supporting this argument, Landman and Ntombela (2006) describe the current trend of gated residential development as restricting in terms of socio-economic integration. They bring about an example of gated communities whereby they view it as reducing access to the physical capital for those outside the walls and fences, including the poor. These barriers restrict and/or prohibit access to well developed land uses such as parks, recreational facilities, educational facilities, etc.

Landman and Ntombela (2006) argue that property prices in gated communities generally increase more than those outside the walls. This happens while households are able to negotiate lower insurance premiums. The increase of prices in gated communities has a direct impact on the adjacent developed or vacant land. Adjacent land will also, due to market forces, increase in price due to the level of development and security within the gated communities. This restricts the poor in accessing land that is adjacent to gated communities due to price increase in land. There has been public outcry regarding property taxes within gated communities. Landman and Ntombela (2006) cite an example whereby at the Public Hearing in Johannesburg, a number of residents also pointed out that road closures and some security residential estates, with proclaimed public roads within, gain a financial advantage because the property prices inside these areas generally increase after closure. These residents felt that this occurs at the expense of those outside who still contribute taxes for all public roads.

The other problem that contributes to spatial exclusion of the poor is institutional challenges. Landman and Ntombela (2006) highlighted the fact that privatisation of spaces is also linked to the partial privatisation of service delivery and privatisation of local management through the creation of strong HOAs (Home Owners Associations), which resulted in micro-governments. The functioning of these governments often contributes to institutional fragmentation in the city. This therefore results in the conflict of responsibility and jurisdiction of power. Urban management becomes affected with regard to issues of road maintenance, traffic congestion, security, etc. The management of communities by Home Owners Associations or Section 21 Companies are the best example of privatisation of local urban management.

According to Landman and Ntombela (2006), one of the drivers behind increased privatisation in South Africa is inefficient public service delivery in urban set-ups. This results in a situation whereby private people are forced to respond by taking over a range of local functions, such as park maintenance, provision of street lights, installing of traffic lights, etc. The notable government intervention on issues of access to land by the poor is the government's low-cost housing programme. There has been some negativity about this government programme. The negativity includes issues of poor housing quality, location of new housing development, level of services, etc, and in particular continued segregation.

"Spatial fragmentation and segregation facilitated through the privatisation of public space in South Africa, therefore, also hinders access to well-developed land and quality spaces" (Landman and Ntombela, 2006:20). Integrated spatial formation is important because urban spaces are viewed as promoting social integration, equity in terms of economic development, access to adequate services, etc. It is therefore improper to provide such opportunities to limited number of people that are mainly characterised by their economic muscles. Spatial integration is therefore key in serving as a catalyst in dealing with issues of poverty.

2.10. THE CASES OF IRAN AND BRAZIL

In this section I will be looking into the cases of Iran and Brazil in dealing with their urban land issues. The main discussion will be centred on their urban land and housing policies, and the successes of their intervention mechanisms. The case study will assist the research in drawing some of the lessons learned from these countries and try to relate them with the Mbombela scenario. I will discuss the Brazilian case in comparison with the South African situation. The reason is that Brazil has similarities with South Africa in terms of politics and challenges.

2.10.1. The Case of Iran

According to Keivani, Mattingly and Majedi (2005) during the Iranian revolution in the 1970's, the country had a relatively low demographic density as compared to other countries in the middle-east. It is estimated that the demographic density was at 30 people per square kilometre. Iran had sufficient land to meet all demand related to land development, including housing, however, the main problem was that the price of land in Iran was higher than in may other developing states. The government was forced to intervene in the issues pertaining to land pricing and land management. This was done by introduction of a tax on land appreciation in order to limit private transaction of vacant urban land. The Iran government also introduced a mechanism whereby the government increased its state land acquisition powers and expansion of direct public supply of low-cost housing.

The main problem with this state intervention was that those who have vested interest property business were able to negate the purpose of these policies by either having a hand in the process of decision making within state organs or by controlling the land market and its prices.

> *"by 1978 about 85 percent of land within Tehran city boundary belonged to the Royal family or a few big land-owners. Furthermore, of the 80 million square meters of land on the outskirts of the city, 90 percent belonged to 10 percent of land owners. The urban land and housing situation progressively worsened. Between 1971 and 1976, the price of land in Tehran increased by 500 percent, and by the end of 1977 the average price of land in the urban areas of the country as a whole and Tehran, was respectively about 42 percent and 50 percent of the overall cost of housing"* (Keivani, Mattingly and Majedi, 2005:6).

After the 1979 revolution, the government embarked on a programme of addressing the urban land and housing situation in Iran. The country suffered an escalation in illegal occupation of vacant land in and around Tehran and other cities by the poor. According to Keivani, Mattingly and Majedi (2005) these population groups, in turn, took advantage of the inefficiency of local municipal controls. They started building self-help housing themselves on the occupied lands. The courts and revolutionary organisations also exacerbated the problem when they confiscated land belonging to big land owners. The land was subdivided into land portions and allocated to low-income households.

> *"However, in June 1979, the government decided to bring some order to this situation by passing a law which imposed a ceiling limit on private ownership of undeveloped urban land and to acquire the excess land for housing and urban development purposes. This was largely facilitated by relying on Islamic law for defining urban land categories and rights of ownership. Accordingly, urban land was divided into three main categories which a) undeveloped or virgin (Movat) land, b) abandoned or unutilised (Bayer) land and c) cultivated or developed (Dayer) land"* (Keivani, Mattingly and Majedi, 2005:6).

Legislation, such as the Abolition of Undeveloped Urban Land Ownership Act, was promulgated. The promulgation of legislation also included establishment of organisations, such as the Urban Land Organisation. The purposes of this organisation were to oversee the implementation of the law thereby providing some stability in land acquisition within and around cities of Iran.

According to Keivani, Mattingly and Majedi (2005) the law provided the right of development of one plot of land up to a certain limit. This was applicable to owners of undeveloped urban land and it was on condition that neither they nor their spouses owned a suitable housing unit. The ceiling was restricted to 1000m²

within cities and 1500m² in smaller towns. The other condition was that the owner of a stand was given a period of three (3) years to develop his property. Areas that were more than the prescribed ceiling automatically became available for public acquisition and without any compensation.

However, there were some protests with regard to acquisition of urban land without any compensation. According to Keivani, Mattingly and Majedi (2005) some Islamic scholars argued that such land had initially been utilised productively for agricultural purposes. They argue that such land can be reused than being compared to the ones that were not developed/used before. This argument resulted in the state promulgating another law in order to deal with such cases. The Urban Land Act was passed in 1982 and was effective for a period of five (5) years and was subject for extension by the parliament.

> *"As a result of these measures, the government came into the possession of substantial tracks of land lying around the cities and also inside the city limits. The lands obtained were subdivided, the necessary urban infrastructure provided, and the plots of lands transferred to eligible households"* (Keivani, Mattingly and Majedi, 2005:7).

At the end of the stipulated time period of the Urban Land Act, a sound balance had resulted between demand and supply of land in urban areas of Iran. However, government was forced to extend the period of the law as the process of acquisition and allocation of excess land was not completed.

According to Keivani, Mattingly and Majedi (2005) the impact of the new land policy on housing provision and land markets shows that the percentage of allocated land in the different parts of the urban areas of the country ranged from about 6 percent to over 98 percent depending on the province (Keivani, Mattingly and Majedi,2005). The percentage of allocation in Tehran was only about 18 percent. The differentiation in the percentage of land allocation per city and

province of Iran is a clear indication of different administration capacity and individual problems per city or province. There has been an increasing share of land allocation by other land uses such as industrial, retail, offices, etc. According to Keivani, Mattingly and Majedi (2005) the allocation of land for non-housing land uses rose from 12, 9 in 1984 to 40 percent in 1988.

2.10.2. The Significance of the Iranian Case

Despite the fact that Iran had sufficient land to meet all demand related to land development, it was difficult to access well-located by the general public. High land price was the main constrain in accessing land. However, the significance of the Iranian case is that government intervened by regulating land pricing and land management in general. A tax on land appreciation was introduced by the government with the main purpose of limiting private transaction of vacant land. The other significance is that the government introduced a mechanism which was aimed at increasing the state's land acquisition powers and expansion of direct public supply of low-cost housing.

2.10.3. The Case of Brazil

The reason why I have chosen Brazil as case study is that both Brazil and South Africa are ranked as middle-income countries. The other similarity is that Brazil suffered military dictatorship from 1964-1984 whilst South Africa suffered the apartheid regime from 1948-1994. Both regime's end product were disparities and segregation in terms of race, gender, class, socially, economically, etc.

> *"In both countries, this early legislation (allowing unchecked land speculation in Brazil and racially restricted access to land market in South Africa) later became the basis of land distribution during both countries' far-right authoritarian regimes."* (Huchzermeyer, 2002:86).

The industrialization process in Brazil started in the 1930s. Less than 30% of the population of Brazil lived in the cities. The influx of people into the cities provoked changes in Brazil's socio-economic and spatial order. The urbanization process resulted in a total of 80% of the population living in the cities, within a period of five decades. The process of urban growth, due to urbanization, remained uncontrolled until the promulgation of the 1988 Federal Constitution. Until then, Brazil had no proper planning legislative framework.

> *"The truth is that, regardless of its direct intervention in almost all sectors of the economy, and despite some marginal attempts to enact urban legislation and to implement urban policies, for historical politico-economic reasons, the Brazilian State has failed to reform laissez faire ideologies regarding the use and development of urban land"* (Fernandes, 1995:9).

Most of the Brazilian cities are affected by slums (*favelas*). The phenomenon of slum formation started in Rio de Janeiro during the beginning of the 20th century. The growth of Brazilian cities have been characterised by the problems affecting the quality of life, such as spatial segregation and social exclusion.

> *"Traditionally, Brazilian growth model has been characterised by the social exclusion of growing portions of the society, caused mainly by an unequal income distribution, where a small portion of the population has access to the bulk of income and wealth, including proper housing, urban infrastructure and other basic services like education and health, whereas the greater majority of the population is deprived from access to those minimum basic needs"* (Morais, Cruz and Oliveira, 2005:3).

The process of urbanisation in the 1940's played a huge role in increasing these disparities. A lot of the population was moving from the rural areas to urban areas in search of opportunities as Brazil was also growing industrially. According to Morais, Cruz and Oliveira (2005), the excluding nature of the urban land reform programme and the legislative responsibility of local municipalities that was implemented under Pereira Passos' administration (1903), caused an increase in land values. This was either in central cities or in peripheral areas and with the eviction of the poor towards the suburbs.

A large part of Brazil is populated and has no access to urban land and proper housing except through informal and illegal occupation of land. These disparities necessitated the federal government to device a policy which will enable municipalities to address these problems quite effectively. During the 1980's, the Land Regularisation Programme was undertaken by the government.

> *"In 2003, recognising the scale, seriousness, and the implications of the informal urban development process, the federal government, through the newly created Ministry of Cities, for the first time formulated a national policy and a corresponding national programme on this question. The policy was to orient all the specific programmes in all spheres of government, relating to regularisation of urban informal settlements already consolidated and occupied by low-income groups"* (Fernandes, 2005:3).

Through the 1988 Federal Constitution, the federal government of Brazil gave municipalities a central role in dealing with the issues of informal land development. This role entails that municipalities have to formulate and implement the Land Regularisation Programme. According to Fernandes (2005), one of the objectives of the regularisation programme was to create the conditions for the municipalities to deliver, accessibility of the lowest income groups to

serviced land. Based on these initiatives it was necessary to create new social housing policies and inclusive urban planning directives.

The federal government was aware that municipalities alone will not succeed in dealing with these issues. A call was made to the private sector to get involved in the process of production of serviced stands. A strategy regarding planning support was derived in 2003. As part of the strategy, conferences were held with the purpose of creating partnerships with national councils representing professionals such as the engineers, architects and urban planners.

In ensuring that the working class get access to urban land, Brazil came forward with a policy that included a decree regulating the sale of land to the low-income people situated on the urban periphery. The concept of a 'social function of property' was introduced in the 1934 Constitution.

> *"…the concept of a "social function property", requiring that the use of private property submit to the social interest of the broader public (Fernandes and Rollick, 1998:145). A further populist policy introduced by Vargas was a tenancy law controlling the rent in inner-city tenements or corticos. However, as this regulation rendered the provision of tenancy to the low-income population unprofitable, private sector investments were diverted to industry."*(Huchzermeyer, 2002:87).

2.10.4. The significance of the Brazilian Case

The dictatorship era saw a large part of Brazilian's population having no access to urban land and proper housing. Access to land was mainly through informal and illegal occupation of land. The significant move by the Federal government was to device a policy that sought to address the issue of inequality with regard to access to urban land and housing. The Federal government introduced a Land Regularisation Programme, which was aimed at enabling the municipalities to

eamark land for low-cost housing on urban land urban land and housing issues effectively. In short, the government took upon itself to ensure that the poor also get equal access to well-located land and housing by introducing relevant policy, i.e. Land Regularisation Programme.

2.11. CONCLUDING THE LITERATURE REVIEW

The literature that has been reviewed has indicated that the issue of access to urban land is mainly controlled by the market forces. Governments have little or no control with regard to access to urban land, except for land regulation. The latter is mainly due to governments' economic policies, which recognises and enables markets to work. It therefore becomes very difficult for governments to enforce some of its policies (e.g. spatial integration) because it does not own the resources (urban land).

The market forces have been successful in providing access to land in developed countries. This is attributed to the fact that these countries have managed to deal with issues of, for instance, inequalities, unlike in South Africa where there is a huge rate of inequalities (i.e. economically, socially, class, etc). In other words not all the successful policies that were employed by these countries can also work in South Africa because when the issue of access to urban land is solely in the hands of the market forces then the status quo will be perpetuated. Since the literature review has indicated that, in most countries, access to urban land is controlled by the market forces, it therefore means that the land transactions are based on 'supply and demand'.

3.CHAPTER III: THEORETICAL FRAMEWORK

Housing and land, as commodities, play a vital role in the economy of a country, whether one belongs to a low or high economic class. It is imperative that the benefits of proper housing reach all across the economic divide. It is therefore fundamental to understand why there is exclusion in the manner the 'free market' operates.

The basis of understanding the position of low-cost housing and land in relation to the market forces is that housing and land are profit driven. All the components of housing, such as land, production of building materials, administrative functions, services and the actual use of the house, are controlled and produced in the market cycle and as such, are aimed for profit gains. Even if it is supplied by the state, the fact is, the beneficiary must utilise it to better his/her standard of living and the state does not have control at this stage, but the market forces. So what are the factors that make low-cost housing not to compete in the 'free market'? If low-cost housing is perceived as a means to reduce poverty among the poor, then why it is so difficult for the market forces to be inclusive in its operation? It is a norm that the market (including financial institutions) only assist those who have money and due to the fact that the low-income group does not have money, the response from the market forces is to systematically exclude them in terms of access to urban land. The perception (by the market force) is that low-cost housing has its own market in the periphery. The neo-classical theory of "Supply and Demand" will therefore be central to the discussion in this Chapter.

3.1. Understanding Low-cost Housing and Access to Urban Land in the Context of 'Supply and Demand'

Due to the fact that South Africa has adopted the World Bank's approach and policy of 'enabling markets to work', the market forces control access by the poor to urban land. The competition in the supply-side of housing makes it difficult for the market forces to meet the demand of the poor. This is attributed to, among other things, the price of land and profit expectancy thereof.

The law of supply and demand, in simple terms, means that the fewer the supply of goods and the more demand for it, the higher the price somebody would purchase it. "The amount of income a person receives affects the cost of buying an item because it determines which options a person must give up when buying a product" (Ingrimayne, 05/08/2007). For an example, if a low-income person spends R400 for a trip around South Africa, it means that he/she will have to reduce on food, entertainment or shelter. The same trip will require a high-income person to reduce on different things than the low-income person. This means that an expenditure on a product by the low-income person has a different effect compared to the high-income person because the low-income person will be compelled to even reduce on essential needs like shelter.

An increase in people's income results in higher consumption of most products. Urban land will be more accessible to people with high income, because they have money to consume land as a product. The effect of this phenomenon is that the market forces will concentrate more on those who have power to purchase, thus, excluding those who have a low income. The theory of 'supply and demand' is important for some explanation of the mechanism by which many resource allocation decisions are made.

The ‘supply’ side of the theory of ‘supply and demand’ is regarded by the Classical Economic Systems as limited and ‘demand’ as unlimited. Nowadays economic scholars have overturned this understanding by the Classical Economic System. They now regard ‘supply’ as unlimited and the ‘demand’ as questionable. However, the general expectance of the theory of ‘supply and demand’ is that it describes how prices vary as a result of a balance between product availability at each price (supply) and the desires of those with purchasing power at each price (demand).

The interpretation of the ‘supply and demand’ theory is that the market forces will only respond positively to those who have purchasing power and it will systematically exclude those who have no purchasing power (the poor). For example, land that is well located in close proximity to opportunities/urban centres is in the hands of private owners, means that availability of such land will solely depend on the demand by those who have purchasing power, and will also be made available at a competitive market price.

For example, a consumer may be willing to buy two (2) apples if the price is 85c per apple and the same buyer is also willing to buy only one (1) apple if the price is R1, 10 per apple. This brings about competition in terms of purchasing power. Those who have purchasing power will compete among themselves and the possibility is that the price can go even higher, depending on the demand of the goods at a particular time. Low-cost housing and land in the market environment are not only competing with the middle and high-income housing development, but also with other land uses that are in demand, such as offices, retail, industries, etc. The problem of market exclusion is exacerbated by the demand for an even higher price of housing development, aimed at excluding those who have no purchasing power, even within the same economic group.

The supply is normally different for each and every price. If, for instance, the price is high then the supply will be limited. On the other hand, if the price is low then the demand will be greater. According to (Thirkettle, 1979), 'supply' is determined by (a) price of commodity, (b) changes in cost of production, (c) entry of new firms into industry, (d) changes of price of other goods, and (e) changes arising from natural causes or political events. The 'demand' will be determined by (a) the price of the commodity, (b) the price of other commodity, (c) income of buyers, (d) the buyer's scale of preference, and (e) the number of buyers. In other words, the more the buyers the greater the demand for a particular commodity. If the middle and high-income class, through their purchasing power, demand high class gated residential development then the demand will be high and exceed the need to cater for the poor in terms of access to urban land and also the buyer's scale of preference.

