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Associates
cc

Developing Integrated Towns

Key Findings

Urban LandMark

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May, 2008

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1. INTRODUCTION

Recent research has shown that the current land use system in South Africa has not been fundamentally reformed since apartheid. This has led to an overburdened state, reduced capacity and inefficiencies in providing land to the poor. In general, land use opportunities for the poor within cities continue to be exclusionary, over burdensome or dysfunctional to pro-poor sustainable human settlement management (Parnell et al, 2007).

Previous research has examined land use management and how it affects access of the poor to residential and economic opportunities in major cities. It is not clear whether the same issues would be faced by smaller towns. This project therefore aims to examine several towns and the municipalities in which they are located, in order to assess the extent to which their current land use policies and practices enable municipalities to provide the poor with access to well located land in a sustainable manner, in an effort to integrate them effectively into the daily workings of the town.

This involves two broad components. First, the spatial logic (or lack of logic) of planning decisions and outcomes underlying urban land management and related decisions in smaller urban centres will be assessed through an examination of planning outcomes, to determine whether urban land management in its current forms is yielding efficient or inefficient spatial forms. Second, the ways in which the market works in smaller urban centres will be examined. The market may constitute a causative factor, whereby land values (along with other factors) might determine planning decisions and exclude the poor. As an effect of planning decisions, the poor may be effectively included or excluded from accessing local markets and trading in land and other commodities (e.g. through gentrification). As a contextual factor, it is important to understand how the urban economies work and how the town impacts on the region and vice versa (e.g. how do regional planning and funding priorities and regional economies impact on the viability of the town?).

Using the earlier typology developed by Ovens and Kitchin for DPLG, 6 case studies were selected for this project¹: Pietermaritzburg/Msunduzi, Rustenburg, Sasolburg/Metsimaholo, Lusikisiki/Ingquza Hill, Ulundi and Dullstroom/Emakhazeni.

Pietermaritzburg/Msunduzi was selected since Pietermaritzburg has recently regained capital city status, and Rustenburg as it is experiencing rapid growth. Lusikisiki/Ingquza Hill is a rural, traditional authority area with poor service levels and high grant dependency. Ulundi was previously the capital of KwaZulu-Natal but has lost that status, and therefore provides an interesting contrast to

¹ Details of the selection process are provided in the base report.

Pietermaritzburg. Sasolburg has high service levels and a significant manufacturing component with the economy base linked to mining. As such it provides a useful comparison to Rustenburg. Dullstroom/Emakhazeni has generally high levels of service in many areas, contrasted with poor service in others. It relies on agriculture for employment. Most municipal income comes from grant income.

In each case study, site visits were conducted to interview key respondents, take photographs etc. Two streams of information were required: one focusing on the municipality's land use management policies and implementation of these, and the other on the operation of the land market, both "formal" and "informal". Satellite imagery and GIS data were used to determine different types of settlement e.g. RDP housing, informal settlements, traditional authority areas.

The report consists of four sections. Section 2 sets the groundwork for the detailed case studies. It clarifies the concept of land use management and its importance to an efficient, equitable and sustainable municipality. Section 3 presents the key findings arising from these case studies, with comparisons being made to earlier case studies of land management in five large cities (Durban/eThekweni, East London/Buffalo City, Cape Town, Johannesburg and Mangaung) and of integration in three cities (East London, Durban and Johannesburg). Section 4 provides concluding comments and reflections.

2. KEY CONCEPTS

Terminology

Land use management

Land use management regulates the use of land and is “guided by information about the economic, socially rooted, and public interest determinants of land use. The economic determinants are expressed in the market for land. Socially rooted determinants reflect community values about the prestige or historical value of particular areas as well as customs, traditions, and beliefs about the rights to possession and use” (Heikoff, 1967).

Tenure options

“Land tenure is the social relationship defining the rights and obligations of individuals or groups towards a piece of land”. There are a number of pieces of legislation governing tenure options, and a range of formal tenure options (Urban Land Mark and Development Works, 2004).

Market processes

Urban property is bought and sold in the urban property market, key factors of which are the institutional environment (political, social, economic and legal institutions), the property market itself as an institution (i.e. the formal and informal rules, conventions and relationships through which property is used and traded, market and non-market, formal and informal, property rights, land use and development), and property market organisations and participants (ibid).

2.1 Overview of Land Use Management and Planning

According to the White Paper on Spatial Planning, land use management relates to the “planning of human activity to ensure that land is put to the optimal use, taking into account the different effects that land-uses can have in relation to social, political, economic and environmental concerns” (White Paper on Spatial Planning, 2001). It is necessary to “create an enabling environment for sustainable development of land resources which meets people's needs and demands. It assesses the physical, socio-economic, institutional and legal potentials and constraints with respect to an optimal and sustainable use of land resources, and empowers people to make decisions about how to allocate those resources” (ibid).

Ineffective, inefficient and inequitable land use management not only impacts on the poor, but also on the state itself, as “the land use framework and the effective management of all urban land provide the key fiscal basis of local government. Establishing a sound relationship between land management and especially local government revenue is essential to ensure that municipalities are able to redistribute resources to the poor in a sustainable manner” (ibid).

Government has the potential to improve the access of the poor to urban land through institutional reform, requiring a shift in the conceptualisation, funding and implementation of urban planning and land use management. Earlier research on land use management recommended that all spheres of

government, including Treasury, need to better understand the fiscal implications of the costs associated with different forms of land development for the poor (Parnell et al, 2007). Research on case studies of integration demonstrated that access to well located state-owned land can have short- and long-term benefits for the city as a whole, as well as for the poor.

