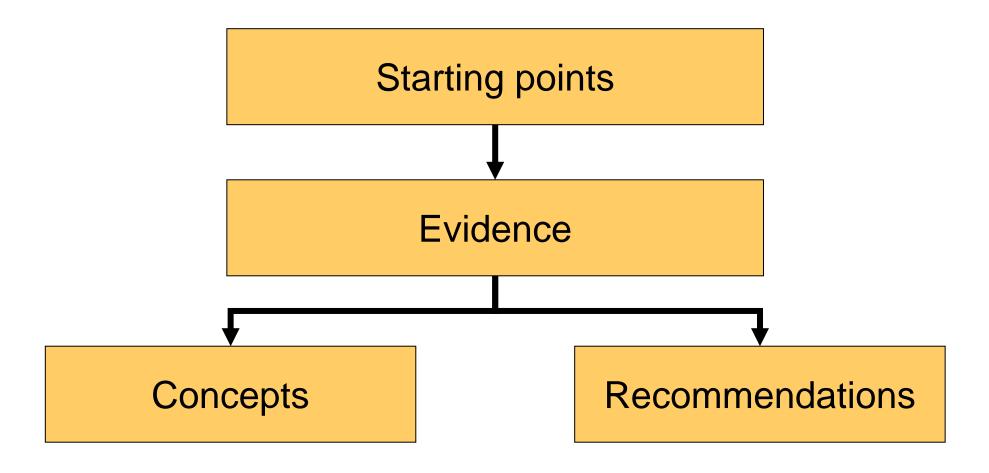
# Making urban land markets work for the poor in the context of existing local land access and transfers institutions

**Lauren Royston Development Works** 

& Leap

15th November 2006

#### **Outline**



# Starting points (1)

- Informality is an expression of both state and market failure
  - Despite these failures, the poor do in fact access land
    - alternative, unofficial, unregistered or off-register, informal, irregular or extra-legal
  - Less about why the poor should access urban land and urban land markets
  - More that the poor do
    - in a variety of different ways
    - because the state and market fail to allocate or supply land to the poorer stratum of demand

# Starting points (2)

- If approaches intent on making markets work for the poor ignore the multiple means by which the poor access land in the context of market (and state) failure ...
- ... They run the risk of undermining what already exists to the detriment of the poor and vulnerable.

# Starting points (3)

- In the absence of recognition and support, gaps between law and policy on one hand and practice on the other are likely to result.
- This carries the risk of sidelining many vulnerable people, households and communities from development opportunities and access to the economy.
- Coupled with the recognition granted to the formal rules of the game - the officially recognised channels of supply and registered transactions - lack of recognition reproduces the dual economy and perpetuates inequity

# Starting points (4)

#### Terminology

- We don't know enough about the local practices
- The concepts to recognise, describe and assess the local practices often elude us too
- Our ability to name the practices and reference them to a comparative body of evidence is severely curtailed
- Our ability to better understand them, develop appropriate recommendations and influence policy intervention is curtailed.

Unregistered owner of a Registered owner Owner of a house on a of a house on a house on an legally informally legally subdivided subdivided plot plot subdivided plot Tenant of a formal Tenant of a backyard Tenant of a "formal" backyard structure shack without written backyard structure with written rental rental agreement (meeting all planning agreement and building regulations) without written rental agreement More formal More informal

# Starting points (5)

- Terminology
  - Local institutions
    - Rather than "informal market/s"
    - Diverse rules of the game for regulating land access and transfer