The issue here is that the demand-side housing subsidies will solely depend on market forces. Those who are in the low-end of the low-income group will be highly affected by land prices because either they don't have jobs or they don't have a source of income at all. The demand-side housing subsidy will therefore be suitable to countries that have a high GDP, such as the US. Whitehead and Yates (1998) argue that the way in which housing is provided, for example, can affect the extent to which the tenant is to be involved in governance issues. This includes management, maintenance, finance, rent-setting, etc. This in turn can affect issues related to security of tenure. It can affect questions of discrimination and access to housing. Subsidy design can affect work incentives, or can create poverty traps.

> *"A perfect market exists where there is only one price for the same quality of similar goods, and this will occur where there is competition between many buyers and sellers and perfect communication between them, where*

the transactions are numerous and frequent, and information about supply and demand" (Therkettle, 1979:81).

However, in order for the market to be perfect in terms of competition, there must be no constraints in entering the market and there must be enough buyers for that particular commodity.

3.2. The Neo-Marxist Approach in Access to Urban Land and Housing Delivery

The Neo-Marxists view the delivery of low-cost housing and land as the role of the state not the private sector. Their main argument is that, should this role be vested in the private sector then this will result in commodification of housing. Commodification of housing will therefore lead to inequalities and exploitation by capitalists towards the poor.

> *"Neo-Marxist thought focuses on the role of the state in the process of capital accumulation, including its role in housing…The state's role in this process is twofold: to support capital accumulation and to maintain social stability (legitimation)"* (Smith, 1999:18).

According to Smith (1999), the Neo-Marxist theory is based on the fact that the poor are vulnerable to exploitation in the capitalist mode of housing delivery. If low-cost housing is provided with the main aim of serving as a means of poverty alleviation, the state must be the sole provider of such commodity. This will reduce the exploitation of the poor by capitalists. The state will be able to own land and therefore the poor will be in a position to be accommodated within well-located land and in close proximity to services and opportunities.

> *"According to Burgess, articulation theory has argued that capitalist development in the Third World social formation proceeds through a process of modification and reproduction of pre-capitalist structures rather than their eradication"* (Smith, 1999:19).

According to Smith (1999) the Neo-Marxists identified the articulation that takes place in housing as expansion of commodity market for land, housing finance, principle of private property in land and housing and division in terms of economic class.

According to Omenya (2002) the Neo-Marxists' argument is that the problems experienced in low-cost housing and access to urban land are solely due to capitalism. They perceive capitalist development as dividing communities in terms of economic classes and the poor remain the most vulnerable and exploited. Neo-Marxists emphasise that the low-cost housing problems cannot be solved whilst the capitalist system is still in existence, it must be removed.

According to Omenya (2002) notes that Marxists are the popular critics of what they term the "Capitalist System of Urban Planning". They argue that the urban planning system exercised by most capitalist countries has only served the bourgeois interests. They view the urban planning system as a means to segregate spatial land uses into economic class antagonism. According to the Marxists, urban development is just a reflection of mode of production in order to gain more economic surplus.

According to Winarso (2005), the critiques of the capitalist type of planning have also been addressed to its failure in encouraging integrated development that can accommodate the poor and the rich. This in turn makes the rich people always dominate the poor by safeguarding their interests. This means that urban development is just a system of the accumulation of capital by forcing the

grouping of people according to their economic classes and such grouping is based on the social relation of production, thus, perpetrating social segregation.

As the factors that determine land and housing prices usually include local economic development status quo, environmental quality and employment opportunities, the poor are bound to be alienated in terms of getting access to services/assets such as urban land because access to these depend highly on capital ability.

> *"By providing the quality infrastructure and amenity values associated with the location, such as access to good schools, shops and other facilities (e.g. sport centre, clinic or hospital and offices), a particular development will able to create a situation whereby such monopoly rent conditions could occur. But this is of course not without cost, cost which only the rich can afford"* (Winarso, 2005:4).

Winarso (2005) states that the critics of the 'Capitalist System of Urban Planning' centres around the following: 1) uneven development because the approach fails to recognise the diverse forms of user demand and investor demand, 2) land-consuming development, which in turn, creates suburbanisation, real estate speculation, segregation in terms of economic classes, 3) spatial isolation in terms of income and racial groups, and 4) economic class domination, which often result in the peripherilisation of the poor households.

3.3. The Theory of the Self-help Mode of Low-cost Housing Delivery

It is worthwhile to also look into other theoretical approaches regarding low-cost housing delivery. For the purpose of this research, the theory of 'self-help' as a mode of low-cost housing delivery will be assessed against the constraints associated with market forces in low-cost housing delivery. It must be noted that

there is very little happening in South Africa regarding the self-help mode of low-cost housing delivery.

J F Turner is one of the brains behind the theory of 'self-help housing'. Turner's ideas are based on what he observed in Peru and other Central American countries. His idea came out of what he observed from squatter dwellers because he viewed government as stumbling block toward the housing need of the squatter dwellers.

> *"What Turner proposes is that, instead of threatening the existing housing systems, the government should respond and support them. He considers his main task to be convincing governments that there are better solutions to the low-income housing problem than the ones applied thus far. In his view, his proposed solutions are beneficial both to the low-income groups and to governments"* (Nientied and van der Linden, 1988:140).

In assessing the state of housing for the squatter dwellers, he observed the following: 1) the poor can mobilise themselves in such a way that their economic conditions can be improved, 2) self-help housing as a solution because of its focus on use value, 3) need for involvement of NGO's, CBO's, etc, and 4) the poor are able to produce good quality dwellings. According to Nientied and van der Linden (1988), Turner's key ideas may be summarised as follows:

1. The concept of 'housing' should be viewed as a verb, rather than as a noun. In other words housing is not just shelter, it is a process;

2. the house should not be seen simply in terms of 'what it is', but in terms of 'what it does.

3. Due to the fact that housing needs change, e.g. in terms of the family cycle or according to stage in the migrant's life in the city, and since there is a

> continuous individual needs, priorities, and possibilities among the users, which large organisations can never adequately cater for all these. Large organisations, such as the governments or local municipalities, are forced to standardise procedures and products. They usually fail to respond adequately most of individual's changing needs and priorities.

It must be noted that Turner's theoretical approach has had an influence on the World Bank's approach toward low-cost housing. However, there is a difference of note regarding the two approaches. Turner's approach is based on emphatically situation whilst the Bank's approach is more related to economic theory. Similarly, to note, is that both theories view the role of the state as that of 'enabling'.

> *"The World Bank recognises that the provision of conventional permanent housing is not possible given the limited resources available. The housing deficit is then explained in market terms: evidently, there is sufficient demand for housing, but numerous constraints make for weakness on the supply side. As long as the supply side keeps providing conventional permanent housing only, it is not properly geared to the enormous existing demand. The only viable method of correcting this is to bring the supply cost down, so that housing and services become accessible to large parts of the population presently excluded from the formal housing market"* (Nientied and van der Linden, 1988:147).

It is also argued by Nientied and van der Linden (1988) that although Turner views housing also in terms of 'supply and demand' in the solution which he proposes, however, there is no role played by the market value. The only indicator of human use value is the material values of housing. This, according to Turner should take the place of materially determined market values. This argument by Nientied and van der Linden (1988) shows that the 'self-help' theory is also more dependent on the market forces and therefore will not serve the poor well because

well-located land in urban centres is always dependent on the demand-side. This brings us to some critiques of the self-help housing approach.

The main critique of Turner's self-help housing delivery is the Marxists. In contrast, Marxists view the role of the state as important in low-cost housing delivery. In fact, they view poverty as the cause of housing inadequacies and therefore the state must alleviate poverty by taking responsibility of low-cost housing delivery. Nientied and van der Linden (1988) argued that regarding the functions of the state, authors like Pradilla (1979, 1981) and Burgess (1982a) believe that the state's role includes the maintenance of class domination, safeguard the reproduction of the capitalist mode of production.

The arguments of the Marxists approaches are based on the fact that capitalism is the cause of underdevelopment and poverty. In fact, Marxists view Turner's approach as an economic and ideological means for upholding the conditions as envisaged by the capitalists. According to Nientied and van der Linden (1988), Burgess's (the main Turner's critique) argument may be summarised as follows:

1. By separating and acting against the use value and market value, Turner fails to appreciate their dialectic interconnection. This is because market products and labour are invested in the self-help house and they cannot fail to assume a value on the capitalist market;

2. By putting blame on industrialism, Turner seems to overlook that, industrialism is just an aspect of capitalism.

3. Turner holds the basically bourgeoisie view of a well-meaning but provided wrong information to government. In his ideas on the government's role, there is no mentioning to imperialism. In essence, Turner depoliticises both the housing problem and the government.

According to Smith (1999), this argument was taken further in later publications Burgess (1984, 1985), where he argued that self-help housing did not only interfere with the process of capital accumulation, but it actually contributed to it. Self-help housing was seen as providing a means whereby employees could pay lower wages, thus reducing the cost of the 'reproduction of labour', similarly, his process also freed governments from their obligation to house people adequately.

Omenya (2002) notes that Burgess (1985) considers self-help housing as an instrument of reproduction of labour. In a capitalist mode of production, this in turn reduces the cost of labour. He continues to suggest that self-help housing results in a commodity with both use and exchange value. This commodity is always consumed by those with power to purchase. However, Amis (1995) asserts that self-help housing ignores the basic cause of poverty in a capitalist mode of production, i.e. expansion and accumulation of capital. It further ignores renting as an option of alleviating the housing problem.

It must also be noted that there is a contradiction in Turner's approach for state-assisted self-help housing. Turner assumes that housing only has use value and ignores the fact that it also has got an exchange value. If low-cost housing is considered as a means to alleviate poverty, it is therefore of great importance to also emphasise and recognise its exchange value. However, despite all the shortcomings identified in Turner's approach, there have been interests of the international agencies in self-help housing.

South Africa did not entrench self-help housing in its housing policy in 1994. Instead, South Africa opted for a housing policy that relies on market forces. The market force driven kind of low-cost housing delivery was seen by government as a suitable means to alleviate housing problems. *"Central to the policy is the one-off, up-front, mainly supply side capital subsidy for site, services and the top*

structure. Securities and indemnities are to be used to encourage financial institutions to avail credits to low-income groups" (Omenya, 2002:5).

Practically, self-help housing has limited resources. Due to its nature of having limited resources, it tends to be slower than the other modes of housing delivery. The other factor is that community organisations lack the 'know-how' to manage the budget, and thus, government is reluctant to persuade it effectively.

3.4 CONCLUSION

From the discussion on the theory of 'supply and demand' it is clear that it will always going to be difficult for governments to compete with the market with regard to access to well-located land. The reason for this is that in an 'enabling the markets environment' the markets have a control of the transactions of well-located land. The power to purchase by the land consumers tends to increase the demand for well-located land, thus, increasing the land price. It is in this regard that the state finds it difficult to purchase well-located land for low-cost housing purposes due to high land prices.

Different low-cost housing approaches, such as 'self-help housing', have their successes and failures. In terms of the 'self-help housing' approach, the role of the state is that of 'support'. In other words, it advocates for self housing construction and the state must only intervene in a form of support rather than threatening the housing delivery approaches. Contrary to the 'self-help housing' approach, the Marxists advocate for a state driven low-cost housing delivery approach. In fact, the Marxists view the capitalist mode of low-cost housing approach as the main contributor to poverty. Rapid delivery of low-cost houses in well-located land must be viewed as a means to alleviate poverty. So the state must play a central role in the process of low-cost housing delivery. The finding of this discussion is that it will be difficult for the state to effectively provide low-cost houses in well-located land, as long as it does not own well-located land.

The latter mean that the market will always be in control of prime land, thus placing it in a good position to influence land prices.

4.CHAPTER 1V: CONTEXTUAL FRAMEWORK

In this chapter I will be looking into land markets and low-cost housing issues in the context of South Africa. These issues include, housing policy, land reform, the Breaking New Grounds Policy, state and private ownership patterns, and legislative and regulatory frameworks.

This chapter will provide the research with the status quo of South Africa in terms of legislative and regulatory framework, land reform, housing policy, land ownership pattern, etc. In essence, it will provide a better understanding with regard to the issues affecting the research study area, i.e. Mbombela Local Municipality. The chapter will therefore enable the research to tackle the issues of the study area in the context of challenges faced by South Africa with regard to the issues of access to urban land by the poor through the low-cost housing delivery programme.

4.1. Government's Constitutional Obligation on Shelter Vs Market Forces

As in any developing country, the South African government views housing as a tool for micro-economic development. Housing is therefore viewed as a means of pushing back the frontier of poverty, more especially to the low-end of the low-income group. It is therefore the responsibility of government to put in place policy frameworks that will ensure that the purposes of low-cost housing are achieved. Notwithstanding the economic policy of the government, interventions that will make the market embrace low-cost housing must be employed. The latter will ensure that the demand side of land in well-located areas also cater for low-cost housing.

The government's role is to set out policies that will be able to balance the 'Supply and Demand' of housing. Since government is the main provides of low-cost housing, such policies must also safe guard the needs of the poor, so that market forces does not dictate terms to them but rather enhance the supply of low-cost housing in the housing market. The role of the state must therefore not be concentrated at state level but also at municipal level. Municipalities are close to the activities of the market and they are more familiar with 'Supply and Demand' of housing within their area of jurisdiction. For instance, they know where demand for housing is and are thereby able to plan for infrastructure on that particular direction. Nientied and van der Linden (1988) view the role of government as that of formulating prospective laws that define the limits to what people and local institutions may do rather than to dictate to them as to what to do. *"The government has to provide and actively protect access to the elements of the housing process for the users. These elements include land, laws, building materials, tools, credits, know-how, etc"* (Nientied and van der Linden, 1988:140).

What happens if government does not provide and protect access to the elements of the housing process as mentioned by Nientied and van der Linden (1988)? For instance, if the element of well-located land is not provided and protected by government, the consequence is that well located vacant land will be invaded by the needy, regardless who owns it. This brings us to the question of constitutional obligation of the state. What is the constitutional obligation of the state, more especially on the issue of 'Supply and Demand' of well located land for low-cost housing purposes? Who must ensure that the market forces meet the demand side of low-cost housing by supplying well located land for low-cost housing development?

> *"…, government rigidly following the 'market-first' approach imposed by lending institutions such as the World Bank and the International Monetary Fund (IMF)(see Pugh, 2001), may find themselves serving elite interests in a way that is repressive towards informal settlement residents, rather than responding directly to the organised demands of the poor"* (Huchzermeyer and Karam, 2006:21).

They further pointed out that the market operates in an exclusionary manner when attempts are made to enable market access for the poor.

Government and market forces do not take care of the poor in terms of access to urban land and that leads to people pursuing what they think is fundamental to their course of securing urban land, i.e. land invasion. It is interesting to note that once land is invaded, the occupants are therefore protected by the Land Invasion Act, and beyond that, right to housing and services.

> *"South Africa's new housing policy, though applying the 'informal settlement eradication' may be interpreted as a broadly responsive and in parts 'transformative' approach: However, despite the fact that 'reception areas' as a response to rapid urbanisation of the poor are envisaged in the policy (Department of Housing, 2004), the tendency in South Africa is to focus on the forceful prevention of new land invasion in the absence of a working model for structured and legalised informality"* (Huchzermeyer *et al.* 2006:23).

The plight of the poor with regard to market exclusion can be well understood by giving reference to the *Government of the Republic of South Africa and others v Grootboom and others*. It is a leading case in South Africa on the right to housing. The fact of the case is on social and economic rights.

> *"The Grootboom case concerned a group of homeless people, consisting of 390 adults and 510 children, who had been evicted from land earmarked for a low-cost housing project. After their eviction, the community's legal representative wrote to the local municipality demanding temporary accommodation"* (Roux, 2002:44).

When the demand for temporary accommodation was not met by the local municipality, an application was launched in the Cape of Good Hope High Court. The launch was for an order which will compel the municipality to comply with their obligation in terms of Section 26 and 28 of the Constitution. The launch favoured the community. Budlender (2003) argued that in the context of the right to housing, this appears to mean the duty of the local municipalities to create an enabling environment. This environment must be in such a manner that it will also advance the realisation of the right to housing. In the words of the Constitutional Court in the Grootboom case:

> *'...it is not only the state who is responsible for the provision of houses, but.. other agents within our society, including individuals themselves, must be enabled by legislative and other measures to provide housing. The state must create the conditions for access to adequate housing for people at all levels of our society'*

Budlender (2003) further points out that, for example, a town planning decision prescribes minimum stand sizes in a residential neighbourhood. This has the effect of preventing people from obtaining housing in well-located area. He then mentions that if an application is made for judicial reviews of that decision, the mare fact that the said decision, therefore has the effect will be relevant to the determination of the validity of the decision. In other words, the larger the stand size, the more it will cost in terms of property value. This in turn will exclude the poor because all development in urban areas will go for bigger stands. Bigger

stands will therefore be the main attraction to those who have a power to purchase.

Based on the above argument by Budlender (2003), it is clear that municipalities, through their land control measures (town planning), are also the perpetrators of market exclusion of the poor in their area of jurisdiction. In other words, the supply of well located land in urban centres will only favour those who have power to purchase and exclude the poor. The zoning of vacant land has an impact in terms of market exclusion. The reason for the latter is that valuation of a property will be based on the actual zoning of that particular property, thereby, allowing the market to have a control in terms of the 'Supply and Demand' of well located land.

In emphasising the above argument, Budlender (2003) provides a practical example of the relevance of the right to housing to administrative decision, based on a case in the Constitutional Court. The case was with regard to the homes of several hundred people whose houses were washed away by floods. In response, the government decided to provide a temporary settlement camp on land, which it (government) owned. The neighbours took a decision to object based on the speculation that that it would affect their property value and would disturb the peaceful environment. They obtained an interdict and the government decided to appeal to the Constitutional Court. The Court commented as follows:

> *"Although the interest of the Kyalami residents (the neighbours) may be affected, this case concerns not only their interest, but also the interests of the flood victims. The flood victims have a constitutional right to be given access to housing…The fact that property values may be affected by low-cost housing development on neighbouring land is a factor that is relevant to the housing policies of the government and to the way in which government discharges its duty to provide everyone with access to housing. But it is only a factor and cannot in the circumstances of the*

present case stand in the way of the constitutional obligation that government has to address the needs of homeless people, and its decision to use its own property for that purposes"

The cases of Grootboom and Kyalami are reviewed in this research in order to support the fact that, besides the market forces, the government has a constitutional obligation to ensure, protect and promote the right to housing for every citizen of South Africa, mediating discrimination shown by the market forces. In the case where the interests of those who are favoured by the market forces push the needs of the poor back, the state is bound to intervene, as it is backed by its constitutional obligation. In other words, in most cases where the poor take upon themselves to engage directly (by invasion of well located land) with market exclusion, the state is required to protect and in certain circumstances provide them with shelter and services in close proximity to opportunities and not to provide alternative land on the periphery. The latter will also be against the principles of the Development Facilitation Act, 1995, which promotes integration.