There have, however, been cases where the poor have been successful in accessing well located urban land, through their own initiative, through private developers or lobbies, or through government action, often at local level. Evidence from several case studies in South African cities indicates that it may not be necessary to invest vast amounts of money to reap substantial benefits in terms of integration. In addition, economic interventions such as the provision of safer mielie cookers and a bovine head cooker facility in Warwick Junction in eThekweni are important and often more successful at lower costs. However, while this may lead to the integration of the poor into the everyday life of the city, integration is a complex issue and does not always lead to social inclusion (ibid). Poor people will constantly seek access to the city due to their economic circumstances. If this is not facilitated by the city, it will still happen, even if illegally. Thus, if the city fails to act, people are likely to be exploited and made more vulnerable. It is important, therefore, that land use management takes into account the needs of the poor, specifically in developing ways in which the poor can access well located land for a range of uses, not only residential.

Effective land management that increases the access of the poor to land (for economic and residential purposes) is, therefore, necessary not only to achieve social justice and poverty alleviation, but also to ensure urban efficiency and long-term sustainability (Napier, 2006).

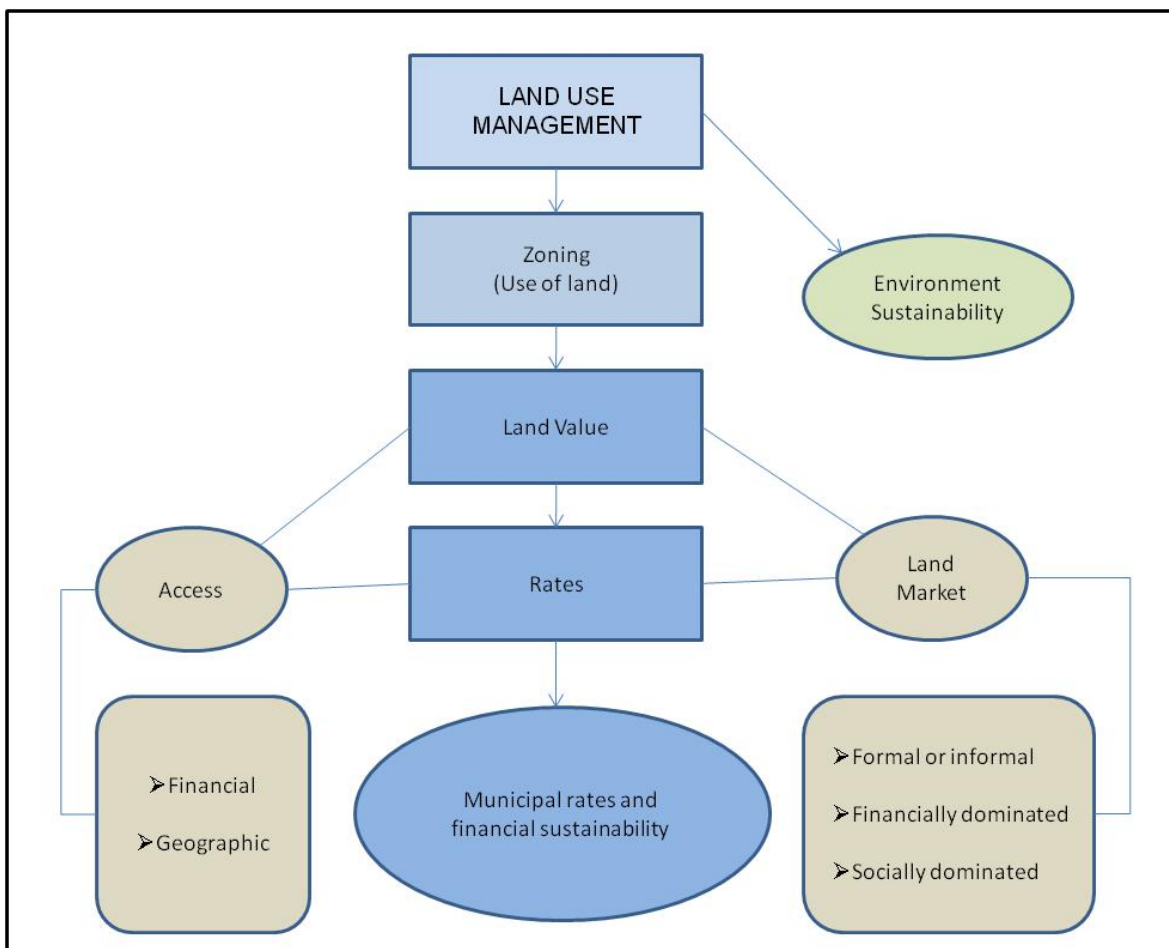
The type of land use management system in place affects the availability and monetary value attached to land, and therefore directly affects people's physical and financial access to land. Land use management also affects the financial viability of the municipality, as land use determines land value and therefore the rates payable on the land. In addition, the efficiency of the link between land use management and the finance department determines whether or not rates due are collected quickly and efficiently. Land use management is closely linked to rates policy, which influences access to land and municipal revenue. Therefore, rates policy is a tool of land use management.

Lack of effective land use management, or the presence of multiple town planning schemes pre-dating democracy, creates problems not only administratively but also in terms of implementation of a developmental agenda for local government. Most town planning schemes were developed with a racial agenda and continue to be used to preserve high property values in particular areas, thereby consciously excluding the poor. Other regulations linked to land use management also affect access

to land, for example zoning regulations, building regulations and safety regulations. The draft Land Use Management Bill of 2001 aimed to regulate land use management uniformly. It requires new, uniform land use schemes to supersede existing schemes, but has been stalled and its future is unclear.

There is an urgent need to ensure strategic planning documents such as IDPs have links to technical mechanisms and processes associated with land use management, for example, town planning schemes, and to simplify the process around land use change.