Land transaction registered in the central Deeds Registry

Land transfer with oral witness

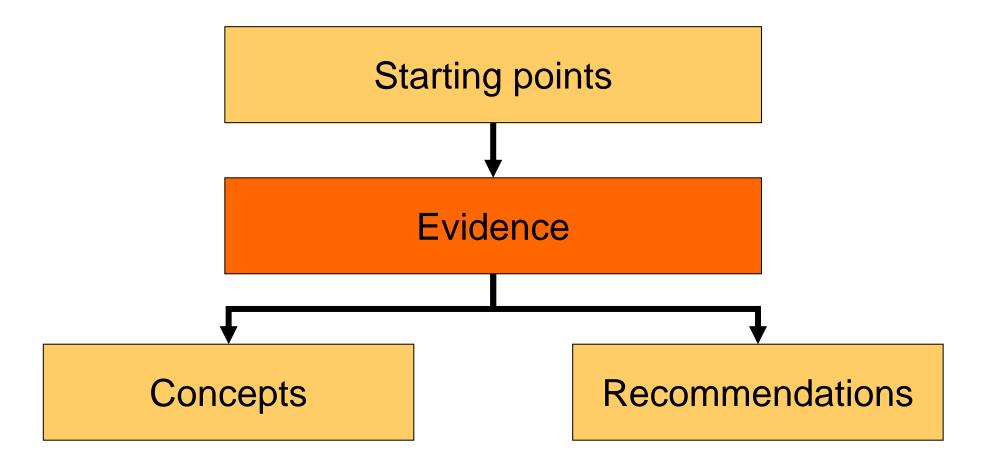
Land transfer with written evidence and witness

Land transfer without evidence or witnessing

More regulated

Less regulated

#### **Outline**



#### Evidence (1)

- great variety exists in the unofficial ways that the poor access land
  - between case study settlements
  - within them
  - over time
- 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
  - a variety of local rental practices

# Evidence (2)

- Of unregistered transfer
  - 63% of h/h in informal settlements; 14% in S&S; 12% in RDP housing settlements (TRPM)
  - 30% in Joe Slovo Park after 5 years
  - Qualitative findings regarding local land transfer arrangements

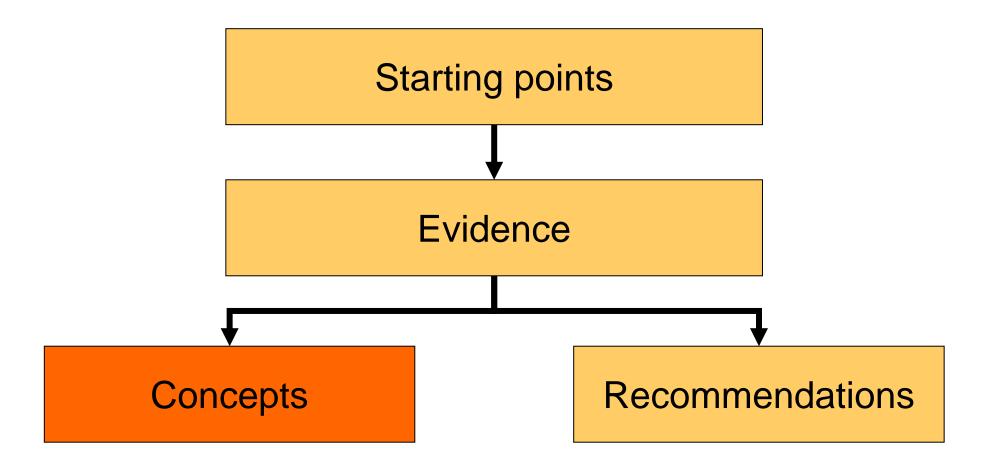
# Evidence (3)

- evidence and understanding of local access and transfer arrangements insufficient
  - land sales take place
  - the local institutions (rules of the game) that govern them?
    - are these markets, hierarchies, gifts or networks?
  - the scale of these practices just how significant are they?
  - are they indicative of a local land market? there is some evidence that exchanges are commodified

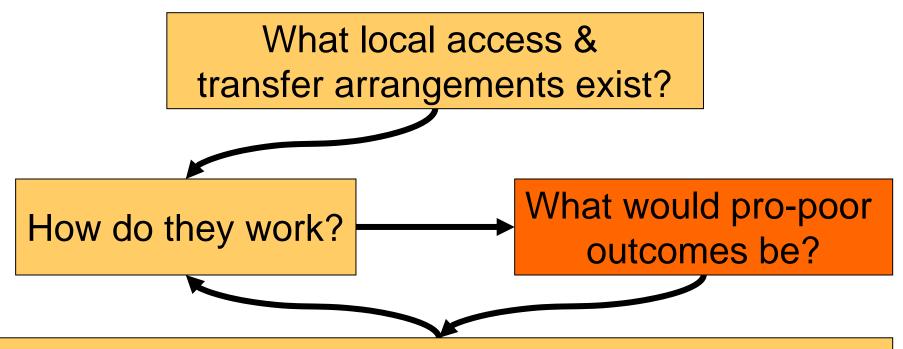
# Evidence (4)