4.2. Legislative and Regulatory Frameworks

The Constitution of South Africa, 1998, sets the legal framework for different legislation that is required in the country. In trying to address the constraints with regard to limited access to urban land by the poor, the Constitution states that:

Section 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.

According to Porteous, Doan and Franke (2005), the origin of the urban land situation lies in apartheid legislation of exclusion and continues to manifests itself regardless of new legislative framework (e.g. land rights as enshrined in the constitution) that was put in place by government.

> *"In 1995, the Development Facilitation Act (DFA) was promulgated as a key land use regulatory intervention, to assist in the speedy assembly of land for housing development purposes. However, the implementation of this legislation was never very successful and the legislation was designed to replace (the 1991 Less Formal Townships Establishment (LFTE) Act, and the much older Provincial Land Use Ordinances) was never repealed"* (Porteous, Doan and Franke, 2005:9).

This has resulted in complex land use regulatory frameworks which are still applicable and still pushing the same agenda as during the apartheid era. These land use regulatory frameworks include town planning schemes, ordinances (e.g. Town Planning and Township Ordinance of 1986), Environmental Impact Assessment Regulations and Acts (e.g. Physical Planning Act of 1967). All these sets of legislation contribute towards a complex land use system that, still, does not assist in ensuring access to urban land by the poor.

> *"Many cities and provinces in South Africa have defined an urban edge as a mechanism to constraint urban sprawl. This has had, in some cases, a significant impact on property values and the potential for subsidised housing to afford well-located land. Environmental legislation has also been used as part of the NIMBY phenomenon to undermine access to particular track of land by the poor"* (Porteous, Doan and Franke, 2005:10).

The Spatial Development Frameworks (SDF) of local municipalities, in terms of the Municipal Systems Act, 2000, is another tool that was aimed at addressing the issues of socio-economic integration and to fast-track development. However, the SDFs do not contribute positively as much urban land is owned privately, and therefore, is controlled by the market forces.

The issue of the current complexity of the regulatory framework needs to be addressed and solved as a matter of urgency. The reason is that the complexity of the regulatory framework is not helping in addressing the issue of imbalances of the past, but instead, it perpetrates continuous pheripherilisation of the poor. The poor are the most affected in this mess, and if land is considered as key to poverty alleviation, then the issue of the regulatory framework must be a government's priority. This can be done by facilitation of promulgation of the Land Use Management Bill, which seeks to provide the Republic with a uniform regulatory framework.

4.3. Background on South Africa's Housing Policy and Access to Land through the Land Reform Programme

South Africa's Housing Policy came into place through a vigorous process of negotiation whereby a National Housing Forum was formulated in 1992. The mandate of the National Housing Forum was to come up with an alternative housing process that will reflect the needs of the democratic society and to do away with the apartheid government's racially based mode of housing delivery. The National Housing Forum was modelled to be a representative of all the stakeholders who include business, construction/building industry, political representatives, labour groups, civic organisations, financial institutions and property developers.

> *"The negotiations were characterised by fierce debates about whether housing should be provided by the market or by the state and whether the standard provided should be a completed four-room house or a 'progressive', i.e. incremental, house"* (Tamlinson, 1999:283).

The Housing Policy negotiations came to conclusion in 1993 and it was agreed that in order to enable citizens to secure housing, a sustainable housing process must be established. The National Housing Policy then came into place in 1994.

> *"As an integral part of the policy the new government set itself a target of providing one million low-cost houses in five years. The first subsidy mechanism to be implemented, and the mechanism with most delivery to date, is based on projects with community partners-called the 'project-linked subsidy"(*Jenkins, 1999:431).

It was therefore agreed that the Housing Subsidy Scheme would be the sustainable way of providing housing.

> *"But the subsidy scheme (Housing Subsidy Scheme, 1994), agreed to after endless debates spent trying to calculate how much it would cost to remove the backlog using various budget estimates, different time frames and different standards, ended up providing for a one-off capital subsidy to all households with an income of not more than R3500 (US$ 538) per month. The amount of the subsidy initially ranged from R5000 to R12500 – later raised to R15000"* (Tomlinson, 1999:285).

The significance of the scheme is that it was linked to ownership. This was positive, considering the fact that ownership of property was only privileged to certain races and the subsidy scheme was seen as a positive step towards redressing the imbalances of the apartheid era. However, still there were debates

regarding the housing approach and also the building standards. According to Tomlinson (1999), the constituencies on the Left and the private construction sector argued that the government should be in a position to produce more mass rental housing. The arguments from the Left were only concentrated on the building standards. Rental subsidy was perceived to provide a very high standard, that is, 4 room houses. The developers opted to act as contractors rather than as developers. This was done with an idea of limiting their financial risk.

Jenkins (1999) summarised the Housing Policy by indicating on the principal aspects of the policy, which are:

- a once-off subsidy;

- to create a more attractive environment for private sector involvement;

- an initiative to support self-help housing.

The Housing Policy also took into cognisance the redevelopment of hostels (in townships) and the sale of government's housing stock by giving incentives in a form of a discount scheme. Notably, informal settlements and overcrowding represent another challenge in the National Housing Programme. According to Porteous, Doan and Franke (2005) this as a serious problem, which is still not resolved. This problem is that those living in an informal set-up cannot all be accommodated by the government's low-cost housing programme. It was all along perceived that non-affordability of housing was a result of the inaccessibility of housing finance to low income earners and the practice of red-lining by the banks.

One of the apartheid regime's policies was to crowd black people into the periphery of South Africa. Homelands were created to serve as a base for blacks and they were established along tribal lines, e.g. KaNgwane (Swazi), KwaZulu (Zulu), KwaNdebele (Ndebele), etc. Land reform therefore remains one of the challenges faced by South Africa, and it is also regarded as a sensitive issue. The process of driving blacks to demarcated areas was done through a set of legislative frameworks which were promulgated only to serve for this purpose. The three legislation are: 1) the Native Land Act of 1913, 2) the Native Trust and Land Act of 1936 and 3) the Group Areas Act of 1950.

> *"Since coming in power, the democratic government has persuaded land reform in a considered, reasonable, and largely market-oriented manner, firmly rooted in the 1993 Constitutional settlement, and in the recognition that the righting of the past wrongs, while essential, should not be allowed to damage the future prospects of land reform beneficiaries or of South Africans in general"* (CDE, 2005:7).

CDE (2005) further indicates that the government, through the process of land reform, has committed itself to redistribute 30 per cent of agricultural land to black owners by 2014. However, it was established that by 2004, only 4,3 per cent of commercial agricultural land was transferred to blacks. It must be noted that this 4,3 per cent exclude transfer of state land. The slow pace of the land reform programme has put government under pressure as more and more people are loosing patience with regard to the pace of land reform. On the other hand, government does not want South Africa to experience what happened in Zimbabwe regarding their land reform programme.

The Land Reform Programme has three components: restitution, redistribution and land tenure rights.

> *"By December 2004, total land derived under land reform amounted to 3,5 million hectares (i.e. land delivered under redistribution, restitution, and tenure reform programmes, and including state land). This amounts to about 4,3 per cent of commercial agricultural land"* (CDE, 2005:13).

The latter statistic entails that with this pace of land reform, the target of 30 per cent will be reached in 54 years, not by 2014, as envisaged by government.

The main problems with regard to the Land Reform Programme is that: 1) the national and provincial departments lack the necessary capacity to efficiently support beneficiaries, 2) not enough budget, 3) restitution claims are complex and expensive, and 4) the 'willing seller and willing buyer' concept is inefficient.

There is no doubt that economic growth is more attached to land. Land therefore is regarded as a socio-political need. According to CDE (2005), far fewer black South Africans choose farming than other land uses such as residential, commercial, etc. The priorities of most blacks have shifted their jobs and housing into urban areas rather than just farming and residing in rural areas. This means that urban land reform must be fast-tracked more than the rural land reform. This will ensure that the poor get access to urban land, and as such, to be in close proximity to opportunities and also to own a property as an asset.

> *"CDE's research into land tensions and land invasions in South Africa suggests that these are primarily urban, and especially concentrated in the country's two largest metropolitan areas: Johannesburg and Cape Town. Therefore, any land reform policy that focuses primarily on the rural or agricultural dimension of land expectations and needs runs the danger of ignoring the areas where the pressure are greatest"* (CDE, 2005:14).

The market is also playing a role in the redistribution of land to black South Africans. Although this dimension of land redistribution is solely dependent on the power to purchase from the buyer, it is more significant than the government's Land Reform Programme, more especially towards urban land reform. According to CDE (2005), in certain provinces during the 1990's, the value of land redistributed through the open market to black South Africans increased to be five times higher than that redistributed by government. Most land transferred by market forces was traded among the whites. According to their observation, some areas experienced more of the phenomenon whereby the market transfers more land from whites to blacks than government's Lands Reform Programme.

The mode of South Africa's land reform has been market base land reform. One of the reasons for this is that a state led land reform is too expensive because the state has to pay for everything (land, services, etc) without any contribution from the beneficiaries.

> *"In addition, the bureaucracies necessary for implementation consume a substantial portion of the budget, the state has often ended up paying more than market value for land and this approach has contributed to other distortions that have pushed up prices"* (Wegerif, 2004:6).

According to Wegerif (2004) the notable disadvantage of the market based land reform is that land purchases have not been cheaper and that government spends a lot of time negotiating land prices with landlords, which results in slow process of land reform. There is a growing question from land activists and academics on the market based land reform, more especially the concept of 'willing seller and willing buyer' can bring a shift in property rights . Their arguments are based on the South African history which is characterised by extreme inequality in land ownership. The purpose of the land reform program is to facilitate access to all

kinds of land (urban land, agricultural, etc) by the poor and such a programme must be seen to achieve the purpose of this programme.

4.4. The Issue of Access to Urban Land by the Poor in the South African Context

Historically, access to urban land by the poor in South Africa has been through land invasions or by default (e.g. Alexander township in Johannesburg). Access to landwas through the apartheid planning systems, which was highly discriminatory in its allocation of land and housing. Even the current's government's low-cost housing programme does not adequately deal with the issue of access to urban land by the poor. One of the persistent problems is the continuous provision of RDP houses on the periphery. What is it that makes it difficult for local authorities to ensure that this issue is addressed? Ownership of urban land is central to the problem, and in some circumstances, municipal owned land is sold to private developers for up market development, thus, exacerbating the problem. It would not be a problem if it was sold to private developers for low-cost housing development.

The local municipalities are both battling in securing well-located land within urban areas for the purposes of housing the poor in close proximity to urban opportunities. As mentioned above, it is also the municipalities themselves also perpetuate the problem by selling their land to private developers, who in return, develop the same property for higher profit. In the absence of readily available and well-located urban land, the provincial government does not have a choice but to sanction low-cost housing projects on the periphery.

> *"The lack of urban land readily available for development, the complexity of acquiring and correctly zoning land, and the strength of existing private urban land interests have meant that the state investment in*

housing has tended to be on the periphery of urban areas" (Napier and Ntombela, 2006:3).

Government, in reviewing its ten-year period in power, became aware of this short-fall. However, the emphasis is still on the pro-activeness of local municipalities to deal with the issue of access to urban land by the poor. It is clear that local municipalities have failed to respond positively to the issue of spatial restructuring and integration. According to the Sowetan (24 April 2007) the State President, Thabo Mbeki echoed the same in the opening of the South African Local Government Association's conference, which was held in Midrand (Johannesburg), 2007. According to Napier and Ntombela (2006), in 2003, government started a process of self-evaluation. The government's Ten Year Review mentioned that a greater emphasis must be placed on overcoming the spatial disjuncture between home and work. This can be achieved by promoting more compact designs that seeks to increase residential densities and reduce long-distance of commuting.

In trying to deal with the issue of continuous peripherilisation through low-cost housing, the National Department of Housing came up with a five-year housing strategy. According to the five-year housing strategy, the main urban challenge is the lack of affordable well-located land for low-cost housing development. The strategy cited this fact as a cause of continuous peripherilisation where low-cost housing projects are pursued as extension of existing villages and on urban periphery.

Government policy on spatial restructuring and integration is seen as a means to ensure that the poor get access to urban land, and as such, the poor will be in a position to improve in terms of living standard also to be able to participate urban economic markets.

> *"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 parastatal organizations for whom the sale of land in their possession represents much needed revenues"* (Napier and Ntombela, 2006:5).

Judging from the above-mentioned observation and the normative position of private developers, seemingly, there is no synergy between both the public sector and private sector in dealing with the issue of access to urban land by the poor. Fortunately, the Banks have now come to the fore by engaging themselves with the low-cost housing sector and this was achieved through engagement with the National Department of Housing. It is the responsibility of local municipalities to engage with their local private developers and banks, and come-up with an agreed-upon strategy.

South Africa still has a long way to go in dealing with the issue of access to urban land by the poor, as a means to deal with poverty. As long as institutions (such as local municipalities) that are at delivery and implementing level are ignorant of key government policies and challenges, the situation will remain as is, in fact, it is perpetuated. According to Urban Sector Network (2004), access to urban land can play an important role with regard to all three dimensions of poverty. The importance of this lies with the strengthening of strategies that seek to address the issue of spatial inequalities and socio-economic integration because, in so going, poverty will also going to be alleviated. They further alluded to the fact that land is an important asset that can play an important role in the sustainable livelihoods strategies of the urban poor.

In May 2006, Urban LandMark invited seven position papers. The goal of this invitation was to research and find relevant strategies to improve access to well-located urban land by the poor in South Africa.

> *"The Urban LandMark programme focuses on the notion of making markets work for the poor in the arena of urban land. In this regard Napier notes that land differs from aspects of other markets such as labour. Land is often seen as a right, it is a limited resource, and it is not transportable in the way other types of capital are"* (Charlton, 2006:2).

The position papers concentrated on the following five key issues:

1. the dimensions of the problem of access to urban land;
2. motivations for why the poor should have access to urban land;
3. what does it mean to make urban land markets work for the poor is South Africa;
4. key actions which should be taken to change the status quo, and;
5. key stakeholders.

The debates and findings of these position papers have been discussed in the Literature Review and Theoretical Framework Chapters.

4.5. State and Private Ownership Patterns in South Africa

When the ANC government came into power in 1994, it inherited a country of which the economy was controlled by few big state-owned companies. The inequalities, in terms of distribution of wealth, were a result of this kind of economic control by few private companies and parastatals. Rumney (2006), provides an example whereby the South African Broadcasting Corporation owned all the freely viewable TV stations and all radio stations, with one or two

exceptions which had slipped in under the cover of the homeland system, such as Radio 702. Eskom and Telkom had legal monopolies, and Transnet ran the entire rail network and owned the dominant national airline.

The apartheid state, which was inherited by the ANC government, was designed to keep economic and political power in the hands of whites.

> *"Building on colonial exploitation and exclusion, the systemised oppression and expropriation of property under apartheid left a racially skewed economy in South Africa, if not un paralleled then certainly among the most unequal in the world"* (Rumney, 2006:402).

Blacks were concentrated in the outskirts (homelands) of the country and far from the opportunities and economic core of the country. These homelands were characterised by poor state of housing, lack of property ownership, limited services and poverty. The first challenge that was faced by the ANC government was to redress the imbalances and inequalities of the past which were orchestrated by the former apartheid regime.

The ANC government undertook to control these imbalances. The government embarked on an approach of combating these inherited balances through programmes of delivery of basic needs to the poor. These programmes include housing, sanitation, water, telecommunication and electricity. The approach also necessitated a need for land reform.

The redistribution of wealth was to be achieved through a process of "Black Economic Empowerment" (BEE). According to Romney (2006), the Freedom Charter, served as the ANC's policy document and a framework at which it could be linked with the British socialism of that time. The charter dealt with issues such as the heritage of South Africa, the wealth and minerals of the country, ownership of industries, etc.

> *"As Centre for Policy Studies analyst Steven Friedman has noted, the ANC in government's embrace of privatisation, even in a cautious manner, came with an explicit understanding that BEE would fill the gap left by the party's abandonment of nationalisation as an option for creating greater equity"* (Rumney, 2006:404).

Rumney (2006) argues that the state's ownership of the economy starts, and ends with land. It is a fact that the control of vast tracks of land by private ownership results in inequalities in the distribution of land among the poor. The state can be well in a position to redress the imbalances of the past if it has a majority control over land. Rumney (2006) further states that the state owns 20 per cent of South Africa's land. This percentage excludes land owned by parastatals and 'tribal' land. The state, however, owns more than this percentage through parastatals land ownership.

> *"As Spoornet real estate arm, Intersite has shown, excess state land and parastatal land can be put to good use. However, state land cannot answer whatever demand there is for land"* (Rumney, 2006:405).

The state has also embarked on privatisation of its assets. This has resulted in shrinking of state land as privatisation thereof also includes land. The state must ensure that it retains a certain percentage of land when it privatises some of its assets.

> *"For a group ranging from neo-liberals to libertarians, privatisation of state assets for redistribution to create more equal ownership in South Africa is an obvious solution. However, unlike in Eastern Europe or other former socialist states, the state in South Africa was never so extensive as to be able to give all citizens anything but a small piece of action"* (Rumney, 2006:406).

However, critiques have noted the fact that the privatisation process is creating inequalities to a certain extent. Labour Unions, like COSATU, for instance, are against the programme of privatisation of state assets. According to Rumney (2006) the unions argue that the privatisation process results in loss of jobs thereby increasing the rate of unemployment unnecessary. They argue that the state wealth is now transferred from the people to the hands of capitalists, who in turn, exploit the workers and that the workers will not benefit from these transactions.