The diagram below provides an overview of the role and importance of the land use management system described above.



2.2 Cities, towns and municipalities in South Africa

The nature of towns, cities and municipalities in South Africa has changed significantly since 1995. Between 1995 and 2000, municipal boundaries often closely resembled the outer edges of towns or cities, with the municipal boundary in many cases serving as the tacit urban edge. Transitional metropolitan areas were established but again boundaries were tight, reflecting the extent of the urban development. Therefore, during this period towns and cities were commonly synonymous with the municipal extent.

In 2000, municipal boundaries were re-demarcated in line with the Constitution, making provision for three types of municipalities, namely: category A, metropolitan areas; category B, local municipalities; and category C, district municipalities, which refer to an area that contains more than one local municipality. Moreover, the extent of South Africa is now covered by municipal government, i.e. wall to wall municipalities.

Only 231 local municipalities were established across South Africa. Consequently, most local municipalities now contain more than one urban area or town, with rural areas comprising the majority of the area of jurisdiction, and most metro areas now include a far wider functional area than previously. In some municipalities, towns are functionally linked, while in others this may not be the case. However, planning for such areas takes place at the municipal level, with the use of broad strategic planning tools such as Spatial Development Frameworks and Integrated Development Plans. In some local municipalities, land use management plans have been established for the municipality as a whole and not merely restricted to the urban area or areas of concentrated development. Town edges have become blurred and rural areas have become places available for development, mainly urban in nature such as leisure estates, decentralised industrial and commercial/retail areas etc.

Earlier research has focused on larger cities. However, smaller towns differ in terms of scale, economic base, linkages, capacity, role of traditional authorities etc. Thus, while they may face similar issues to cities, these are likely to differ in many respects, and smaller towns and their municipalities may well face completely different challenges such as the dominance of a single land owner or land use.

While prior to 2000 it would have been possible to simply consider the towns of Rustenburg, Flagstaff, Belfast, Dullstroom etc., current municipal configurations, planning mechanisms and land use practices expand the non-administrative boundaries of the traditional town into a far greater area.

Hence, in discussing land use management and land use practices, the town becomes the point of reference for itself and its hinterland, and not necessarily the point for planning and intervention.

2.3 Communal Land Rights Act (CLaRA)

The role of traditional authorities in land allocation, land management and land transactions continues to be shrouded in confusion, with municipalities often having little, if any, control over traditional authority land. This has implications for strategic planning, service delivery and sustainability of municipalities. The Communal Land Rights Act (CLaRA), 2004 (Act. No. 11 of 2004), may address this to some extent. It aims to give secure land tenure rights to communities and persons who occupy and use land that the apartheid government had reserved for occupation by the African people, known as communal areas. The land tenure rights available to the people living in communal areas are largely based on customary law or insecure permits granted under laws that were applied to African people alone. These rights do not have legal status and the holders of such rights cannot use them to enter the financial markets². CLARA involves several aspects, the most important of which are the institution of a land rights enquiry by the Minister, the making of community rules, and the land administration committee. In addition, a Land Rights Board may be established³.

In summary, CLaRA facilitates a change in tenure form and not in governance. Therefore, the municipality has no mechanisms to prevent further settlement, contain and densify existing settlements etc. While joint planning between the municipality and the traditional authority may be possible, it remains dependent upon the goodwill between the two. Regardless of the relationship, the municipality will still be required to provide services to all households, no matter where they are located.

² <http://www.info.gov.za/gazette/acts/2004/a11-04.pdf>

³ Ovens and Associates, 2006 Spatial Development Framework, Mamusa municipality

3. KEY FINDINGS

As far as possible, each case study entailed the following:

- Interviews with a selection of key personnel in the municipality such as the Head of Planning, the IDP manager, the CFO etc. to assess what challenges the municipality faces in terms of providing land for the poor (both residential and economic), how these have been addressed, what lessons they have learned in the process and their understanding of the urban land market and how it operates.
- Interviews with other key people outside the municipality such as councillors, community based organisations and estate agents where possible to obtain the viewpoint of the current efforts of the poor (and the wealthy) to access state benefit or markets, and what their experiences have been of land management in the municipality.
- Further desk top overviews of additional documentation received from key respondents such as project plans, business plans, or evaluation reports.

In analysing the results, the conceptual framework for good urban land management developed in the earlier phase was used to assess aspects such as the problems or successes faced, how these have been addressed, the spatial outcomes (as well as social, economic and environmental outcomes, both intended and unintended) and an analysis of the key factors involved.

3.1 Broad Overview

Like the five cities considered in the previous land management study, all the towns examined in this research are battling to overcome the spatial legacy of apartheid. They generally have far lower levels of capacity, are more easily dominated by other interests (such as mining companies, traditional authorities or corrupt and powerful individuals) and are often less able to control their spatial development. All towns are experiencing rapid growth as was the case for the cities. Although there are some instances of densification and the provision of land for the poor close to the centre of town, development continues to contribute to urban sprawl. Some towns have limited industrial development and are experiencing limited growth in industry, yet are experiencing rapid growth overall (e.g. Rustenburg and Ulundi). However, in others there is visible evidence of recent rapid industrial growth (e.g. Pietermaritzburg and Sasolburg). The extent to which this happens varies, as do the policy and

practices of the municipality in dealing with it. In eThekweni and Pietermaritzburg, land invasions mainly occur on privately owned land, whereas in Rustenburg municipal land is more often targeted.

The regulatory framework within which planners operate varies in both the towns and cities. In some cases (in both towns and cities), there are several town planning schemes in operation, whereas in others a single LUMS has been developed across the municipality. For example, Buffalo City, Johannesburg and eThekweni have multiple schemes, whereas Sasolburg/Metsimaholo has a single scheme.