- Functionality?
  - Analysis is scattered and partial
  - both positive and negative performance for the poor
    - accessibility, adaptability and social legitimacy
    - susceptibility to exploitation of the rules (and by implication of the more vulnerable), occurrence of conflict
  - little conclusive evidence or analysis about whether or not these institutions are functional and efficient (irrespective of whether they are markets or not)
  - an approach to determining the basis on which the institutions governing such transactions could be said to be functional for the poor or not

#### **Outline**



# Concepts (1)



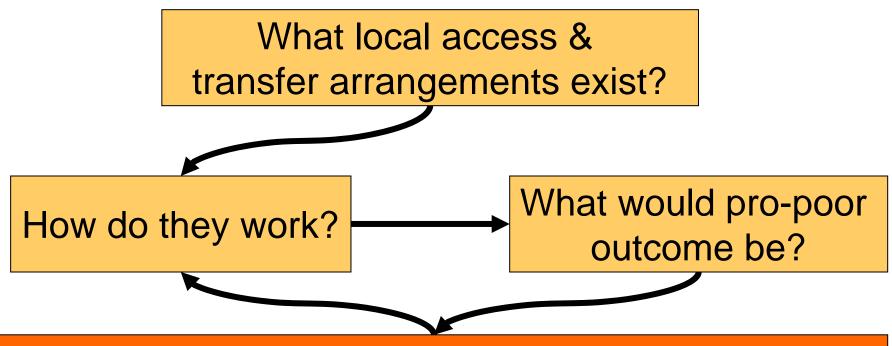
Are the institutions governing local access & transfer arrangements functional for the poor or not?

# Concepts (2)

#### What would pro-poor outcomes be?

- Tenure security is increasing
- Access to livelihoods is increasing
- Access to broader opportunities is increasing
- The scale of supply is increasing
- The risks and costs of exchange are decreasing
- Equity is increasing
- Disputes are being resolved

#### Concepts



Are the institutions governing local access & transfer arrangements functional for the poor or not?

# Concepts (3)

- What would an institution that works for the poor look like?
  - Are there consumers? In particular, are the poor participating?
  - Are there rules and procedures governing access and transfer?
  - Are there organizations which provide services in the market?
  - Are there support organizations?

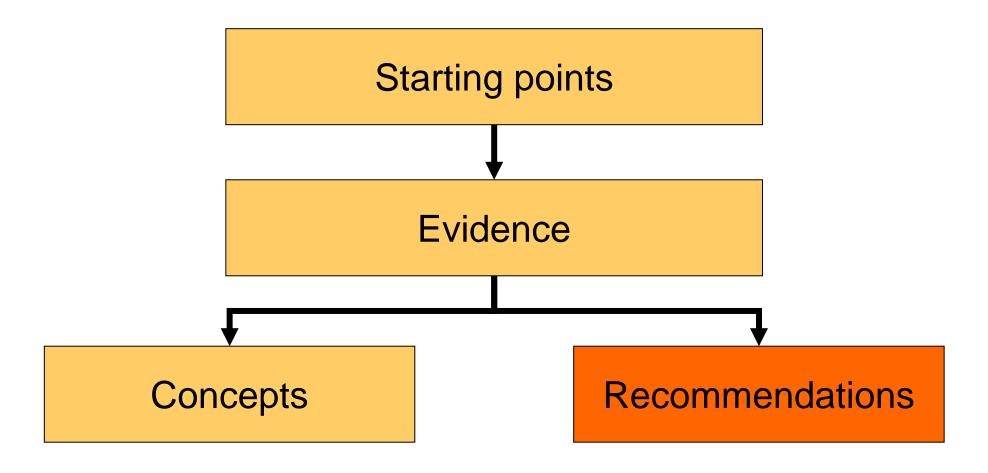
# Concepts (4)

- What would an institution that works for the poor look like?
  - On conflict
    - Does the occurrence of conflict suggest that the institution is not functional?
    - Does the existence of procedures for dispute resolution, and their use, suggest that it is?
    - Are conflict resolution mechanisms elements of support organizations in the market?