4.6. Breaking New Ground

Due to the increasing need for upgrading/formalisation of informal settlements in South Africa, the National Department of Housing has come up with a tool/instrument which will be used as a guideline for In-Situ upgrade, i.e. National Housing Programme: Upgrading of Informal Settlements. This is one of several new comprehensive programmes introduced in order to promote sustainable human settlement, Breaking New Ground (2004). The South African government has the constitutional obligation to provide shelter to its citizens. Roux (2002) states that government must intervene by taking reasonable legislative and other relevant measures, within its available resources. This needs to be done with the purpose of fostering the conditions which enable citizens to gain access to land on fair basis. Legislative frameworks have been put in place to address this issue.

Breaking New Ground includes, among other things, integration and the building of secure communities, and a land acquisition mechanism. Regarding integration and the building of secure communities, the plan is based on sustainable human settlements concept, which provides for the integration and construction of low-cost houses in an environment where all will have access to services. This

includes services such as clinics, schools, policy stations, etc, Department of Housing (2004).

The land acquisition plan includes identification (through land auditing) and acquisition of well located land owned by the state. The main target of this plan is the inner city regeneration and densification. The purpose of this initiative is to provide access to urban land for the poor by means of affordable housing programmes such as rental and rent to own. Through the concept of densification the aim is to provide as many affordable dwelling units within the inner cities.

The role of the government in this programme is to support where people are unable to support themselves. The need for enablement of people can be caused, amongst other things, by poverty, unemployment, etc.

> *"The term 'support' is used to cover a wide range of non-dominating but facilitating process which assist all actors in the housing processes, e.g. Local Authorities, communities and individual families, in deciding and doing"* (Lankatilleke, 1990:24).

The main emphasis of the land acquisition programme is the full participation by the affected communities from the initial stages of the project.

> *"In the process of implementation, the Million Houses Programme has developed an innovative method for people to take all decisions on the upgrading of their settlement within a given framework. It starts with the premise that communities know what they need and the different ways of achieving them. Therefore the power of deciding on the needs, priorities and solutions should rest with people"* (Lankatilleke, 1990:25).

This programme discourages dogmatic views and manipulation of decision making by the technocrats in the process of informal settlements upgrading.

The main objective of the land acquisition programme is centred around (1) tenure security, (2) Health and Safety and (3) Empowerment. It is a known fact that informal settlements lack a healthy and secure living environment, tenure rights and socio-economic integration. The process of In-Situ upgrading must seek to address these issues of concern.

According to the National Housing Code (2004), Local municipalities will be responsible to come up with business plans which must entail consistency with the entire requirement as contemplated by this instrument. It is also the role of the municipalities, through their IDP's, to identify areas/settlements that require upgrading. Various tenure rights options are provided and such options will be determined by 'shack-to-shack' ownership verification. For instance, an illegal immigrant cannot be granted full title ownership but rather rental type of tenure which will expire over a period of time. *"Experience has repeatedly shown that the granting of tenure to private individuals is extremely efficient in releasing enormous energies for urban development"* (Doebele, 1987:7).

The Upgrading of Informal Settlements Programme emanates from the fact that informal settlements are a result of challenges facing government regarding development matters. It is the duty of the government to protect those who are vulnerable due to insecurity of tenure.

> *"In South Africa, the state has given effect to this duty through the enactment of statutes which give protection to people whose tenure of their homes is insecure, and who are vulnerable to eviction. The statutes set out fair procedures and criteria for eviction"* (Budlender, 2003:3).

4.7. South Africa's Programme of Acquisition of well-located land

In trying to address the issue of access to urban land by the poor and upgrading of informal settlements, the National Department of Housing approved Chapter 13 of the National Housing Code. This Chapter is titled 'National Housing Programme: Upgrading of Informal Settlements. The Programme is promoting in-situ where ever possible and relocation only as a last resort. Before informal settlement dwellers can be relocated, the Informal Settlement Upgrading Programme encourages determination of social, economic, political and financial cost of the relocation process.

Due to the fact that relocation of informal settlement dwellers is costly, the Programme requires that a proper investigation must be conducted to motivate the choice of local municipalities. The motivation must resolve on three aspects: 1) purchase of land that is already occupied, 2) purchase of well-located land that is unused/vacant, and 3) release of well-located land owned by state departments and other public entities.

It is important to note that the Programme gives emphases on 'well-located land'. The Programme, however, does not give an indication of the meaning of 'well-located land'. However, it does give indication of spatial restructuring and integration.

> *"While the majority of informal settlements are found in and around existing low-income residential areas, where eviction threats have been least, there have been numerous invasions of valuable but unused real estate in middle-income areas. These are settlements that have challenged the spatial structure of the city, and, to date, with a handful of*

exceptions, they have lost their struggle for convenient space in the city" (Huchzermeyer and Karam, 2006:51).

One of the principles of the programme states that: *"the flexibility of the Programme is intended to encourage local solutions through a process of engagement between local authorities and residents living within informal settlements".* According to Huchzermeyer and Karam (2006), this suggests that residents within informal settlement must be engaged in identifying and determination of suitable land in accordance to their needs.

The funding of land acquisition through this Programme is also based on financial and socio-economic viability. It also calls for a social impact assessment with regard to land. The aim of this is to determine the impacts of social inclusion of the land acquisition process. In short, this Programme recognises the rights of informal settlement dwellers to well-located land, and therefore the lack of services (such as water, sanitation, electricity, etc) in these settlements shall no longer be used by local municipalities as reasons for evictions.

"Whether the Informal Settlement Upgrading Programme will provide new backing in the legal struggle for upgrading of such informal settlement communities, against municipalities determined to relocate them to orderly housing developments on the urban periphery and against strong middle-income ratepayer associations, remains to be seen" (Huchzermeyer and Karam, 2006:51).

4.8. The Principle of Integration and Market Forces

As part of spatial reform, integration is identified (by government and researchers) as a main concept that can adequately address the issue of spatial inequalities, which were prevalent in South Africa prior to 1994. In terms of low-cost housing, integration is about the interrelation between low-cost housing

project and well established urban centres in relation to economic opportunities. The Development Facilitation Act (DFA) , 1995, has provided three principles that must be considered when undertaking new housing developments, i.e. 1) Principle 3[1][c][i]: to *"promote the integration of the social, economic, institutional and physical aspects of land development*"; 2) Principle 3[1][c][ii]: to *"promote integrated land development in rural and urban areas in support of each other"* and 3) Principle 3[1][c][iii]: to *" promote the availability of residential and employment opportunities in close proximity to or integrated with each other"*. According to Irurah and Boshoff (2003), one of the key features of the Development Facilitation Act, 1995, are the general principles for land development. The principles are meant to discourage low-density, segregation and fragmentation, and to promote integration and mixed-use human settlements.

It is clear that the principles of the DFA are not adhered to, specifically, with regard to low-cost housing projects, as low-cost housing is still provided in the periphery and far from work opportunities. However, it is emphasised by Huchzermeyer (2003) that the housing programme in South Africa takes into consideration the issue of integrated services delivery. This approach aims to promote the process of social, economic and physical integration, and to promote coordinated development from government's side. The question is, is the notion of integration taken seriously by those who are responsible for policy implementation?

Turok (2001) introduces an interesting dimension into the debate about the continuous segregation in post-apartheid South Africa. He specifically refers to the development trends in Cape Town. According to Turok (2001), on the other hand, property developers and investors claim to be responding to occupier demand. On the other hand, occupiers say they simply reflect the location preference of customers whereas the and high-income staff and consumers want to live in low-density areas. Turok (2001) further notes that the developers where forced to concentrate on affordable land that was situated elsewhere. In essence,

the poor are being driven out from the city core and suburbs through the operation of land market forces. This implies that income, social class and market forces have replaced race and government control in shaping the urban patterns of development. Regardless whether peripherilisation of the poor is caused by political policies or market forces, the result thereof is the same.

4.9. Effects of Regulatory Systems on Access to Urban Land by the Poor

Some researchers regard South Africa's regulatory system as another obstacle that prevents the poor from accessing urban land. This regulatory system was instituted during the apartheid regime era. The main purpose of the regulatory system was to safeguard white supremacy and interests in terms of access to urban land and land tenure rights. Such legislation is still applicable even in the post-apartheid era.

> *"Since 1994 very little has been done for review, revise or reform the regulatory frameworks governing urban land in South Africa. To all intents and purposes the regulatory frameworks inherited from the apartheid regime remains in place"* (Kihato and Berrisford, 2006:3).

Kihato and Berrisford (2006) argue that as government attention starts to recognise the potential role of urban land in poverty reduction and economic growth, it is important that the regulatory framework is also considered. The reason is that access to urban land is highly controlled by these regulatory frameworks. They provide rights and land use control, and assessment rates. Critics view these forms of legislation as the cause that is shaping the social, financial and political values of urban land. They dictate, in terms of economic ability, as to who is privileged to access urban land. Those who have power to purchase a commodity (land/property) will have unfair advantage over the poor. In other words, access to urban land is highly dependent on affordability and not informed by collective social need.

In their research, Kihato and Berrisford (2006) highlighted the fact that land has important influences on urban poverty. They argue that presently, lack of tenure rights is regarded as one of the biggest challenges facing the urban poor throughout the world. The problem cited in this research is that urban land markets do not include the poor in accessing of well-located, affordable and well-serviced land.

> *"Regulatory systems control the rights exercised over the land, for instance, how it is used and transferred. The ideological underpinnings that shape these systems are based on certain preoccupied notions of an ordered city. This order determines the allowable land uses and often, there may not be compatible with land uses commonly associated with the poor"* (Kahito and Berrisford, 2006:5).

This argument means that the regulatory system has created disparities in terms of land uses. There are land uses that are perceived to be associated with the poor and vice versa. For instance, 'spaza shops' are commonly found where the poor dwell. Such a land use is unusual in the formal towns within residential areas. The regulatory framework, such as zoning if enforced, will restrict such a land use. This therefore means that property of the poor is not deemed an investment or asset due to limit in terms of allowed land uses on urban land/areas.

Kihato and Berrisford (2006) introduce another dimension to the argument. They note that informal land often provides the poor with their first step towards entry in the formal land markets. Informal land is seen as cheap, quick and familiar to them (the poor). It is also noted that as time goes by, the poor tend to upgrade their rights and consolidate their houses through formal applications to local municipalities.

With regard to the legal and policy frameworks concerning acquisition of urban land, Kihato and Berrisford (2006) note that there are no major changes in the South Africa regulatory framework other than a proposal for restrictions of land acquisition by the foreigners. The other problem regarding acquisition of land by the poor is that land acquired through the state housing programme is restricted because the house cannot be sold within a certain period of time. The stipulated timeframe before one can sell a house is now five years. Kihato and Berrisford (2006) notes that such restriction has a reason, however, some view it as another form of delay with regard to structured urban land market within these areas.

Rental laws are also viewed as another form of providing access to urban land for those who do not afford to own a formal house within an urban set-up. This kind of security of land tenure is problematic as it is only held in rental agreements. The town planning regulations also restrict use of a property. In order to be able to rent out surplus rooms, one has to undergo a long process of applying for a 'special consent' from the local municipality. Legal notices are issued to those who practice rental accommodation without rights from a local municipality.

> *"While the relationship is largely governed by contract, a number of unfair practices have been set out in each Province's regulations to the Rental Housing Act, 50 of 1999. In Gauteng and Mpumalanga, for example, a court order is required by a landlord to evict a tenant"* (Kihato and Berrisford, 2006:13).

4.10. The Role of the Banking Sector

Many see the involvement of the banks in the provision of affordable houses and access to urban land by the poor as a way around slow-moving local municipalities. Historically, banks were reluctant to get involved with provision of housing to the poor or to the low-income sector of the economy. They viewed

this segment as risky in terms of affordability. The other factor was that the banks had to endure bad debts, which usually resulted from politically motivated non-payment. According to Sunday Times (April, 2007) the weak legal framework for handling defaults and the absence of a developed secondary market for reselling township properties has further posed a problem to banks lending to this sector.

Banks have now geared themselves up to provide finance for affordable housing to the low-income segment through the voluntary financial sector charter. *"The Housing Minister, the Banking Association; and Absa, First National Bank, Nedbank and Standard Bank have committed to providing R42-billion this year for homes for households earning between R1700 and R8600 a month"* (Sunday Times, April, 2007:4). This initiative includes purchasing of well-located land and fast-tracked development in addition to the rollout by government.

ABSA, for example, has teamed up with the Gauteng Provincial Department of Housing, by committing itself to finance 100 000 low-cost housing projects by 2010, with a total amount of R2, 6-billion.

> *"It has bought the land, and will build houses with the Tshwane municipality and offer loans to buy them. Red tape and a lack of capacity at local authorities have kept people in informal settlements"* (Sunday Times, April, 2007).

Involvement of banks in the delivery of affordable houses is another way of ensuring access to urban land by the poor. This is demonstrated by the FNB-initiated project which it provided an 'end to end' finance package. The package includes funding for the land acquisition of private land, bridging finance to developers, provision of services and mortgage finance. An example of such a project by FNB is the Cosmo-City project which was the first to combine government's credit linked subsidy with a fixed-interest rate loan.

ABSA on the other hand, has undertaken such a project at Olievenhoutbosch which is situated in Midrand, south-west of Centurion. A total of 200 houses have already been handed over to beneficiaries. Hopefully, these projects can serve to be a long-term success (in terms of mortgage payment) so that they continue to serve as a means to ensure access to urban land by the poor.

4.11 CONCLUSION

The outcome of this chapter is that the South African government has a constitutional obligation to put in place policy frameworks that will ensure that the purposes of low-cost housing are achieved. The latter was shown in the case between the Government of the Republic of South Africa and others *v* Grootboom and others. The case also highlighted the fact that it is not only the state that is responsible for the provision of houses, but other agents within the society. This also includes individuals themselves.

It was also discussed that the complexity of the legislative and regulatory frameworks are the contributors for the slow delivery of low-cost houses on well-located land. These legislative and regulatory frameworks were inherited by the current ANC government from the apartheid's planning system. Again, it is the government's constitutional obligation to take reasonable legislative and other measures to foster conditions which will enable citizens to gain access to land on equitable basis. In essence, it is the responsibility of the state to ensure 'enabling environment' in order for the markets to be able to provide low-cost houses on well-located land, including individuals themselves.

5.CHAPTER V: CONCEPTUAL FRAMEWORK

The conceptual framework, which will be discussed in this chapter, is based on the literature review and theoretical framework discussed in the previous chapters. The purpose of this chapter is to assist in understanding the issues of the study area, i.e. Mbombela Local Municipality's area of jurisdiction.

The Brazilian case study has provided the main conceptual framework regarding the study area. The reason for this is that Brazil suffered similar political oppression as South Africa. The conceptual framework that is drawn from the Brazilian lesson is "collective right to access to urban land and housing". Other conceptual approaches are drawn from different authors/ researchers regarding the issue of access to urban land in relation to the concept of land markets.

5.1.Collective Right to Access to Urban Land and Housing

In Brazil, the federal government regarded private property rights as absolute and the state had little room for control of the property market which include the use and development of urban property. This has resulted in the phenomenon whereby most of Brazilian land was privately owned. In South Africa, the apartheid regime perpetuated supremacy in terms of race, gender and class. The whites had access to urban land whereas blacks were pushed to the periphery of the cities.

According to Fernandes (1995), the Brazilian's access to urban land was based on economic class. This resulted in a situation where the high-income group gained a maximum access to urban land. The backlog in housing and the poor state of living of the poor propelled change in terms of urban legislation that governed access to urban land. The concept of a "collective right to access to urban land

and housing" was adopted as the main basis of ensuring equal access to urban land without any discrimination or exclusion.

The concept of "collective right to access to urban land and housing" means that the question of access to urban land and housing cannot be left to market forces alone. This entails that government must take a prominent role in ensuring that the poor also get access to urban land through municipalities' Master Plans. According to Fernandes (1995) the need for change was based on the fact that the market forces have failed the poor, in that; the poor were excluded in all aspects of urban land markets. The main reason for the market exclusion was that the poor lack the power to purchase, and therefore, regarded as risk. Power to purchase and capacity to supply are the main determining factor in the theory of "supply and demand".

The demand for access to well-located land by the poor was always there but the market failed to land supply due to lack of affordability by the poor. The market exclusion resulted in the poor having to fend for themselves in terms of securing land and housing. As prime land was owned by the privileged, the poor were forced to live in the periphery and on land that was unsuitable for human habitat.

Based on the above, the question arises as to who should be responsible in ensuring that the poor also get access to urban land and housing, seeing that the market forces have failed to do so. Surely, the government and other non-governmental organisations must take on this responsibility, hence, according to "collective access to urban land and housing" in Brazil. The collective right to urban land and housing means that the process of serving the poor must be handled collectively in that government, the market forces, non-governmental organisations and the poor themselves must undertake a collective approach in ensuring that the needs of the poor are addressed.

With regard to Brazil, Fernandes (1995) explains that the right to private urban property was guaranteed provided that it performed a social function. The right to private urban property was determined by the Master Plans which were formulated by local municipalities. In other words, a private owner of large track of land must also take into consideration the needs of the poor when developing that particular land portion. Fernandes (1995) further explained the meaning of this, as the economic content of urban property, is to be decided by local government through a participatory regulatory process, and no longer the exclusive interests of the land owner.

5.2. The Concept of Zoning in Property Markets and Land Values

Zoning as a component of urban planning is termed by Omenya (2002) as a "Capitalist Urban Planning System". The impact of this system was discussed in Chapter III (Neo-Marxist approach in access to urban land and housing delivery). Access to well-located land is highly dependent on the income. The term stems from the argument that it segregates spatially and socially in terms of economic class. Zoning of land is a tool used by local municipalities, mainly for the purpose of land use control. Omenya (2002) describes zoning as being associated with protection of land values and property markets. The impact of zoning of land is that it automatically increases the value of land once it has been zoned for a particular land use. The value of land is therefore key to the viability of property markets. It is also argued by Omenya (2002) that management of a scarce resource such as land, with a tool like zoning, has manifested itself into state regulation of capital.

Some of the critiques of the concept of zoning consider investment in land as "capital switch". In supporting this argument, Omenya (2002) provides an example by citing the situation when there is over accumulation of capital in a particular sector. He points out that when demand outstrips supply, the need for "capital switch" into the second circuit of capital, in this case, land, arises. This therefore means that investors in land look at it as part of their capital accumulation. In other words, the money to be gained, as investment profit from the property must exceed (profit) the money spent on the initial property investment. The consequence of this is that urban land will most likely be traded among those who have the power to purchase, thus excluding the poor in the whole process of urban land market.