This research was unable to uncover many good examples of specific projects that contribute to providing well located land for the poor such as those identified in cities. In Pietermaritzburg, the Greater Edendale Initiative provides an example of a massive development project which aims to ensure that development results in existing land in the area becoming better located in terms of providing residential, commercial, retail and social opportunities and facilities. It is not clear whether the difficulty in finding such projects means there are no or few projects of this nature. This could be related to the size of the municipality and town, or to the economic profile of its residents.

Key issues which emerged in the research in each of the case study municipalities are discussed below.

3.1.1 Rustenburg Local Municipality

Rustenburg is one of the largest and fastest growing cities in South Africa. It is also home to a very high proportion of the platinum mining wealth. A key issue regarding the area's spatial and economic development, and the municipality's ability to manage and control this, is the dominance of the Royal Bafokeng and the mining companies, both of which are managed relatively independently of the municipality and provide many local government services. The municipality is therefore unable to have full control over land use management and spatial development.

Rustenburg itself is characterised by spatially fragmented development, and the municipality indicates it is encouraging in-fill development. In spite of this, the poor are generally located far from the centre of town. There has been explosive growth in upper-income townhouse development recently, mainly in the south east areas. Also, middle- to upper-income residential developments have grown rapidly in the north west, west of Thlabane, and are aimed mainly at black buyers. There are contradictory opinions on land invasions and the nature and prevalence of informal property transactions. Mechanisms have been put in place to try to prevent illegal or informal transactions.

3.1.2 Metsimaholo Local Municipality (Sasolburg)

Metshimaholo Local Municipality is dominated by the town of Sasolburg, which was established as a company town created along “new town” principles. Large portions of land are owned by Sasol and are therefore difficult for the municipality to control. Mining constrains development and land management. The town is experiencing rapid residential growth and densification in high income areas. There is insufficient town planning capacity particularly in terms of building control inspection and law enforcement.

Land invasions are limited. There is a procedure in place to try to prevent illegal or informal trade in the allocation of land and housing. There is a need for the education of home owners and potential home owners on the processes involved in buying property, and the costs and responsibilities associated with this.

The municipality finds itself constrained by the dominance of Sasol in terms of the economy and land ownership, but is trying to develop ways in which the town can become more integrated. However, the councillor interviewed lamented that this seems almost impossible given the way in which the town was originally laid out and, short of demolishing huge areas, he cannot see how integration and greater efficiency can be accomplished.

3.1.3 Emakhazeni Local Municipality (Dullstroom)

Development within the Emakhazeni Local Municipality appears to be driven by developers with the focus on estate developments some distance from the existing urban infrastructure. The municipality now has the responsibility for the management and maintenance of the bulk infrastructure, the road network and the refuse removal. While not calculated, the costs both direct and indirect to the municipality are likely to be prohibitive. As all developments are fairly recent, the impact will be felt by the municipality in 5 to 10 years time when the infrastructure requires refurbishment.

The estates are seen by the municipality as employment opportunities. However, little consideration has been given to travelling costs and the time and distance travelled by workers. Again, the social impact is likely to be felt once the development reaches full potential and “the opportunities” stated by developers have not fully materialised.

Developers have been able to convince councillors and the municipal administration that recent developments will bring major spin-offs for the local communities. Moreover, the current legislative framework favours the developer with all decisions being taken at a provincial level. The officials are

not based in the area, thus making corruption more difficult to detect as there is no local accountability and/or monitoring.

The apartheid spatial form of the existing urban areas remains largely unchanged with the emphasis now being on the division between rich and poor. Low-income development still occurs in and around the existing township area while the more recent trend towards decentralised shopping facilities favours those with vehicular access. Moreover, there is rigorous control over land invasions but seemingly little to no control over high income recreational estates.

3.1.4 Msunduzi Local Municipality (Pietermaritzburg)

Pietermaritzburg is the second largest city in KwaZulu-Natal and presently its capital. A fairly large portion of the land area falls under traditional authority control and it is not clear how rates will be charged or administered on that land once the new rating system is implemented during 2008.

The city is experiencing rapid commercial and industrial growth and demand for housing is high for all income levels. A key developmental initiative is the Greater Edendale Development Initiative, a special purpose vehicle established by the city to promote development in Edendale, and to implement strategies to make land in Edendale better located with regard to amenities and economic opportunities. This is seen as similar to the developments in Cato Manor, Durban, and Alexandria, Johannesburg. While this development aims to try to overcome some of the fragmentation associated with apartheid spatial development, other developments and policies underway seem to be contributing to fragmentation and increasing the distance of the poor from economic and other opportunities.

3.1.5 Ulundi Local Municipality

Ulundi has huge cultural, historical and political significance. The town is the only urban centre in the municipality, surrounded by rural areas and small scattered rural settlements. The dominant employer in the town continues to be government, despite the loss of its capital status in 2004.

The municipality finds it difficult to manage or intervene in any land issues in traditional authority areas, despite portions of the town itself being under traditional authority control. Apart from the IDP, planning functions focus on the town itself, rather than on the municipality as a whole.

The removal of its capital status does not seem to have had the expected effect, contrary to the opinions of provincial officials interviewed. There is growing demand for residential and commercial

land, and limited demand for industrial land. The town of Ulundi appears to serve as a major regional retail centre and wholesale distribution point, with many new wholesale centres and depots being built.

The rural housing programme of the province has some projects in the municipality. Opinions vary on issues around responsibility for service provision and maintenance associated with this programme, as well as the long-term impact of this on the municipality.