# Concepts (4)

- What would an institution that works for the poor look like?
  - There are more choices available to poor people
  - It is accessible and appropriate to the poor

#### Outline



#### Recommendations (1)

- Points of departure
  - recognition and integration
  - state-, market- and locally-based institutions
  - local and city wide interventions
- Agenda for Action
  - 3 items

#### Recommendations (2)

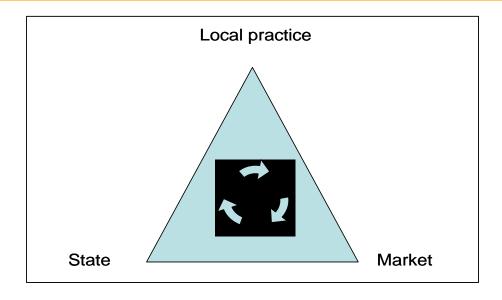
- Item 1: Recognise and support the variety of ways in which the poor access land, and search for solutions to integration
  - Recognition: an intermediate tool for describing the legitimacy of land access arrangements that fall between legally acceptable on the one hand and socially unacceptable on the other
  - Example
    - an act of recognition from the perspective of the state could include utilizing local practices of informal settlement registration to commence a decentralised local system of land rights record-keeping

#### Recommendations (3)

- Item 1: Recognise and support the variety of ways in which the poor access land, and search for solutions to integration
  - Integration: implies the need to identify how various local rules and procedures contradict, support or elude the state and market derived arrangements for land access and transfer in the country

#### Recommendations (4)

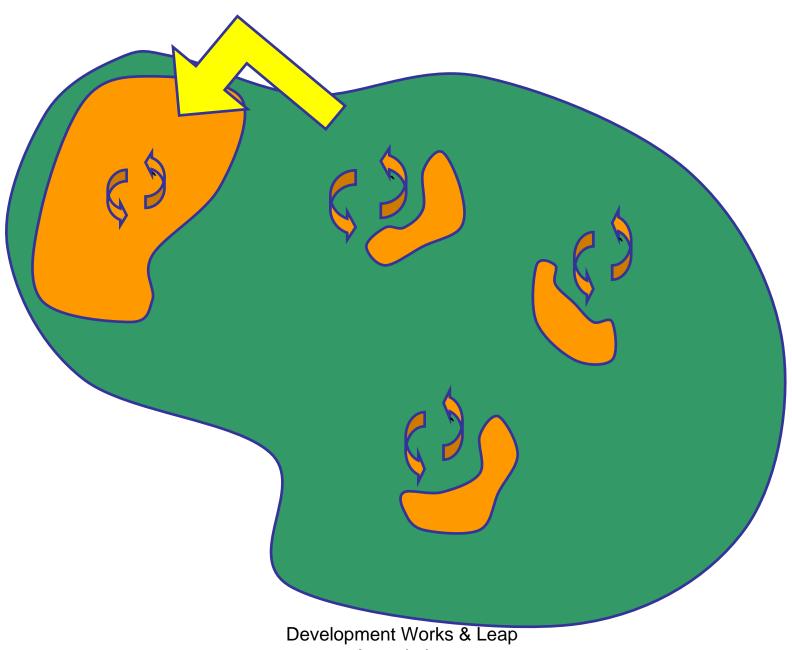
 Item 2: enhance the pro-poor functioning of state-, market- and locally-based institutions



#### Recommendations (5)

- Item 2: enhance the pro-poor functioning of state-, market- and locally-based institutions
  - State: attitude and capacity; the suitability of the regulatory framework itself.
  - Market: filling in the gaps on the housing ladder; distributing the benefits of property market appreciation.
  - Local practice: recognize, support and integrate; supporting tenancy.





29

#### Recommendations (6)

- Item 3: adopt both local and city wide perspectives for making markets work for the poor
  - Local support programme: segment the market, differentiate the poor
    - Supports the consumers
    - Supports the institutional foundations
    - Supports the organizations
    - Supports the support organizations

#### Recommendations (7)

- Item 3: adopt both local and city wide perspectives for making markets work for the poor
  - City wide: address the distributional and equity issues that are not directly dealt with by the market
    - how the benefits of well functioning property markets in specific locations can be shared
    - instruments for value capture, linkage and inclusionary housing