With due consideration of the fact that government is more often run by capitalists, obviously the interests of the capitalists will be protected. Protecting the interests of the capitalists means that property values must remain high. This can be attested by the fact that the value of land is always growing and there are only few cases where it drops. According to Omenya (2002) the promulgation of planning legislation that promotes zoning of land is another government tool to further the interests of urban land markets through development regularisation and zoning.

The impact of zoning differs from country to country, for an example, the impact of zoning in the USA is the differentiated urban neighbourhood by income. The higher the income the more access to prime urban land. In South Africa, prior to 1994, the impact (which remains) of zoning has been segregatory development in terms of race and class. This has resulted in a trend whereby urban land was (and still is) traded in between and accessible only to the rich. It was and still is difficult for the poor to access urban land due to high land values caused by zoning of properties.

Since it seems zoning is here to stay, the question is: if zoning has still to be regarded as a main planning tool, then how can it be best used to attain integration? The reason for asking such a question is that the best option for ensuring access to urban land by the poor is by means of spatial integration through low-cost housing delivery, and in doing so, the issue of zoning is still central to integration.

It is important to mention that zoning is not a problem per se but as long as it only serves the interests of the upper-urban class, it will still continue to be the contributor for perpetuating urban segregation and lack of access to urban land by the poor. In the USA, the concept of 'fare share concept' was used whereby zoning was used in tackling urban segregation. According to Omenya (2002) the 'fare share concept' is a legal requirement whereby each metropolitan area is bound (by legislation) to develop a quota of land for low-income housing. The concept was successful because human rights activists and middle to high-income households jointly supported this initiative because they rely on the poor for domestic services, and therefore, they (the poor) must be in close proximity to them. The other initiative was to provide incentives for developers by allowing them to build higher densities only if they also supply affordable housing units. This was done by relaxing some of the zoning restrictions in order to allow for high density in areas where it is restricted. The question is: to what extent can these initiatives be adaptable in South Africa (Mbombela)?

5.3. Access of Land by the Poor in the Context of Market and State Failure

Most of the literature reviewed does not give indication as to whether there is another approach used by the poor to access land other than the formal route. However, there has been some evidence that land is being exchanged informally and illegally by the poor. Royston (2006) provides evidence that exists with regard to local access and transfer arrangement.

> *"The poor, excluded from market and state channels, obtain access to urban land by means of occupation, spill-over and encroachment, unofficial subdivision, allocation by local figures of authority or committees and a variety of local rental practices"* (Royston , 2006: 9).

In supporting her argument, she cites examples of land occupation, e.g. when in 1990 a group of people occupied a part of well located vacant land owned by Telkom in Milnerton. Through negotiation, the area was ultimately developed into 936 houses.

The notable result of illegal occupation of vacant land is that the area ends up being developed by local municipalities. Royston (2006) supports this observation when she gives an example whereby in 1998 a group of 300 households occupied a vacant school site in Tafelsig, Mitchells Plain. The occupation was characterised by resistance to the eviction which resulted in the municipality agreeing to develop the area. My observation with regard to this phenomenon is that formal development of land that is occupied illegally is usually done through negotiations with local municipalities. However, it remains a question why local municipalities don't develop well-located land for low-cost housing without being forced to respond to forceful occupation of vacant land? It is a known fact that 'greenfields' developments are cheaper than formalisation of existing informal settlements.

Illegal subdivision of land is common within townships. The land that is mostly targeted in this regard is land that is zoned "Public Open Space" and vacant school sites. Due to shortage of planned sites, people resort to illegal occupation of such vacant land by subdividing it into individual informal residential sites. This illegal subdivision of land is not registered in the Deeds Office until such time as the local municipality decides to develop or formalise the area. *"There are many examples of unofficial sub-division. Morkel Cottage (Smit, 2006) is an*

informal settlement of 83 households on the urban periphery that developed with the permission of the owner" (Royston, 2006: 10).

Royston (2006) has also indicated that another problem associated to lack of access to urban land by the poor is lack of knowledge. Lack of knowledge is often linked with lack of information supply. The market surely will not spend time disseminating information about possible channels of securing urban land by the poor. The reason for this is that the poor are regarded as risky and therefore the market will rather spend effort on those who have the power to purchase. Government is therefore the suitable organ to play such a role.

The legal route/channel of accessing urban land is by purchasing it. This channel is often not suitable for the poor because they don't have power to purchase and therefore they will resort to other forms of channels that are commonly illegal. The illegal route is chosen because there is a general lack of private and government will to cater for the poor in terms of access to urban land and this leads to conflict with law if a particular vacant land is illegally occupied.

5.4. Making Market Systems Work for the Poor

According to DFID (2005), explanations of neo-classical economics show that perfectly competitive markets lead to an optimal allocation of resources. This usually happens when it is impossible to improve people's welfare through changes in production. However, there are two main warnings, i.e. there are no perfect competitive market found in real world, especially in the developing countries where efficient markets can exist with a widespread poverty environment.

According to DFID (2005) perfect competitive markets only exist in theory. The competitive market has never been 'perfect' for the poor. Instead, evidence shows that 'perfect' market co-exist with widespread poverty. DFID (2005 also

notes that those who control the means of production are constantly better off than the poor. The poor only participate in the market as cheap labourers with limited benefits from the market.

However, much research has been done regarding the issue of 'making markets work for the poor'.

> *"Recent work on how private sector development contributes to pro-poor growth indicates that it is not the type or size of enterprise that is important for achieving pro-poor growth. Pro-poor market outcomes can be generated by both small and large enterprises. What is more important is the operation of the overall market system to produce pro-poor outcomes"* (DFID, 2005:4).

It is also the market systems that can provide solutions to development problems. For instance, the World Bank, by supporting housing provision to the poor, has shown that it is possible to provide incentive schemes that will encourage the private sector to be pro-active in delivering low-cost houses for the poor.

DFID (2005) describes a market that works for the poor as one which widens the choices to the poor and its end-product benefits the poor. These outcomes include job opportunities, better profits, and greater affordability. In order to achieve this, maximum participation of the poor in the market must be enabled and increased. This can be measured by the average rate of growth of the incomes of the poor. The criteria in this regard will be to ensure that the poor have minimum returns from sale of labour, power to purchase, access to the market, and decrease of market exclusion.

The stability and capacity of the institutional environment is also important in making markets work for the poor. A strong institutional environment means that the country will be able to provide necessary infrastructure for economic development, thereby positively shaping the economic participation of the poor. Where the institutional environment is weak and/or infrastructure is lacking, competitive markets may not develop at all, or may exclude the more vulnerable socio-economic groups.

DFID (2005) has identified some interventions with regard to increasing degrees of market distortion, such as; a) removal of existing market distortions and improvements to the investment environment, b) improving supply of and demand for goods and services within markets, and c) affect of prices of goods and services.

5.5. What Does the Value of Urban Land mean for the Poor?

It is important to determine exactly, why urban land is important to the poor. The moment we try to answer this important question, it will be easier to facilitate means that will ultimately have a meaning to the poor in accessing urban land. According to Carey, Xaba, Royston and Lambert (2004), sustainable livelihood must be the context within which the value of the urban poor can be judged. A livelihood includes the capability to create assets. The sustainability of a livelihood is characterised by being able to recover from shock.

The value of urban land must not only be seen in economic terms but it must also be viewed in terms of environmental sustainability. What is it going to be worth in the future, taking into consideration the present activities on that particular land portion? In order to increase the value of land, environmental issues must be taken into consideration. It is a common perception that issues of soil erosion, deforestation and degradation are often associated with activities of the poor. In

most cases these activities are done as a means of dealing with the state of their living. For an example, in the absence of electricity, the poor will resort to wood as a source of energy thereby destroying valuable forests.

"Land is an important asset that can play an important role in the sustainable livelihoods strategies of the urban poor, and the potential role of access to land and secure tenure in reducing poverty and vulnerability needs to be understood" (Carey, Xaba, Royston and Lambert, 2004:13). The authors argue that a sustainable livelihood will often lead to an increase in income, and will reduce vulnerability and will increase sustainable use of natural resource base. They therefore see value of urban land as a means of alleviating poverty.

The value of urban land in this regard can include, 1) access to infrastructure, 2) economic asset, 3) natural asset, 4) provision of a living, and 5) income generation. If the market force excludes the poor in terms of access to urban land, it denies them access to proper sanitation, proper education facilities, proper recreational facilities, sustainable use of land, proper economic base and proximity to opportunities. For example, if land is viewed as a natural asset, it provides a platform for housing (for living) and industries (for jobs). Most importantly, land can be a political asset whereby it can be utilised as a mechanism for accessing rights. Rights such as adequate housing and basic services are often accessed by households with formal land tenure rights.

Carey, Xaba, Royston and Lambert (2004) emphasise that access to land as a commodity is not solely dependent upon ownership, renting or leasing land, but can also provide similar benefits. However, the authors differentiate the value of urban land and rural land. Rural land can be farms, tribal authority owned land and state land situated in the periphery.

5.6 CONCLUSION

It was discovered in this chapter that the issue of demand for access to well-located land can be tackled in a form of a conceptual framework. Brazil came up with a concept of 'collective right to access to urban land and housing'. This concept was adopted through a change in terms of urban legislation that governed access to urban land. The purpose of the concept is to ensure equal access to urban land without any discrimination or exclusion.

This discussion has shown that blaming the market will not solve the problem of lack of access to urban land by the poor. Government and local municipalities must come up with concepts and policies that will ensure partnership between them and the market. This was shown in the USA's concept called 'fare share concept'. In this concept, zoning was used in tackling urban segregation. It is the duty and obligation of government and local municipalities to engage with the market on behalf of the poor in order to ensure that they also get equal access to well-located land.

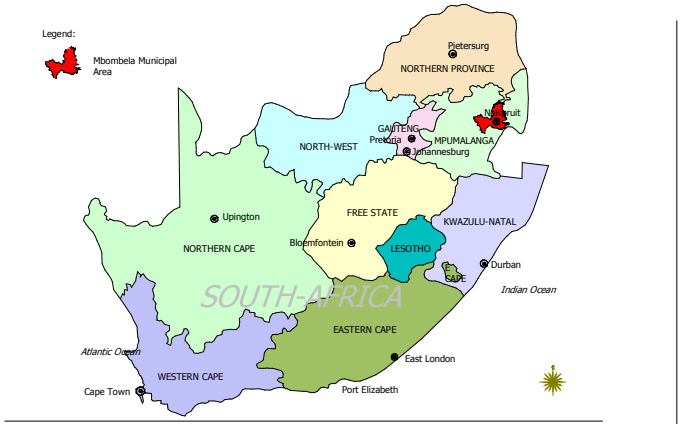
6.CHAPTER VI: MBOMBELA STUDY AREA

6.1. Locality and Formation of Mbombela Local Municipality

Mbombela Local Municipality is within the Mpumalanga Province and is situated west of Kruger National Park, and is sharing boundaries with Nkomazi Local Municipality on the east, Umjindi Local Municipality on the south, Emakhazeni Local Municipality on the west and Thaba Chweu Local Municipality on north-western boundary.

The capital city (Nelspruit) of Mpumalanga Province is situated within Mbombela Local Municipality's area of jurisdiction. Mbombela is strategically located at an intersection between the N4 National Road (Gauteng – Mozambique/Swaziland) and the R40 Road (Barberton/Swaziland/KwaZulu Natal Province – Hazyview/Limpopo Province). Mbombela Local Municipality's area of jurisdiction covers an area of approximately 1 340 square kilometres.

Mbombela is formed by the amalgamation of the former Nelspruit Transitional Local Council, White River Transitional Local Council and Hazyview Transitional Local Council. The eastern and north-eastern part of Mbombela is comprised of the former KaNgwane Homeland area and has a number of Tribal Authorities: i.e. Nkambeni Tribal Authority, Masoyi Tribal Authority, Mdluli Tribal Authority, Mbuyane Tribal Authority, Mpakeni Tribal Authority, Msogwaba Tribal Authority, Khumbula Tribal Authority and Lomshiyo Tribal Authority. The locality of Mbombela Local Municipality in relation to Mpumalanga Province and the whole Republic of South Africa is shown in Map 1. The amalgamation meant an increase in responsibility for Mbombela and pressure to provide more urban land to cater for the increased population from the periphery.



Map 1 (Mbombela Local Municipality)

Nelspruit, White River and Hazyview serve as urban centres. Hazyview was established as a Peri-urban town, mainly for holiday home purposes. There are three townships established as R293 towns during the KaNgwane homeland era, i.e. KaNyamazane, Matsulu and KaBokweni. The three urban centres came into place not merely because of mining activities (as a norm in South Africa) but due to agricultural and tourism activities.

The spatial formation of the municipal area is a typical example of apartheid planning. The poor are located far from the three urban centres.

> *"The major aim of the spatial framework is to improve the settlement form. This requires the restructuring of land uses and facilities in such a manner as to complement each other by providing a plan that will have a short-term advantage to the community and address the needs of the community through: sustainability, equality, efficiency, integration and fair and good governance."* (Mbombela Spatial Development Framework, 2005:18).

Due to the magnitude of the jurisdiction, Mbombela Local Municipality is divided into nine (9) Planning Areas and Wards (see Table A, below).

Wards	Planning Area	Composition -Areas
A Part of 1,3, 5 – 8 and 25	A	Hazyview Town, Hazyview Extension 1, Hazyview Extension 8, Hazyview Extension 7, Hazyview Holiday Town, Numbipark, Sand River, Swalala, Manzini, Mahushu, Mshadza, Phola, Mganduzweni, Jerusalem, Salubindza, Shabalala, Nkambeni, Nyongane and Bhekiswayo, and Portions 3 to 15, and and 18, 21, 27, 28, 32 to 38, 48, 49, 54, 56 and 59 of the farm Sandford 291-KU and Portions 29 of the farm Red Ridge 293-KU and Portions of the farm De Rust 12-JU
1	B	Kiepersol and adjoining farms
10, 11, 21 and 31	C	Gutshwa, Tembisa, Nkohlakalo, Khumbula, Malekutu, Chweni, Spelanyane, Malekutu, Gutshwakop, Buyelani, Malekutu, Mvangatini , Mgcobaneni and Mahukube
30, 32 and 33	D	KaBokweni, Teka Takho, Plaston, Nkomeni, Ermelo, TV, Smokey Valley, KaBokweni Industrial , Backdoor, Dwaleni, Mbonisweni, Phathwa, White River and its extensions, White River Country Estates, Yaverland, Hillsview, Primkop, Rocky Drift and White River farms
2, 4, 10, 18 to 20, 22 to 24, 26, 29 and 36	E	Msogwaba, Daantjie, Phakane, Zwelisha, Mpakeni, Mpakeni, Newscom, Tekwane north, east, south and west and KaNyamazane
13, 27 and 28	F	Matsulu A, B and C
27 and part of 18	G	Mara farms and the Crocodile Gorge
14 to 17	H	Hermansburg farm, Uitkyk farms, Highlands farms, Karino farms, Friedenheim farms, Nelspruit CBD, Nelspruit towns, West Acres, Sonheuwel, Steiltes, Valencia, Nelsville, Alkmaar farm, Mataffin, Mayfern, Kamagugu, Riverside Park and Riverside Industrial Park

Mbombela IDP, 2005. Table A

6.2. Mbombela's Spatial Formation and Patterns

Due to the apartheid policies on development, the eastern part of Mbombela is developed informally and the western part is highly developed. The spatial formation of the municipal area is a typical example of apartheid planning. The poor are located far from the three urban centres (White River, Nelspruit and Hazyview) with less opportunities and lack of security of tenure. A spatial development framework is in place to address the spatial development of areas within Mbombela.

> *"The major aim of the spatial framework is to improve the settlement form. This requires the restructuring of land uses and facilities in such a manner as to complement each other by providing a plan that will have a short-term advantage to the community and address the needs of the*

community through: sustainability, equality, efficiency, integration and fair and good governance." (Mbombela Integrated Development Plan, 2005:18).

The western part is mainly supported by the intersection of the R40 and the N4 National Road which provide economic centres, such as Nelspruit, Rocky Drift and White River. The N4 National Road is the medium of the Maputo Development Corridor and it provides direct access to the development nodes that run from east to west. It also links Mbombela to other countries, i.e. Mozambique and Swaziland. The N4 National Road passes the eastern settlements of Matsulu, Tekwane South and Kanyamazane, and Nelspruit up to Ngodwane Sappi.

The Mbombela Integrated Development Plan, 2005, indicates that the southern and western axes are accessible through the N4 and R40. These major roads also serve as catalysts for future development. The eastern development axis is characterised by restricted accessibility to the very low-income area, thereby providing limited opportunities in terms of economic development.

It must be mentioned that the eastern part of Mbombela is formed mostly by settlements under Tribal land/Authority and two R293 townships (Kanyamazane, Matsulu and Kabokweni) and the area that constituted the former KaNgwane Homeland. That is why they are regarded as under-developed as compared to the western part of Mbombela, and as a result lack economic opportunities.

The Kruger Mpumalanga International Airport (KMIA), which is situated in the proximity of the low-income eastern development axis, does not provide the low-income communities with any opportunities. The KMIA is isolated from the number of settlements and therefore even if there were any opportunities, workers could still be forced to travel distances to and from work.

"The airport is 25km from Nelspruit, 10km from the N4 Road, 12km from White River and 10km from Rocky Drift. In order to provide optional accessibility to the airport, upgrading of all the roads in the vicinity should be a priority" (Mbombela Integrated Development Plan, 2005:44).

The eastern section of Mbombela is restrictive in terms of opportunities due to, among other factors, 1) low level of commercial and industrial facilities/activities, 2) fragmented development, 3) inadequate level of services such as water, sewerage, roads, etc, 4) poor roads infrastructure and 5) poor social/community facilities. It is clear that in order to make this part of Mbombela vibrant, a radical development approach needs to be adopted that will include upgrading of infrastructure to an acceptable standard.

Due to the uniformity provided by the zoning, a minimum standard of development is achieved in terms of scale and quality. The western and southern development axis attracted more than 85% of all industrial/commercial and retail development in Mbombela.