3.1.6 Ingquza Hill Local Municipality (Lusikisiki/Flagstaff)

The Ingquza Hill Local Municipality is dogged by limited planning capacity, no control over land management, confusion between the role of the traditional leaders and municipality, and unscrupulous land deals both within town and along the coast line. It would appear that the rule of law is difficult to apply in relation to planning and development, and bribery and corruption go unchecked.

Urgent intervention is required if the municipality is to develop in a manner which meets the national development imperatives in which all residents are able to enjoy their Constitutional rights. This may include the establishment of a Commission to investigate land deals, the provision of additional capacity which goes beyond "Project Consolidate" and the implementation of mechanisms for managing the expansion and inappropriate placement of rural settlements in areas difficult to service.

3.2 Summary of findings

Key findings from this research are summarised in the tables below, drawing comparisons with the earlier studies of the cities.

The first table highlights the key characteristics of each of the 6 case study municipalities in this research in terms of demographic and economic characteristics, and key issues found. Information is presented with the largest municipality in terms of population size, Msunduzi/Pietermaritzburg, on the left, and the smallest, Emakhazeni/Dullstroom, on the right.

Table: Case study municipalities: Summary of key characteristics and issues in smaller cities and towns

	Pietermaritzburg/ Msunduzi	Rustenburg	Sasolburg/ Metsimaholo	Lusikisiki-Flagstaff/ Ingquza Hill	Ulundi	Dullstroom-Belfast/ Emakhazeni
Municipality type	3	3	3	2a	2a	2b
Population	553 223	395 540	115 978	255 374	212 509	43 007
Racial split (black, white)	77%, 8% (Indian = 12%)	87%, 11.6%	81%, 18%	99.4%, 0.49% Coloured	99.8%, 0.1%	89%, 9.6%
Sex ratio (# men to # women)	88	118	104	82	81	97
Average household income (R)	R8034	R10425	R8285	R5238	R5956	R11018
Modal household income (R)⁴	R4801-9600 (17%)	R19201-38400 (22%)	R9601-19200 (17%)	0 (43%) (R4801-9600 = 24%)	0 (38%) (R4801-9600 = 23%)	R4801-9600 (25%)
Median household income⁵ (R)	R9601 - 19200	R9601 - 19200	R9601 - 19200	R1 - 4800	R4801 - 9600	R9601 - 19200
Zero income	21%	19%	19%	43%	39%	14%
% unemployment	48.2	32.2	37	65.8	67.2	30
Gross Value Added (GVA) (R million)	12 687	32 796	13 054	793	722	635
Population/GVA	43.61	12.06	8.88	322.04	293.93	67.73
GVA/Employment	0.11	0.25	0.41	0.05	0.06	0.05
Highest GVA sectors⁶	Community ⁷ 33% Financial/business 22% Manufacturing 17% Infrastructure 15% Trade 10%	Mining 69%	Manufacturing 68% Infrastructure 15%	Community 43% Trade 30% Agriculture 10%	Community 68%	Infrastructure 25% Agriculture 20% Mining/quarrying 12% Trade 11% Manufacturing 10%
Highest Employment sectors⁸	Community 27% Trade 15% Manufacturing 15% Private households 11%	Mining 45% Trade 11% Community 11%	Manufacturing 21% Private households 15% Community 15% Trade 12%	Community 28% Private households 16% Undetermined 16% Trade 12%	Community 50% Trade 10%	Agriculture 26% Trade 17% Private households 13% Community 11%
Lack of municipal control over land: • traditional authority	• Large areas under traditional authority. Legislative and regulatory control in	• Very strong traditional authority tends to operate as separate municipality	• Much of land owned and managed by Sasol. • Much undermined	• Most of the land is under traditional authority. • Circular	• Traditional authority land extends into town. • The granting of land	• Mostly privately owned. • Extensive estate development

⁴ This represents the largest income group in the municipality.

⁵ Income category below which half of the households fall.

⁶ All sectors contributing more than 10% have been listed here.

⁷ Community/social/personal includes all government work.

⁸ All sectors contributing more than 10% have been listed here.

	Pietermaritzburg/ Msunduzi	Rustenburg	Sasolburg/ Metsimaholo	Lusikisiki-Flagstaff/ Ingquza Hill	Ulundi	Dullstroom-Belfast/ Emakhazeni
• mining and manufacturing • land owned by SOE and other government depts • private sector developments • province • corruption	these areas differs, and rates payments not clear. • Municipality has difficulty opposing DFA developments.	in terms of most planning functions. • Mining companies perform many municipal functions, activities impact on spatial and social development. • Delays from Province to transfer land for housing. • Allegations of corruption in house selling in Boitekong.	therefore can't be developed until rehabilitated.	commonage around each of the towns – municipal land for disposal. • Land claims over the commonage. • Levels of corruption are very high especially in Lusikisiki. • Planning applications approved by Province, long delays and poor communication system re application outcomes etc.	and land use in these is supposed to involve municipal comment but this does not always happen. • This affects housing development, service delivery and municipal finances. • Provincial legislature complex which represents a large area in the centre of town is not able to be used by municipality – rates payments often late. • Rural housing programme.	occurring. • Suspected corruption in the approval of the estates and other land uses such as shopping centres etc.
Municipal capacity	• Three town planning schemes in operation. • SDF recently reviewed. • Lack of enforcement capacity.	• Reportedly sufficient capacity for strategic planning, land use planning, and law enforcement. • Effective link between infrastructure and finance depts. • LUMS covers entire municipality; SDF needs review.	• One town planning scheme for Sasolburg and Vaalpark; other areas use title deed conditions; recent LUMS covers all areas – awaiting provincial approval; SDF in progress. • Urgent need for more planners and building inspectors.	• Two well qualified and experienced planners. • Limited equipment. • Poor systems and procedures. • Insufficient staff to address the demand –“The place looks like a taxi rank”.	• Desperate shortage – only able to enforce planning and building regulations in Ulundi town. • SDF not used; LUMS being compiled but will mainly apply to towns.	• Four town planning schemes. • Limited and unqualified planning capacity. • No authority for the municipal planning function as it has been adjusted to the district municipality. • The district municipality has very limited capacity.
Strategic location of commercial/retail land (wrt improved access for the poor or effect on municipal sustainability)	• Midlands Mall has impacted on CBD. • Greater Edendale Development Initiative includes commercial and retail opportunities.	• Bafokeng built shopping centre and taxi rank in Phokeng. • Waterfall Mall in up-market area on outskirts of town.	• Sasolburg Square well located in town centre. • New mall planned to retain spending lost to Vaal Mall in Gauteng – location not yet available.	• Service centres located 50kms apart • Contain most provincial services • Booming retail and finance industries • Limited housing	• High demand for commercial land. Municipality owns relatively little land in the town but has land zoned industrial which is not in	• Decentralised shopping areas in Belfast and Dullstroom. • Retail geared toward high income.