According to Mbombela Integrated Development Plan (2005) subsistence farming is prevalent in the eastern part of Mbombela. This is due to the informality and lack of tenure rights. Permission for farming must be obtained from Tribal authorities without any assistance in terms irrigation, fencing and agricultural skills. This has led to a pattern whereby the eastern part of Mbombela is characterised by subsistence economic activities. The issue of lack of tenure rights make it difficult to prosper in terms of economic initiatives because financial institutions require proof of land ownership as a prerequisite for obtaining funding.

The informal residential development in the eastern location of Mbombela also clashes with grazing/agricultural land which poses a challenge in terms of recognising the need of small scale farming and settlement expansion. The informality of the settlement extension also exacerbates the issue of tenure rights because the properties cannot be used for investment purposes.

In the western section of Mbombela, Nelspruit is the main activity node and as a result is developing quite more rapidly with proper infrastructure than the eastern.

> *"Physical integration of the Tekwane/Kanyamazane areas with Nelspruit is hampered by a 14km land consisting mainly of high potential agricultural land. There are also no other economic developments nodes on the N4, within Mbombela to the east of Nelspruit. The Tekwane-Kanyamazane residential areas are 20min in travelling time by bus, taxi or car away from Nelspruit. Integration of the two nodes over this distance can only be achieved through improvement of mass transportation and continues upgrading of the road network"(*Mbombela Integrated Development Plan 2005:46).

The northern part of Mbombela has Hazyview as the main economic centre. Hazyview serves as a 'gateway' to Limpopo Province and the Kruger National Park.

> *"Rocky Drift industrial/Commercial node is ideally situated to provide for the overspill of activities from Nelspruit and has experienced significant growth over the past few years. Rocky Drift is reasonably accessible to the KMIA via road D812 and the low-income areas in the east, communicate directly with the R40 and will be able to benefit from its locality"* (Mbombela Integrated Development Plan, 2005:46).

6.3. Mbombela's Residential Development and Housing

The residential trends of Mbombela are that quite a number of families from the black lower middle class are moving from the settlements in the outskirts to Nelspruit, White River and Hazyview. This has increased the need for lower middle class residential development in these urban centres. However, low-cost/Social housing is not catered for in the urban centres. This is due to the fact that provision of residential development is driven by the private sector and therefore profit orientated.

The Mbombela Integrated Development Plan (2005) has indicated that in order to ensure the sustainability of the residential areas, low potential agricultural land must be used for residential development instead of high potential agricultural land. It further recommends that in an instance where existing farming activities are affected, alternative farming possibilities on high potential agricultural/farming land should be explored.

Since 2003, water has become a problem in Mbombela. The main area that is affected by shortage of water is White River. Mbombela Council opted to institute a moratorium in all new development in White River until such time the issue of shortage of water has been addressed. One of the solutions to the water problem was the undertaking of a project to supply bulk water from Nelspruit to White River. This is seen as going to reduce the strain experienced by White River dams which run dry in 2004. On the other hand, Hazyview area is suffering from degraded infrastructure and services and again a moratorium was put in place to restrict new development until the infrastructure is upgraded. All these issues pose a challenge to Mbombela Local Municipality in terms of providing sustainable service to new residential developments.

The Mbombela Spatial Development Framework (2005) also encourages densification of residential areas. The strategy thereof has been to earmark certain residential areas that are close to the CBD or other business node areas, for a density of 30 to 50 dwelling units per ha. This will encourage subdivision of these properties into manageable land portions thereby increasing the prospect of securing a residential property by those who are staying outside the urban centres.

"Densification of areas and land reform process should take place, allowing for all social, retail and recreational facilities as per the accepted standards" (Mbombela Integrated Development Plan, 2005:70).

The Mpumalanga Provincial Department indicates that a total of 11, 618 low-cost houses were built in Mbombela with a total budget of R209,992,363,00. The projects include, i) 5 projects for People Housing Process (PHP), ii) 1 Hostel upgrade, iii) 2 consolidated projects, iv) 6 project link and the rest are CBIS projects.

> *"There is a lack of institutional capacity at the Mbombela Local Municipality to facilitate and manage the housing process. Council has applied for accreditation with the Provincial Department of Local Government and Housing, there are indications that the request is being considered by the Department. This therefore advocates Council that the Institutional capacity should be strengthened in order to effectively and efficiently facilitate and manage the housing process correctly on the staff in orgonogram only two officials are designated to manage the whole process, this shortage of personnel makes it very difficult to carry their mandate. Influx of people accompanied by illegal immigrants place a burden on service delivery and employment. The number of households has increased from 91,716 in 1996 to 121,951 in 2000"* (Mbombela Integrated Development Plan, 2005).

According to statistics regarding annual household income by type of dwelling for household in Mbombela, the Statistic South Africa indicates the following: of Local Government and Housing (2006), the financial years 2004/2005

Low-income:

No Income	House or brick structure on separate stand or yard	Traditional dwelling/hut/structure made of traditional material	Flat in block of flats
R1 – R4800	13,449	1,485	246

Middle-income:

No Income	House or brick structure on separate stand or yard	Traditional dwelling/hut/structure made of traditional material	Flat in block of flats
R76 801 – R153 600	4,651	81	287

High-income:

No Income	House or brick structure on separate stand or yard	Traditional dwelling/hut/structure made of traditional material	Flat in block of flats
R2 457 601 and more	108	3	-

Statistic South Africa

The above statistics indicate the gap between the low-income and the middle to high-income group in terms of annual household income by type of dwelling. The poor standard of dwelling under the low-income group is high as compared to the other income groups.

6.4. Land Use Pattern in Mbombela

6.4.1 Offices

The Mbombela Integrated Development Plan (2005) indicates that development of offices is only provided in the three urban centres, i.e. Nelspruit, White River and Hazyview. This is due to the fact that these centres serve as the main

economic nodes and have up-to-standard services and infrastructure. It has been a prevailing trend since the mid 1990's whereby a high percentage of offices in the Nelspruit CBD were vacated. Part of the problem of high rate of CBD vacation is attributed by the construction of the Mpumalanga Provincial Government Offices in the Riverside Precinct area in 1996/1997. Most of the offices were vacated by government Departments and it affected business in the CBD.

The other problem is that Nelspruit experienced growth of new nodes such as the Riverside Precinct area, which also attracted business from the CBD. However, as from 2005, the CBD is slowly recovering and new development is taking place. The Mbombela Integrated Development Plan (2005) recommends that office development within Planning Area H needs to be focused on the CBD.

6.4.2 Retail

The Mbombela Integrated Development Plan (2005 recognises the fact that Nelspruit CBD must serve the function of regional retail and employment centres. As part of reviving and maintaining the status and envisaged function of the Nelspruit CBD, Mbombela Council has adopted a strategy that will attract business back.

The strategy includes provision of incentives on development within the CBD of Nelspruit. Due to the locality and functioning of the Mpumalanga government office and Riverside Mall, the Riverside Precinct is also regarded as a regional retail centre and the status thereof must be maintained as such.

According to Mbombela Integrated Development Plan (2005), the provision of retail nodes in the eastern development corridor and where the low-income communities are situated must be done by taking into consideration the effect thereof on Nelspruit CBD as the regional node, the requirements of the community and issues of affordability.

According to the Mbombela Integrated Development Plan (2005) the other strategy is to strengthen Hazyview as a regional centre that will service the northern areas of Mbombela. Hazyview is well located as a gateway to Kruger National Park and Limpopo Province.

6.4.3 Residential

Residential development is distributed over the whole of Mbombela Local Municipality's area of jurisdiction. According to the Mbombela Integrated Development Plan (2005) due to the segregated nature of development of the past, black communities are concentrated on the eastern section and whites are on the western section of Mbombela. However, the black middle class from the eastern section have, over the past twelve years, moved to the urban centres in search of security of tenure and in order to be in close proximity to opportunities and in search of security of tenure.

The above has resulted in rapid residential development within the urban centres of Mbombela but the poor are still trapped in the periphery. The western section is well developed with well established townships and residential estates whereas the periphery is characterised by informal settlements with predominantly self-built shelter and low-cost houses built by government.

6.4.4 Agriculture

The eastern part of Mbombela is mainly composed of subsistence agriculture which is usually exercised on the settlement edges and on open space within a settlement. The commercial agriculture is concentrated on the western and north-western part of Mbombela. The agricultural sector mainly produces livestock, nurseries, game, citrus and tobacco.

> *"The intensive nature of agriculture in the area provides potential for the redistribution of land in terms of the Land Distribution for Agricultural Development (LRAD) policy"* (Mbombela Integrated Development Plan, 2005:70).

6.5. Infrastructure

The provision of sustainable infrastructure and services remain a challenge in Mbombela. The area that poses a great challenge is the eastern section of Mbombela. This is due to the development imbalances of the past and the eastern section was forced to resort to a low-level of infrastructure.

> *"The cost to address the backlog in roads & storm water is the highest of all infrastructure service backlogs. The present state of roads and streets has a limiting impact on economic opportunities. There are 144km of national tarred road in Mbombela and a total of 374km of provincial tarred roads. There are 2138km of district gravel roads, 274km of municipal gravel roads and 243km of municipal gravel bus routes with an estimated amount of R207,600,000 capital funding required for the tarring of all the bus routes in Mbombela"* (Mbombela Integrated Development Plan, 2005:113).

The hosting of the 2010 Soccer World Cup entails upgrading and also provision of new infrastructure in Nelspruit. However, the backlog will still remain in the other areas as the program of infrastructure development and upgrading will be concentrated in Nelspruit as a hosting city.

With regard to municipal streets and the road ratio , the Mbombela Integrated Development Plan (2005) indicates that urban areas have a total of 2102km of municipal roads that are tarred. The peri-urban areas have a total road length of

2512km, of which only 15% of it is paved. The 85% of it is paved or gravel roads. It was also estimated that by the last quarter of 2003, Mbombela had vehicle population of 69657.

6.6. Transportation

Due to the fact that Nelspruit will be hosting the 2010 Soccer World Cup matches, it is a necessity to overhaul the whole transport system so that it can meet the transportation requirement for hosting such an event. A study has been commissioned to look into all modes of transport, facilities and infrastructure in Mbombela. The study will assist Mbombela to establish a plan that will be able to deal with the expected traffic and related demand for 2010 Soccer World Cup.

However, the Mbombela Integrated Development Plan (2005) acknowledges that the public transportation facilities such as ablutions, telephones, shelters, etc, in Planning Areas A, C, E, F and G are inadequate and of a poor quality. Parts of the existing road network are in a bad condition in such a way that transportation and efficient delivery of services are compromised. These services include health, safety and security. There is peak hour congestion on roads. Public transportation in Planning Areas A, C, E, F and G is not sufficient. Most people travel per foot to work or school and by bus as a second choice of mode of transportation. The local economy and productivity are also affected by the high travelling cost and time spent commuting. 74 398 person/hours per day are spent commuting by those serviced by Matstrans alone.

The state of bus/taxi terminal in Mbombela has long been a challenge. Nelspruit, White River and Hazyview are the main economic attractions in Mbombela and as a result a number of commuters are concentrated in these urban centres. The initial planning of these urban centres did not take into consideration the need of commuters and public transport in general. This has an effect as makeshift terminals will be initiated at unplanned areas, resulting in traffic congestion

within the CBD. However, the main bus company in Mbombela (i.e. Buscor), has embarked on a project to develop an up-to-standard bus terminal in Nelspruit.

6.7. Socio-economic and Poverty Level

"Mbombela has a GGP valued at 7,3 billion, which makes 12,2% of the total GGP of Mpumalanga. The main sectors are manufacturing, trade and catering, finance and real estate as well as government supported agriculture and forestry" (Mbombela Mayoral Report, 2002:5). The agricultural sector is the main employer of those who are unemployable in the formal economy and who do not have skills. According to the Mbombela Integrated Development Plan (2005) the high rate of unemployment is concentrated in the eastern and north-eastern part of Mbombela. This is due to the fact that there is little in terms of formal economic activities in these areas. Those who have decent jobs are located within the urban centres of Mbombela. The closure of some of the mines in the Barberton area in the 1990's has also contributed to the unemployment rates experienced in this areas.

The construction industry is also offering temporary jobs, which do not sustain the income of these communities. According to Mbombela Integrated Development Plan (2005), by 1996 the average income of the Mbombela population was R23 514 per annum, i.e. R1 959 per month. The mean level of living in 1996, taking into account a household size of 4,59, was R11 190 Per Annum , i.e. R933 per month.

This indicates that the population in the area is making a good livings and earning enough to show signs of prosperity and growth. In terms of the poverty level in Mbombela area, the Mbombela Integrated Development Plan (2005) acknowledges that while the average income compared to the mean level of living showed signs of increase in 1996, it is important to also determine the percentage of people living under the mean level of living. It is estimated that in 1996 a total

of 67 04% of Mbombela's population lived under the breadline. This is in contrast with what Mbombela have previously witnessed in the average income comparison. According to the Mbombela Integrated Development Plan (2005) this is mainly because of a skewed income distribution which is characterised by a phenomenon where a small percentage of the population earn a major part of the areas total income. A total of 15,23% of the population is unemployed and therefore had no income at all. Planning areas A, C, E, F and G are being regarded as the main contributor to the high poverty rate.

The other factor contributing to the high level of poverty in the Mbombela area is the current segregation and disparities between the western and eastern part of Mbombela. The eastern section is suffering from a low level of education, inadequate education facilities and lack of job opportunities.

> "*Skilled people tend to migrate from the rural areas in Mbombela in search of jobs, leaving behind an unskilled population of mostly children, unemployed youth and the aged. This results in high dependency ratios and limited ability to pay for basic services. Poverty is also linked to alcohol abuse and other social pathologies, including HIV/AIDS and violence against women and children"* (Mbombela Integrated Development Plan, 2005:149).

6.8 Population

The larger part of the Mbombela population is situated in the eastern and northern part of Mbombela and is predominately black. The vast land in the western part of Mbombela is farm land and therefore the population is concentrated in the urban centres where the majority of the population is white.

The population estimates are illustrated in Table B and according to Mbombela Integrated Development Plan (2005) the estimates include two projections for the different planning areas over the 15 year period 2004 to 2019. In other words, the population estimates are based on the estimates as per the Mbombela IDP 2002 and include influx but does not take into consideration of the effect of HIV/AIDS. There is also a general acceptance of the average annual growth of 3,6% over the period 2004-2009, 2,6% over the period 2009-2014 and 1,9% over the period 2014-2019.

Mbombela Population Estimates 2005-2019								
Planning Area	2004		2009		2014		2019	
	Population without Aids projection	Population with Aids projection	Population without Aids projection	Population with Aids projection	Population without Aids projection	Population with Aids projection	Population without Aids projection	Population with Aids projection
		57 87 13	68 90 09	633883	75 82 90	665209	819674	683998

Mbombela IDP, 2005. Table B

6.9 CONCLUSION

The discussion on the Mbombela Study Area has shown that the eastern part of Mbombela is developed informally and the western part is highly developed. This is the result of the apartheid planning system, which promoted segregation, mostly in terms of race. The reason why the eastern part of Mbombela is developed informally is that the area was forming part of the former KaNgwane homeland area. The homeland area was formed mainly by tribal settlements, which were without proper planning and far from economic centres. The Mbombela Local Municipality has inherited a jurisdiction with historical disparities.

The inequality in development has resulted in a trend whereby a number of black middle class from the eastern part of Mbombela moving to Mbombela's urban centres, i.e. Nelpruit, White River and Hazyview. This has increased the need for residential development in these urban centres. However, the movement of the poor to the urban centres is stifled by the lack of land for low-cost housing development, coupled by affordability. The market is only concentrating on those who can afford to purchase residential properties. It is therefore the responsibility of Mbombela Local Municipality to ensure that the poor are also catered for within and around the urban centres.

7.CHAPTER VII: FINDINGS

7.1. Findings

The findings that are discussed in this section are based on interviews conducted with officials from the provincial government, Mbombela Local Municipality, estate agencies and developers. The findings are also based on interactions with people who daily come to Mbombela for land availability enquiries.

7.2 Housing Accreditation

Mbombela Local Municipality is among few local municipalities within Mpumalanga Province which were nominated by the province to serve on a pilot project on 'Housing Accreditation'. The purpose is to provide Mbombela with certain powers pertaining to low-cost housing. Such powers are currently only vested with the provincial government. An official from Mbombela indicated that the accreditation is important as it will, among other things, mean that the staff capacity will be re-enforced with skilled personnel and that they will have full control of low-cost housing issues within Mbombela including approval of subdivisions. He further stated that Mbombela will be able to develop its own housing plan that will be part of the IDP, thus will also be able to budget accordingly with regard to low-cost housing, which will also include budget for purchasing of urban land (official 1, personal communication).

The current situation which entails that Mbombela only keeps the waiting list and provision of land, according to Mbombela officials, limits the municipality as it relies on the provincial government for every aspect of low-cost housing. Those who are in the waiting list tend to put pressure on Mbombela to deliver houses whereas the prerogative lies with the provincial government. Another problem cited by the same official is that the provincial government is slow in delivery.

For instance, it is alleged that in 2006 alone, the government managed to build only 5000 houses in the whole Mpumalanga Province.

7.3 Mbombela Housing Policy's Strategy

The Mbombela Housing Policy Strategy with regard to ensuring access to urban land through low-cost housing delivery is that Mbombela will purchase land from private land owners. When an official from Mbombela was asked whether such a strategy will work or not, the indication was that Mbombela is optimistic about the strategy. However, the strategy is not tested yet since its inception. The reason for the latter (as was explained by the official) is that Mbombela is presently busy with the process of land audit. This process started from 2004 and Mbombela has since then placed a moratorium on sale of Council land until such time the moratorium is finalised. The land audit will give indication of the magnitude of land owned by Council within its area of jurisdiction. Once the land audit is finalised and the land stock is known and identifiable, then the strategy of purchasing of urban land from private land owners will be implemented (official 2, personal communication).

The same Mbombela Local Municipal official further indicated that attempts have been made regarding identification of land that can be targeted for purchase. The attempt includes commissioning of estate agencies (the market) to provide the municipality with a list of land that can be available from private land owners for low-cost housing development purposes. It emerged that only a property list for Nelspruit, White River and Tekwane was made available. However, list for Hazyview is still outstanding. The delay in providing the list from Hazyview might be an indication of unwillingness by the private land owners to make their land available for low-cost housing purposes.

The officials are also aware that it won't be an easy task to secure and develop such land. They have identified two main obstacles, that is a) high pricing of land, and b) objections from adjacent property owners. The official indicated that it has also emerged from estate agents that were compiling the property list that some property owners have already indicated that they will object to such an initiative by Mbombela (Official 1, personal communication).

7.4 Increasing Demand for Urban Land by the Poor

The officials from Mbombela have indicated that there is an increasing demand for urban land by those who are living in the periphery. The reason is the hype caused by the prospects of the 2010 Soccer World Cup which will also be hosted by Mbombela. The poor see access to urban land as strategic in terms of enjoying the benefits of the 2010 Soccer World Cup. Most of them want land for housing purposes in order to be able to convert them into accommodation facilities/guest houses that will eventually be rented out during the tournament. However, due to lack of low-cost housing development in well-located land, access to urban land becomes impossible as urban land issues are driven by the market. It is also embarrassing from the officials to keep on explaining that there is no land available from Council in and around urban centres and that they (the poor) must seek assistance from estate agents (the market).

The above problem is not only affecting the poor but also government. The Department of Safety and Security came to Mbombela, desperately in need of Council land in order to build offices for the SAPS. Estates agents (the market) were the only option. The infrastructural development, as a requirement for hosting the 2010 Soccer World Cup, is driven by the market and will only benefit those who are in urban land. That is the reason that forces the poor to also seek well-located land in order to directly benefit from the economic boom within Mbombela.

7.5 Affordability of Urban Land

As the market is willing to address the demand for urban land by those who are living in the periphery, affordability remains an obstacle. According to interviews with local estate agencies, it emerged that there is a demand for urban land by the lower-middle income earners; however, most of them do not qualify due to high price of properties. Quite often these individuals are referred to Mbombela for possible availability of Council owned land because it will be cheaper than in the market. Their frustrations are being made worse by the fact that Council also do not carter for their needs due to the fact that there is less Council owned land available (Official 2, personal communication).

The issue of affordability also affects civil servants to. This was demonstrated when Council owned land on the Portions of farm Dingwell 276-JU, situated west of Rock Drift was illegally allocated by Chief MJ Nkosi. According to the Lowvelder (6 March 2006) the land was purchased by Council from Mdluli Trust but the Chief claims that he is the legal owner of the land. A court interdict was issued with the aim of stopping the allocation of the land by the Chief. The majority of buyers of the land from the Chief were civil servants. This is an indication that it was the only opportunity for them to get access to well-located land due to the fact that they can't afford properties with urban land from the market.

7.6 The Impact of Mbombela Spatial Development Framework

The Mbombela Spatial Development Framework (2005) is serving as a guideline for future development within Mbombela. One of its purposes is to address the spatial inequality caused by the apartheid planning system. This therefore means that the Spatial Development Framework is affording Mbombela an opportunity to redress these development imbalances.

Map 2 (*attached as Annexure A*) indicates the spatial layout for Nelspruit. The Spatial Development Framework for the urban centres (i.e. Nelspruit, White River and Hazyview) enjoys a variety of future land uses, whereas the areas in the periphery have limited future land uses, i.e. agricultural and future residential (see maps 3,4 and 5 for north-eastern settlements, Kanyamazen and Tekwane townships and Daantjie and Msogwaba, respectively and attached as *Annexures B, C and D*). This, at a glance, means that these peripheral settlements are ubiquitously earmarked for future residential purposes and not for economic prosperity. The result thereof is that those who can not afford to live within these peripheral areas are forced to migrate to the urban centre where there are a variety of opportunities.

It becomes very difficult for the communities in the periphery to even undertake small business activities on vacant land as more often than not land is earmarked for 'future residential'. The Spatial Development Framework restricts use of land that is not in line with it, e.g. if local entrepreneurs want to create a business for brick manufacturing for the local market, they will be forced to seek land in the urban centres where land earmarked for such land uses is found (e.g. Rocky Drift). Land there is expensive, and besides, the activity will now be far from their target market (local).

When interviewing the officials of Mbombela regarding the possibility of utilizing the Spatial Development Framework as a tool for integrating the peripheral communities, the response was that the only option is to expropriate land from the private land owners. It must be mentioned that the process of formulating the Spatial Development Framework is participatory and therefore the private land owners tend to influence the Spatial Development Framework in order to serve their interests. In other words the Spatial Development Framework is not seen as a tool to ensure access to urban land by the poor. Further to that, the Spatial Development Framework only benefits private land owners because they will be

able to develop and/or sell their land at higher prices at the expense of collective social needs.

7.7 The Role of the Non-Governmental Organisations

The issue of peripherilisation and exclusion of the poor by the market remains unchallenged in Mbombela. There is a need to close the gap between the peripheral development and the rapid development within and around towns. This is justified by the number of enquiries directed to Mbombela Local Municipality about the availability of stands owned by Council around towns. The common response to such enquiries is that there are no available residential stands owned by Council. This means that the only provider of such a service is the market (estate agents, land owners, land lords, etc) and the poor are systematically excluded because they do not have purchasing powers.

In the absence of a challenge to face the current situation by both the government and Mbombela Local Municipality, it is believed by social commentators that a 'third sector' must come into the fore. The 'third sector' is a reference to organisations that are outside the spheres of government, i.e. Community Based Organisations (CBO's) and Non-governmental Organisations (NGO's). However, there is no such active organisation in Mbombela. The only active NGO is TRAC, but it is only concentrating on issues/rights of farm tenants.

The reason I am of the opinion that CBO's and/or NGO's can be another force to challenge the current situation, is that these organisations have a history of working close to people on the ground and they understand their needs better. In this instance, they can serve as a voice between government, Mbombela Local Municipality and the private sector. They can access funds from donors with the purpose of addressing the issue of peripherilisation and market exclusion of the poor.

The absence of active CBO's and NGO's in Mbombela means that both government and Mbombela Local Municipality are sitting in the comfort zone where there is nobody pushing them to address the issue as a matter of government policy. The current situation therefore only benefits those who have purchasing power and the poor remain the outcast in access to urban land, as there is no voice to act on their behalf. CBO's and NGO's are known to be effective when coming to matters of government principles/policy. They can also use other means of communication if their plight is not heard, e.g. the media. The ineffectiveness of these organisation in Mbombela might be attributed to the fact that there are few (if not once) cases of invasion of urban land (by the poor) in and around towns. Usually they (CBO's and NGO's) become vociferous/active when reacting to a situation in order to justify their demand on that particular issue.

7.8 CONCLUSION

It is clear that it will be always difficult for Mbombela Local Municipality to effectively deal with all the issues of low-cost housing delivery. The responsible Section within Mbombela (i.e. Housing Section) is highly under staffed. In trying to address this issue, Mbombela has applied for housing accreditation, which has not been granted yet. Once housing accreditation has been granted, Mbombela will be able to tackle the issues of low-cost housing delivery without relying on the Provincial Department of Housing and Local Government.

8 CHAPTER VIII: ANALYSIS

8.1. Analysis

Speaking at the national conference of the South African Local Government Association (SALGA), which was held in Midrand, Johannesburg on 23 April 2007, the South African President, Thabo Mbeki indicated that local municipalities had not addressed the issue of transforming the apartheid settlement. “Mbeki told councilors and mayors that it was unacceptable that land close to commercial centres was allocated solely to developers” (Sowetan, April 24: 2007). This is an indication that it is not only Mbombela which is failing in this issue but it is a problem affecting the majority of the local municipalities within South Africa.

In the following Section I will be analysing the findings with regard to the real causes of continual peripherilasation through low-cost housing in Mbombela. For a better understanding of the issue of peripheirlisation and access to urban land by the poor, I have compared the Brazilian case against the South African scenario.

8.2 Comparing the Brazilian case with the South African (Mbombela) Scenario

As a result of the poor planning and legislative framework, Brazilian cities are characterized by poor peripheral and irregular land subdivisions. Housing was self-construction and as a result was in poor condition and below the standard building requirement. The self-constructed houses were usually built on unsuitable land. The main cause of Brazil’s urban disorder is that there was more emphasis on recognition of property rights as absolute and the state had little role/control of the use and development of urban property.

> *"When asked to decide on conflicting interests in the case of effective state intervention, the judiciary has long tended to favour individual rights to the detriment of socially-oriented legal restrictions to the use of urban property. It should be stressed that, as inherence from the centuries of colonial rule, most of Brazilian land is privately owned"* (Fernandes, 1995:9).

The other problem was that local governments lacked capacity in dealing with the issue of urbanisation. The authoritarian regime of Brazil (between 1973 and 1988) excluded the majority of the urban population in decision-making.

However, the increasing social mobilisation resulted in enactment of urban legislation by the Federal government. The main purpose of the urban legislation was to govern the subdivision of urban land and the formulation of a national environmental policy. According to Fernandes, (1995) there has been inconclusive discussion of the different versions of a National Urban Reform Bill. The discussion started in 1983, at the National Congress of Brazil. This resulted in the widening of the municipal scopes. The promulgation of the 1988 Constitution was the major achievement of the time.

According to the 1988 Constitution, local government was placed on the level that will bring about responsibilities for the enactment of urban legislation and for the implementation of urban policies. However, the responsibility of deriving national policy on urban and environment issues lies with the state. *"In a most significant development, the right to private urban property was guaranteed provided that it performs a social function to be determined by a Master Plan formulated by the municipalities. In other words, the economic content of urban property is to be decided by local government through a participatory legislative process, and no longer by the exclusive individual interests of the owner"* (Fernandes, 1995:10).

In South Africa, through the enactment of the Municipal Systems Act, local municipalities are compelled to compile their Integrated Development Plans (IDP's) and Spatial Development Frameworks (SDF). These tools seek to facilitate development in an integrated manner. Funding for municipal projects are dependent on the IDP's. In other words, for a development to receive external funding it must be prioritized in the IDP. Structure Plans were replaced by SDFs. The SDFs serve as a guideline for future development within local municipalities' area of jurisdiction. The SDF provides the local municipality with an opportunity to restructure human settlements and to integrate the peripheral communities with developed areas.

8.3 Economic Class Mobility and Demand for Urban Land in Mbombela

The Neo-Classical concept of 'supply and demand' will be put into perspective in this analysis. The spotlight will be on the impact of economic class and the power to purchase in relation to supply and demand of well-located land within the urban centres of Mbombela.

Mbombela Local Municipality's urban centres (i.e. Nelspruit, White River and Hazyview) are developing quite rapidly. This is caused by, among other things, the hosting of 2010 Soccer World Cup games in Mbombela (Nelspruit). However, the current boom in development (more especially access to urban land) does not provide opportunities to the low-income earners to enjoy the same benefits as the upper economic classes.

According to the survey done by FutureFactry (2006), Mpumalanga Province, at 37%, shows the biggest spike in terms of class mobility, followed by Free State Province at 36%. Nelspruit as the capital city of Mpumalanga Province is where the economic class mobility is significant.

> *"Importantly, the middle class are seen as the 'movers and shakers' of the class mobility. There is a push towards that group from the working class, and then a fast shift from there into the upper-middle or upper class" (*Sunday Times, January 28, 2007:5).

The phenomenon of economic class mobility experienced in the region has resulted in high demand for urban land in order to carter for those who have purchasing powers (i.e. upper-middle and upper class). The latter again has resulted in escalation in land price as the need for well-located land for housing, retail, offices, stadia, industrial, etc, increases. The result is that the supply of well-located land is mostly in the hands of market forces.

The increase in class mobility in Mbombela has contributed to the high demand for consumption of well-located land that is in close proximity to urban centres/opportunities. The consequence thereof is the total ignorance of the needs of the poor in terms of access to urban land within Mbombela. According to the interviews I have conducted with the housing developers within Mbombela, they strongly suggest that Mbombela Local Municipality must make land available for them in the peripheral settlements in order to develop housing there. They strongly believe that the poor will be able to afford houses when development is done close to them. This is another way to restrict access to urban land by the poor, thus, segregating them. However, this idea by the developers is contrary to the concept of integration and sustainable development in general, because the poor will remain far from opportunities, and in other words, it will deny them those rights to the urban centres of Mbombela.

Such an attempt was done by an emerging developer who had the same above-mentioned perception about the periphery. The said development is situated at Emoyeni which is approximately 30km east of Nelspruit. The properties (including top structure) were advertised to be selling at R300 000 and it was

aimed for bond houses. However, the initiative was a disaster as people could not afford these houses and those who can afford prefer to be in close proximity to opportunities. This therefore defeats the perception by the developers that a middle to low-income housing market exist in the periphery

The other failure of private development in the urban periphery is that the prevailing middle class within these settlements prefers to get properties close to their work station and where there is proper services and tenure, as they also can afford to purchase. Better earnings and general economic prosperity create a power to purchase by prevailing middle class. The purchasing power shown by the black middle class from these settlements in the periphery does not necessarily mean that there is an element of affordability but rather a spring-board for access to urban land.

According to the Sunday Times (January 28, 2007) there has been prediction of the gentrification of cities by planners. In essence, the gentrification of cities will gain momentum and will result in cities expanding to become huge metropolises. Further to that, there will be a concerted effort by councils and provinces to increase lower income groups' access to the city. In the case of Mbombela, if such a phenomenon could happen, it will still not benefit the low-income groups because well-located land will already have been taken-up and low-cost housing will still be forced to take place in the urban periphery of the cities.

The access to urban land by the poor is also made difficult by the fact that vast land within and around Mbombela's urban centres is in the hands of private ownership. Private developments therefore are in control of the housing market, with a clear target to those who have power to purchase. It is obvious that private development is profit driven and low-cost housing is regarded by the market as a risk and unprofitable. The question therefore is: who must carter for the low-income group in terms of access to urban land? From the current phenomenon in

Mbombela, it is clear that the market is not interested and therefore government (including Mbombela Local Municipality) must take responsibility.

8.4 The Role of Mbombela and Government

I would like to refer back to the Neo-Marxist approach in the issues of access to urban land and housing delivery. This approach was discussed under the theoretical framework Chapter. The Neo-Marxist approach is clear on the role of government in the issue of access to land and housing delivery. In fact it views the delivery of housing and access to land as the role of the state, not of the private sector.

However, the availability and ownership of well located land by the state remain key to the role of the state, as suggested by the Neo-Marxist approach. In other words, the Neo-Marxist approach can only function when the state is the majority owner of well located land.

> *"There is not enough land around towns and cities in Mpumalanga to build rental houses for migrant workers. Local government and housing MEC Jabu Mahlangu said municipalities in the province were struggling to make land available. He said the department therefore had to scrap plans to build and subsidise 400 rental units. It was also rethinking whether it should approve the construction of another 500 houses"* (Daily Sun, 6 December, 2006:31).

The problem of shortage of enough land around towns and cities experienced by the Provincial Department of Housing and Land Administration also includes Mbombela. This shows the frustration experienced by the Department in trying to provide low-cost houses in close proximity to urban centres and opportunities. Mbombela Local Municipality failed to reciprocate the initiative (of providing low-cost houses on well located land) by the department by providing well

located land for construction of low-cost houses around towns. Due to the fact that the housing projects are budgeted for by the department, the result is the occurrence of budget roll-over which portrays the department as an under spender in low-cost housing delivery. According to Daily Sun (December, 2006), Mpumalanga still needs to build 200 000 low-cost houses but failed to spend R129 million in last year's budget. The Province also requested additional funds from the Treasury but still failed to spend a single cent of the funds. It is estimated that the unspent money was enough to have build RDP houses for approximately 3583 families.

If there was a sound engagement between the Province and Mbombela Local Municipality, the money should have rather been spent on the purchase of well-located urban land. In this instance, the Province must be requested or made aware that Mbombela Local Municipality has targeted urban land for low-cost housing purposes. This will force the Province to rather utilise the budget to purchase the targeted land instead of the money being retained by National Treasury.

> *"Added to this was the problem that only 20% of province's land was state-owned. This put the department in a tight corner when it was expected to build housing for people near towns, where the economy was based. In this respect, talks between the department and land owners might seem to take place to see what could be done to provide more land around towns"* (Mpumalanga Mirror, December 17-22, 2006:4).

Even the 20% state-owned land is in the periphery which qualifies the land to be unsuitable in terms of integration through low-cost housing delivery. This shows that the department has lost patience and trust to the local municipalities, hence, it has decided to negotiate with private land owners in its own.

According to the interviews I have conducted with the officials of the department, they believe that it is the responsibility of Mbombela to provide them with land that is well-located around towns, not the department as such. The latter perception is agreeable because even in the Mbombela Housing Policy it is stipulated that Mbombela shall provide land for low-cost housing development purposes. It is also confirmed in the same policy that Mbombela will purchase land from private owners. However, the strategy remains on paper and nothing has been done to address the issue, hence, the frustration of the department.

The government is also contradicting itself in terms of catering for the needs of low-income groups with regard to access to urban land. This was illustrated when the Provincial Department of Public Works sold Erf 971, West Acres Extension 6 to a private developer. The land is approximately 1, 2982ha in extent and it has since been developed as bond houses. The land was well located to be developed as an infill within a fully serviced township, i.e. West Acres Extension 6. As to why Mbombela was not given a first priority in this regard remains a question.

Mbombela officials indicated that the failure to secure land from private land owners is due to high land price asked by the owners. However, that should not be the reason to fail because if Mbombela's Housing Policy states that, as a strategy "it will purchase land for low-cost housing purposes", then it means that in order to achieve this, it must compete in the open land market. In other words, Mbombela does not understand the meaning of its strategy.

8.5 The Role of the "Third Sector"

The role of the "third sector' was discussed in Chapter 1, under 'the role of private institutions in urban land market'. In this section, I will try to reflect on the impact of the role of the 'third sector' in the issue of access to urban land by the poor, within Mbombela.

The issue of peripherilisation and exclusion of the poor by the market force remain unchallenged in Mbombela. There is a need to close the gap of the peripheral development and the rapid development within and around towns. This is justified by the number of enquiries directed to Mbombela Local Municipality about the availability of urban stands owned by Council within towns. The common response to such enquiries is that there are no available residential stands owned by Council. The latter means that the only provider of such a service is the market and the poor are systematically excluded because they do not have purchasing power.

In the absence of a challenge to face the current situation by both the government and Mbombela Local Municipality, the 'third sector' (CBOs, NGOs, etc) must come to the fore.