	Pietermaritzburg/ Msunduzi	Rustenburg	Sasolburg/ Metsimaholo	Lusikisiki-Flagstaff/ Ingquza Hill	Ulundi	Dullstroom-Belfast/ Emakhazeni
	Taxi rank and shelter in town centre.		Kgodiso Business centre in Zamdela.	stock in close proximity to the economic activity.	demand.	
Economic & social regional context	Serves as the provincial capital, and has some industrial and commercial significance in the province.	- One of fastest growing cities. - Close proximity to Gauteng and its mineral wealth key.	- Key industrial town with provincial and national significance. - Appears to be well understood by the municipality.	Both towns are service centres - retail, financial and social services.	Ulundi serves as a regional centre primarily performing a retail and wholesale trade function. It is not clear that municipal policies are developing to further this development.	- Small towns are service centre to some extent. - Belfast and Dullstroom are developing into "small high income towns" – specialist shops and restaurants.
Social housing	- Msunduzi Housing association operates new social housing. - Willow Gardens – controversy over change in income criteria which forces poor to outskirts and provides middle-income with well located housing. - Restructuring zones are identified close to city centre – flats are preferred, and are privatised.	- Associated with mining companies. - Pilot project underway.	- Conversion of hostels into social housing units underway. - Estimated 300 rental units throughout municipality.	No social housing.	No social housing.	No social housing.
Middle class housing	- High levels of demand related to capital status being regained. - Demand for houses under R500 000 very high. - Construction underway to meet this. - Buffer strip good example of middle	- Increasing demand. - Huge growth in high density middle class housing in Thlabane West.	- Shortage of land for low cost housing. - Subdivision of plots in Vaal Park for clusters of higher density middle to upper-income town houses.	- Increased demand for middle-income housing. - Proposed middle class housing development to be located on the southern end of Lusikisiki.	Increased demand for middle-income housing.	- Increased demand for middle class housing due to the increase in civil servants in all towns. - Pre-1994 township houses trade in the absence of any middle class housing located closer to the town

	Pietermaritzburg/ Msunduzi	Rustenburg	Sasolburg/ Metsimaholo	Lusikisiki-Flagstaff/ Ingquza Hill	Ulundi	Dullstroom-Belfast/ Emakhazeni
	class housing used as collateral for new purchases (timing of this development was important).					centre. Proposed mixed income development in Machadodorp.
Housing development & sustainability	Concerns have been raised over costs of service installation in some developments, although developers required to bear some costs.	Municipality encouraging in-fill.	- Large areas of vacant land between Vaal Park and Sasolburg town centre. - Estate developments far from Sasolburg but close to smaller towns.	- Most housing located in the traditional authority areas – tends to be low density 2500m2 covering vast areas within the municipal jurisdiction. - No attempt to densify with the municipality having no control over housing development within the traditional authority areas. - One RDP housing development within the municipality located in Lusikisiki.	Rural housing programme will be implemented in the municipality in 2008. Conflicting opinions on who will have responsibility for service installation and maintenance.	Low-income housing continues to be built in the township areas.
Land invasions	Many land invasions, mainly on private or SOE land.	Conflicting responses – there is an increase in informal settlements around mines due to mine policies.	This is not a major problem.	Land invasions have taken place in Lusikisiki and Flagstaff. In cases, a Chief has given permission for the invasion to take place within the commonage over they have no authority.	These have been limited apart from one major invasion involving corruption in 1994/5.	- Land invasion do take place but are dealt with swiftly in terms of the provincial policy. - The traffic department removes structures.
Urban land market	- Formal property market booming, including lower and middle-income. - Increasing evidence	Property market booming for all levels and there is a shortage of land for housing.	- Formal market thriving in Sasolburg town and in Zamdela. - People in informal settlements given	- Disposal of municipal land is occurring in both towns. - In Lusikisiki, once	Land either owned freehold (mainly in Ulundi town) or occupied through PTOs in tribal	RDP houses are traded – an affidavit is signed at a police station in the presence of a