The absence of active CBO's and NGO's in Mbombela means that both government and Mbombela Local Municipality are sitting in the comfort zone whereby there is nobody pushing them to address the issue as a matter of government policy. By absence I mean that there is not enough push by the current civics, churches and opposition parties on the issue of provision of low-cost houses on well located land. The current situation therefore only benefits those who have purchasing power and the poor remain the outcast in terms of access to urban land, as there is no voice to act on their behalf. CBO's and NGO's are known to be effective when coming to matters of government principles/policy. They can also use other means of communication if their plight is not heard, e.g. the media. The ineffectiveness of these organisation in Mbombela might be attributed to the fact that there are few (if not one) cases of invasion of urban land (by the poor) in and around towns. Usually they (CBO's and NGO's) become vociferous/active when reacting to a situation in order to justify their demand on that particular issue.

8.6 Lack of Direct Engagement between the Private Developers and Mbombela Local Municipality

One of the World Bank's approaches in the programme of low-cost housing delivery and access to well-located land is 'enabling the markets to work'. This approach was discussed under the 'World Bank's approach on low-cost housing and land'. The Bank advocates the concept of private-public partnership, where the state's role is to create an enabling environment for the private sector to deliver. In this section, I will be investigating whether this concept is function, and or, working in the case of Mbombela.

The recent Council Resolution (Item A (4) (b) dated 21 May 2007) on access to urban land by the poor is an indication that there is no engagement between the private developers and Mbombela Local Municipality. It is clear that the Mbombela Local Municipality sees the private developers as the cause and stumbling block in the issue of access to urban land by the poor. There are various interventions that can be employed by Mbombela without directly affecting the market. Some of these interventions do not need the National Government's directive but rather a simple strategy of working together with the private developers, as long as the intervention seeks to address the issue of spatial restructuring and integration.

While McCarthy (2006) advocates for the idea of effective planning for residential development. He is also critical at the prospect of affecting the market with low-income housing obligations. Instead, he is in support of the use of revenues to subsidise housing for the poor. He further suggests that in the case where municipalities do not have these potential revenues, the focus must be directed to the facilitation of new lower-middle to mid-market private housing.

One of the interventions that can be engaged with by both the private developers and Mbombela is the incentive zoning from the Spatial Development Framework and the Town Planning Scheme. I have alluded in the Conceptual Framework Chapter that this intervention is successfully used in many cities in the USA. Fortunately, due to its success (incentive zoning), the concept is now legislated and had no resistance from the private developers and other stakeholders.

Brown-Luthango (2006) provides an example of incentive zoning where developers are offered zoning incentives such the increase of densities in order to be able to build more residential units or increase gross floor area. In Mbombela context, for instance, a developer who wants to be granted zoning rights by Mbombela for development of retail or industrial township, could be granted a rebate on zoning levy, in return, the developer must build a certain percentage of affordable housing on well-located land.

Based on the above, it is clear that the success of the cities in the USA, in trying to address the issue of access to urban land by the poor, is through engagement with private developers. In the local context, private developers have more experience in accessing and developing urban land than Mbombela, and therefore their experience must be utilised for the benefit of the poor. It must be emphasised that private developers also include the Banks, which are now involved in low-cost housing through their Housing Charter.

All in all, this problem cannot be solved by Mbombela Local Municipality alone. It requires establishment of strategic partnership with property developers. The developers, through formal engagement, must be made aware about the need to provide access to urban land for the poor. Terms of reference with regard to engagement of the private sector with Mbombela in this regard must be clear and acceptable to both parties.

8.7 The Ineffectiveness of the Mbombela Spatial Development Framework

The impact of spatial exclusion towards the issue of access to well-located land by the poor was discussed earlier in Chapter II. In South Africa, municipalities are compelled by legislation to formulate their spatial development frameworks, and as such, Mbombela did adhere to this requirement by formulating its own. In this section I will look into the impact that the Mbombela Spatial Development Framework has towards addressing the issue of spatial inequalities and exclusion in the area.

I regard the Mbombela Spatial Development Framework as just an extension of the concept of 'capitalist development system' (zonings). It does not necessarily address the issue of spatial inequalities as was perpetrated by the apartheid regime. Instead, it functions as another tool to systematically deny the poor the rights to the urban centres of Mbombela.

It was indicated in the 'findings' that the distribution of land uses is not balanced between the west (urban centres) and eastern section (former KaNgwane area) in the periphery. The Spatial Development Framework is market oriented and it does not address the issue that are of socio-economic importance to the whole communities of Mbombela. For instance, land that is earmarked for 'future residential' purposes in and around Nelspruit, is mostly privately owned. The latter means that the owner of a particular land parcel has got the sole prerogative to develop the land. Private development often targets those who can afford, and therefore development of such land is market driven, and as such, controlled by the market forces.

As mentioned in the Conceptual Framework Chapter, the 'Capitalist Planning System' is another cause that repels the poor from well-located land in the urban centres, the Spatial Development Framework is no exception to this system.

Instead of trying to address the issue of socio-economic integration and spatial equality, it just perpetuates the interest of the market with a total disregard of the needs of the poor. Affordable housing proposals within Nelspruit were abandoned due to objections against the development by the neighbouring property owner. It is worth mentioning that, in all the cases, the proposals were abandoned without even contesting the objections. This also shows lack of knowledge from decision makers because the issue of providing low-cost housing is the constitutional obligation of the government, and therefore no development proposals should be scared-off by these petty objections by those who still do not accept development change.

The Council of Mbombela Local Municipality took an initiative in order to make the Spatial Development Framework (SDF) work for the poor by resolving, under Item A(4)(b) dated 21 May 2007, that:

> *"a clause be included in the SDF to cater for access to urban property by the poor, especially previously disadvantaged individuals, in the new township developments, in the following ratio:*
>
> *30% for low-income people (low-cost housing)*
> *50% for middle class*
> *20% for high-income people.*

The analysis of this resolution is that it gives more emphasis to individual access to urban land because the resolution refers to "especially previously disadvantaged individuals". It does not refer to "previously disadvantaged communities". In other words Council is promoting 'private access to urban land' rather than 'collective' access to urban land by the whole spectrum of poor communities. The shortfall of this initiative is that the issue of access to urban land by the poor will still be in the hands of the market, thus susceptible to systematic exclusion. The likeliness is that the said 30% will be turned into

catering for the middle class because some sort of affordability criteria will be approved in order for the developer to make a profit.

It is also questionable as to how Council arrived at the distribution ratio. The reason is that obviously the market will develop for profit and therefore the target classes will be the ones that have the power to purchase. For instance, what is the motive behind the allocation of 20% for high-income class whereas in reality the target markets are those who can afford? It is therefore logical to allocate a higher percentage to the high class because obviously the market force is geared for profit rather than the other way around. The Council's ratio means that the market must develop more land for low-cost housing than for the high-income class, and therefore Council's resolution is a means to dictate to the market, which is contrary to government policy of "enabling the market to work". What will happen if a developer wants to develop predominately for low-cost housing? Is the developer going to be compelled to provide the 50 and 20 percent for middle and high-income people?

It must also be mentioned that it is government's constitutional obligation to provide land and shelter for the poor, not the private. Government can only enter into partnership with the private sector in order to achieve its obligation but not to dictate to the market. It is therefore important for Mbombela to embark on interventions that will not affect the market because the market exists to serve other classes of the economy that are not catered for by government. Mbombela must provide incentives to the market as way to make the market work for the poor. Council must not be seen as shifting its obligation to the private sector, it must rather be seen as a keen partner with the private sector, more especially on the issue of access to urban land by the poor.

8.8 Lack of Political Willingness and Awareness

The role of government, as a political intervention, was discussed in the Neo-Marxist approach in the role of the state on access to urban land and housing. The role of government or politicians in intervening on the current situation of lack of access to urban land by the poor is crucial. The good government policies put in place by the ANC government need to be driven by the politicians themselves in order to be successful, and Mbombela is no exception in this regard.

The ANC government has put in place good policy frameworks that seek to address the issue of inequalities and imbalances (i.e. socially, economically, racially, spatially, etc) created by the apartheid regime. It is therefore the responsibility of the politicians and officials, at the delivery level, to ensure that the purposes of the policies are realised. Lack of political will often results in the lack of awareness in the institution (at delivery level) regarding matters of principle and core to service delivery. That is why President Thabo Mbeki has blamed the councillors and mayors for not responding positively to the transformation of apartheid settlements and spatial integration. In the case of Mbombela, it is not only the councillors and the mayor that must be blamed, but also government.

There is a notable lack of understanding of government policies by, amazingly, government departments themselves. The latter was illustrated in 2006 when the Department of Public Works sold a piece of land, situated within an established township (West Acres Extension 6) in Nelspruit, to a private developer. The subject property was well located to serve as an infill for low-cost housing development, but instead, government decided to sell it to a private developer for a profit. The said property was subsequently developed for bond houses at a price ranging from R500 000,00 and above.

Transaction of land within the said department should be a major undertaking and surely requires the blessing of the political head, and in this case, the recommendation was to sell the land to a private developer for profit purposes. It is clear that the land portion was sold without any coordination with line-function departments and institutions (i.e. the Provincial Department of Housing and Local Government and Mbombela Local Municipality). This was an opportunity to provide access to urban land by the poor on land owned by the state, thus serving as an example to Mbombela with regard to the manner on which the issue of access to urban land by the poor should be addressed. In any case, this shortcoming will continue to manifest itself if government's departmental heads serve the interests of the market at the expense of clear government policies regarding the needs of the poor.

If government contradicts itself with regard to its policies then the poor are bound to be continually marginalised. It is therefore improper for government to support the current situation which it has means to intervene. Mbombela Local Municipality and the provincial Department of Housing and Local Government were supposed to be given a first priority when the decision to sell the said land was taken by the Department of Public Works. It was also within their (Mbombela Local Municipality and the Department of Housing and Land Administration) powers to object to the transaction of the land by citing the issue of public interest, unless there was no consultation at all.

8.9 The Effect of Private Land Ownership in Mbombela

The Brazilian concept of 'Collective rights to access to urban land and housing' is absent in Mbombela. Collective rights to access to urban land and housing means the issue of access to urban land is a matter of public interest and shall not be left to the hands of the market forces alone. In Brazil, the latter is strongly supported by municipal Master Plans, which are similar to IDP's (Spatial Development

Frameworks). However, in Mbombela most of the land that is well located within and around urban centres is in private ownership.

Private land ownership means that the development of a particular land parcel is more dependent and manipulated by the individual land owner. In other words, the Mbombela Spatial Development Framework is a catalyst for private development, ignoring the issue of 'collective right to urban land and housing'. The poor are totally excluded because private land owners will opt for a development that will ensure maximum profit. In other words, such development will only target those who have a power to purchase.

The current magnitude of private land ownership in and around urban centres of Mbombela has resulted in development that is only catering for the upper-middle-class, the upper class, offices, industrial, retail, etc. The poor are sidelined in this kind of development because they can't afford to purchase properties. The private ownership of land around towns has also resulted in the backtracking of both government and Mbombela Local Municipality due to high price of land. If government or Mbombela Local Municipality cannot afford to purchase land in the open market, means that the market forces becomes the sole controller of accessibility to urban land within the urban centres of Mbombela.

8.10 Lack of Involvement by the 'Third Sector'

In the Contextual Framework Chapter I gave examples of low-cost housing (on well located land) driven by the banks. It was also indicated in the same discussion that banks' involvement is seen as another means of facilitating access to urban land by the poor. In other words, banks seem to be succeeding where most local municipalities are failing. In the case of Mbombela, presently there are no attempts from the banks to deliver on low-cost development. The banks have been successful in all the cases, part of its success is due to the fact that they (banks) are private sector themselves and it is easy for them to be well understood

by the market. However, it is the role of Mbombela to start engaging with the 'third sector', more especially because Mbombela will be hosting the 2010 Soccer World Cup games. Visitors will be able to witness integrated society in Mbombela, as envisaged by government. This in turn could stimulate tourism and economic growth within Mbombela.

8.11 CONCLUSION

Mbombela Local Municipality has adopted a policy called 'Mbombela Housing Policy'. The latter policy has made it clear that a strategy must be implemented in order to ensure access to well-located land by the poor. The strategy is that Mbombela will purchase well-located land in order to developed it for low-cost housing purposes. However, it does not articulate clearly as to what will be the strategy seeing that Mbombela must compete in the open market for land. Unless Mbombela seeks funding from the line function Departments, such as the National Department of Land Affairs and the Provincial Department of Housing and Local Government, it will not succeed in securing well-located land through the open market, as land prices are always very high.

The other strategy is to use planning such as the Spatial Development Framework to address the issue of access to well-located land by the poor. Practicality and implications of, say, earmarking certain land specifically for low-cost housing development, must be investigated. In fact different international strategies as discussed in chapter must be investigated with regard to their relevancy to the Mbombela case. The latter will be good for Mbombela because most of these international low-cost housing strategies have been tried and tested and still are used by different countries, e.g. Brazil.

9.CHAPTER IX: RECOMMENDATIONS AND CONCLUSION

9.1.Recommendations

It is a known fact that it is not only Mbombela that is failing in ensuring access to urban land by the poor. The problem is common across South Africa. However, this is not an excuse because this means failure in its mandate and therefore different interventions are supposed to be researched in this regard. This research report is aiming to serve that purpose.

The conceptual framework (based on the literature review and theoretical framework), findings and analysis are core to the recommendations. In other words, the recommendations are a direct response to the research questions. The research has tried to show that the market forces, private institutions, government and politicians and land development tools, all are responsible for the current situation in Mbombela. They are all needed (with their different roles) to remedy the situation of lack of access to urban land by the poor as a cause of continuous peripherilisation in the process of low-cost housing delivery. The research recommendations area outlined as follows:

(a) Mbombela Local Municipality must provide incentives to private developers by allowing them to densify on land portions earmarked for low-density in terms of the Mbombela Spatial Development Framework, provided they also cater for affordable housing in that particular development. This concept (Fare share concept) was adopted by USA, as a means to ensure access to urban land by the poor;

(b) Mbombela must first engage and subsequently reach an agreement with the private developers/private sector regarding what is envisaged in terms of Item A(4)(b) dated 21 May 2007, before imposing Council's ideas to the private sector. The proposed inclusion of this clause in the Spatial Development Framework (SDF) must be suspended until such an agreement has been reached;

(c) The Housing Section of Mbombela Local Municipality must be re-enforced in order to have enough capacity to positively deal with the issue of access to urban land by the poor, through the programme of low-cost housing delivery;

(d) The Spatial Development Framework must earmark land that is situated in close proximity to the urban centres specifically for "Future low-cost housing development" purposes. This concept (Collective right to access to urban land and housing) was done successfully in Brazil.

(e) Research should be commissioned on the issue of "Making the Mbombela Spatial Development Framework work for the poor". The purpose of the research is that it must come up with strategies/recommendations and some flexibility, specifically, in the SDF regarding the issue of addressing spatial inequalities, and subsequently ensuring access to urban land by the poor. However, the recommendations thereof must be in such a manner that it will not affect the markets beyond what is set out in the current constitutional framework;

(f) Well-located land that is owned by government must be made available for low-cost housing development and Mbombela Local Municipality must be given a first priority when government decides to sell or alienate some of its land situated within Mbombela;

(g) Line-function departments, such as the Provincial Departments of Housing and Local Government, Department of Agriculture and Land Administration and the National Department of Land Affairs, must play a role by providing Mbombela Local Municipality with the necessary resources (i.e. funding) that will enable Mbombela Local Municipality to purchase well-located land within Mbombela;

(h) Land identified for low-cost housing development must be expropriated, as a last resort, in case the owner refuses to sell such land for a purpose that is of public interest (low-cost housing).

9.2. CONCLUSION

The research has once again reaffirmed that the market is not the solution in ensuring access to urban land by the poor. It has also indicated that most of the development in Mbombela is done by private developers. This is due to the fact that most land within Mbombela Local Municipality's area of jurisdiction is in private ownership, and therefore, the market is in control of accessibility to well located land.

Since it is a fact that market will not cater for the low-income people, regarding access to urban land, it is therefore imperative for all stakeholders (i.e. Mbombela Local Municipality, government, private sector and CBO's and NGO's) to reach an understanding regarding possible interventions that might be employed in order to ensure access to urban land by the poor. The low-cost housing delivery programme is key in ensuring access to urban land by the poor. However, if none of the stakeholders are willing to take responsibility, the current situation in Mbombela will continue unchallenged.

The concepts discussed in this research can also be applicable in the case of Mbombela, more especially the Brazilian concept of "collective rights to access to urban and land and housing". This concept seeks to address the issue of collectiveness as opposed to individualistic access to urban land. The individualistic approach is seen as another form that creates disparities because individuals that have the power to purchase will always be in a better position to access well located land.

The recommendations of the research, as stated above are that Mbombela Local Municipality must take a leading role in trying to address the issue of access to urban land by the poor through low-cost housing delivery programme. This is due to the fact that Mbombela Local Municipality is responsible for the IDP's, management of development, spatial development framework and management of Council owned land. As was indicated in the research, spatial inequalities are still prevalent in Mbombela. It is therefore the duty of Mbombela Local Municipality to utilise available tools, such as the Spatial Development Framework to try and address this issue.

Government, through the National and Provincial Departments that are responsible for management of government properties (such as the Department of Public Works), must also be seen to be the role players in trying to address the issue of shortage of well located land for low-cost housing development. The latter can be done by giving Mbombela Local Municipality a first priority when selling or alienating such land. It is counter productive to sell such land to private developers whereas there is a dire need for well located land by the poor. This will also encourage institutions such as banks to also start to be involved in the low0cost housing sector in Mbombela.

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11 APPENDIX

The following officials were interviewed:

- 3 X officials from Mbombela Local Municipality (Housing Officer, Properties and a Town Planner).
- 1 X official from the Department of Agriculture and Land Administration (a Town Planner).
- 1 X official from the Department of Housing and Local Government (Housing Officer).

12. ANNEXURES

Annexure A: Map 2: Mbombela SDF map for Nelspruit

Annexure B: Map 3: Mbombela SDF map for North-eastern Settlements

Annexure C: Map 4: Mbombela SDF map for KaNyamazane

Annexure D: Map 5: Mbombela SDF map for Daantjie/Msogwaba