	Pietermaritzburg/ Msunduzi	Rustenburg	Sasolburg/ Metsimaholo	Lusikisiki-Flagstaff/ Ingquza Hill	Ulundi	Dullstroom-Belfast/ Emakhazeni
	of buy-to-let among black buyers, and of using equity accrued in homes to upgrade. - Informal market in RDP housing appears to be operating but how is not clear. - General lack of understanding of the process is being addressed through education programme by Provincial Housing Dept	- Conflicting responses – transactions around RDP houses. - Yellow cards issued by municipality to provide recognition that invaders on R510 will receive housing – mechanisms in place to prevent trading in these. - When shack is sold the landlord claims the price is only for the shack but it reflects the land as well. - Role of illegal immigrants requires Home Affairs help.	proof of waiting for an RDP house – land is allocated by municipality, in conjunction with Land Affairs; construction of house only proceeds once province has approved the beneficiary. - It is believed no informal market operating. - Need to educate buyers and sellers noted.	sold to a local South African national, it would appear the property is illegally traded for “double” the price to a Pakistani national – approximately 80% has been acquired. Land is easily traded in the traditional authority areas – someone makes an application to the Chief, who for a small price will make land available. A number of sites have been sold for “beer and brandy” to white holiday-makers along the Wild Coast. This has resulted in the growth of illegal cottages.	authority areas. - High turnover and demand for land in formal areas, yet mainly by word of mouth. - Unit M land invasion – land sold by <i>indunas</i> – no records kept as all parties were aware of illegality of transactions. - Education programmes around property ownership and transactions would be beneficial.	commissioner of oaths which is then taken as a “formal” agreement. Houses traded in informal settlements – gentlemen agreements – less secure than the RDP transactions.
Backyard shacks & 2nd dwellings	- Increase in applications for second dwellings and servants quarters, which are rented out. - Backyard shacks in a number of areas.	Prevalent in many areas such as RDP housing areas and township areas; not found in Thlabane West’s new developments.	Backyard shack evident in Zamdela, and found in RDP area of Harry Gwala.	None evident – most housing located in the traditional authority areas.	Some evidence of backyard shacks in formal areas in Ulundi.	Prevalent in many areas such as RDP housing areas and township areas.
Industrial growth	Rapid industrial growth.	Very limited.	Experiencing industrial growth.	Very limited industrial growth.	Very limited industrial growth.	Very limited industrial growth.
Holiday homes and estate developments	Infrastructure dept imposes costs on developers but more formal process needed; mechanism	No evidence of these in research, interviews or field visits.	Booming in Deneyville and Oranjeville, and along Vaal River.		None evident.	

	Pietermaritzburg/ Msunduzi	Rustenburg	Sasolburg/ Metsimaholo	Lusikisiki-Flagstaff/ Ingquza Hill	Ulundi	Dullstroom-Belfast/ Emakhazeni
	for ringfencing needed.					
Urban agriculture	Evident in Ash road informal settlement and traditional authority areas.	Evident in Phokeng.		Evident in traditional authority areas.	Intensive urban agriculture evident in both formal and traditional authority areas of Ulundi town.	No overt evidence.
Home-based enterprise		Very high levels of home based enterprises in Thlabane proper and Phokeng not in former white areas or newly developed areas of Thlabane West.	Evident in all townships – municipality is trying to develop policy to deal with this.	None evident.	Some evidence of home based enterprise but not extensive, particularly in formal areas, apart from Bed and Breakfast establishments.	Some evidence of home based enterprise but not extensive, particularly in formal areas, apart from Bed and Breakfast establishments.

A similar table has been created for the five larger cities examined previously in order to allow for comparison with the smaller cities and towns.

Table: Case study municipalities: Summary of key characteristics and issues in larger cities

	Johannesburg	eThekweni/Durban	Cape Town	Buffalo City/East London	Mangaung/Bloemfontein
Municipality type	Metro	Metro	Metro	3	3
Population	3 225 306	3 090 121	2 892 241	702 279	645 438
Racial split (black/white)	73%, 16%	68%, 9% (20% Indian)	48% Coloured, 32% Black, 19% white	85%, 8%	83%, 12%
Sex ratio	99	93	92	88	91
Modal household income (R)	0 (18.7%)	0 (22.6%)	R38 401-76 800 (17%)	0 (28.5%)	0 (22.8%)
Median household income (R)	R9601 - 19200	R9601 - 19200	R19201 – 38400	R4801 – 9600	R4801 - 9600
Zero income	18.73%	22.64%	13.1%	28.46%	22.83%
% unemployment	37.35%	43.02%	29.2%	53.1%	40.09%
GVA	194334	123146	147390	15443	18311
Population/GVA	16.6	25	19.6	45.5	35.2
GVA/Employment	0.18	0.16	0.16	0.11	0.12

	Johannesburg	eThekweni/Durban	Cape Town	Buffalo City/East London	Mangaung/Bloemfontein
Highest GVA sectors⁹	Finance/Business 34% Community 19% Trade 17% Manufacturing 15% Infrastructure 14%	Manufacturing 29% Finance/Business 21% Community 19% Infrastructure 17% Trade 14%	Finance/Business 30% Community 22% Manufacturing 17% Trade 16% Infrastructure 14%	Community 33% Manufacturing 21% Finance/Business 18% Trade 16% Infrastructure 11%	Community 38% Trade 18% Finance/Business 17% Infrastructure 16%
Highest Employment sectors¹⁰	Trade 19% Finance 18% Community 17% Manufacturing 12% Private 11%	Manufacturing 20% Community 19% Trade 17% Finance 11%	Community 19% Trade 18% Manufacturing 17% Finance 13% Undetermined 10%	Community 26% Manufacturing 18% Trade 14% Undetermined 10%	Community 27% Trade 15% Private 13% Manufacturing 11%
Lack of municipal control over land:	• SOE. • Province – DFA, housing, environmental legislation.	• Province – DFA, housing, environmental legislation. • Traditional authority although mechanisms to incorporate the traditional authority into strategic spatial planning and land management seem effective.	• SOE. • Land use management reform thwarted at national level.	• Traditional authority land. • SOE esp. Transnet. • Province – DFA. • National Dept of Agriculture – delays in de-proclaiming land.	• Traditional authority land.
Municipal capacity	• 12 town planning schemes. • Inefficient land administration systems cause delays.	• Severe constraints with regard to land management and development applications, leading to delays. • Specialised legal capacity shortage. • No consolidated zoning data base. • About 30 town planning schemes, no single LUMS.	• 27 zoning schemes being reviewed. • Decrease in capacity over recent years. • Delays.	• 5 town planning schemes. • Shortage of staff. • Disjuncture between strategic planning and implementation.	• Rezoning approvals slow. • Lack of continuity. • Capacity shortage.
Strategic location of commercial/retail land (wrt improved access for the poor or effect on municipal	• City initiatives such as Fashion District and Faraday station.	• Warwick Junction • Mansel Road market (timing of development important). • Creation of new space	• Investments in commercial development in townships.	•	• Corporate business and retail development mainly in suburbs. • Loss of subsidies to industry in former

⁹ All sectors contributing more than 10% have been listed here.

¹⁰ All sectors contributing more than 10% have been listed here.

	Johannesburg	eThekweni/Durban	Cape Town	Buffalo City/East London	Mangaung/Bloemfontein
sustainability)		- for informal traders in town centre. - Redevelopment of town centres and building retail facilities in former townships – Inanda/Ntuzuma/Kwa Mashu, Umlazi.			homelands led to economic decline in parts.
Economic & social regional context	- National and continental significance. - Need to balance promoting rapid economic growth with addressing high levels of poverty.	- National and regional significance. - Key port continentally. - Need to balance promoting rapid economic growth with addressing high levels of poverty.	- National and regional significance. - Key port.	Regional significance.	Regional significance.
Social housing	- City plays a role in providing housing to Johannesburg Housing company. - Initial donor funding. - Timing of development important.	- City has fledgling social housing company, First Metro. - City trying to develop ways of legalising workhouses rather than eviction and closure.	Not available.	- City's role in providing cheap land for social and co-op housing. - Social housing company(HAEL). - Initial donor funding. - Timing of development important.	Not available.
Housing development & sustainability and holiday homes and estate development	Residential security estates on outskirts of city lead to a decrease in land for agriculture.	- Outer West and Umhlanga – developers bear some of development costs – overburdened infrastructure. - Cost surfaces model used to determine development costs. - Single powerful property development company dominates new developments – Tongaat Hulett properties (previously Moreland).	- Urban edge strictly enforced. - Impacts on land prices.	7 urban edges in municipality. - Pressure for holiday homes and golf estates etc along coast, beyond urban edges.	Not available.
Land invasions		Mainly on private land.	Invasions do occur.	Mainly on SOE land.	
Industrial growth	High levels.	High levels.			

3.3 Emerging themes

Although there are a number of issues which are common to small towns, how these manifest themselves often differs, and there are important variations in terms of economic base, the role of traditional authorities, municipal capacity and control over the land and development, and levels of poverty, among others.

3.3.1 Poverty and the Economy: the socio-economic context in which municipalities operate

Poverty levels are high in most of the municipalities studied. However, there are significant differences in the nature of the economies of the case study areas, which is reflected in the nature of the poverty.

Levels of poverty

- **Racial split:** The most racially diverse municipality is Msunduzi, with 77% black, 12% Indian and 8% white. This is in sharp contrast to the most racially homogeneous municipality, Ulundi, with 99.8% black and 0.1% white. Ingquza Hill is also almost completely black, whereas the other 8 case studies are more similar with between 81% and 89% black.
- **Sex ratio:** The sex ratio is a ratio of the number of men to the number of women. It shows clearly the dominance of men in Rustenburg and Metsimaholo, at 118 and 104 respectively, with Ingquza Hill and Ulundi the lowest, indicating a high proportion of women, at 82 and 81 respectively. This is a consequence of the mining and manufacturing in the former two towns compared to the latter two which serve as a labour sink, populated predominantly by women and children.
- **Income split:** The case study municipalities fall into 3 groups in terms of average annual income, Emakhazeni and Rustenburg being the highest at R11 018 and R10 425 respectively; Metsimaholo and Msunduzi have averages of R8285 and R8034 respectively; and Ulundi and Ingquza Hill have the lowest averages of R5956 and R5238 respectively.
- **The modal income:** This represents the largest income group in the municipality. It is important in that it represents the most dominant income group that the municipality has to deal with. For example, in both Ulundi and Ingquza Hill the modal group has zero income. In Ingquza Hill people with zero income account for 43% of the municipality's population, whereas in Ulundi they account for 39% of the population. In sharp contrast, Rustenburg's modal income is R19201 to R38400, with 22% of the population falling in this income bracket. Mesimaholo/Sasolburg has a modal income of R9601 to R19200, with 17% of households in this category. Both Msunduzi/Pietermaritzburg and Emakhazeni have a modal income of R4801 to R9600, accounting for 17% and 25% of households respectively.

- **Median income:** The median income (i.e. the category below which half of the households fall) is R9601 to R19200 in all those municipalities that have significant former white towns, i.e. category 3 and 2b municipalities, while in Ulundi it is R4801 to R9600 and in Ingquza Hill R1 to R4800.
- **Zero income:** As indicated earlier, a large proportion of households in Ulundi and Ingquza Hill earn no income (39% and 43% respectively). Msunduzi/Pietermaritzburg has 21% of its households with zero income, compared to 19% in both Rustenburg and Metsimaholo/Sasolburg and 14% in Emakhazeni/Sasolburg.
- **Unemployment:** Unemployment is highest in the two poorest municipalities, with Ulundi registering 67% and Ingquza Hill 66%. Msunduzi/Pietermaritzburg has a relatively high unemployment rate of 48%, while the other three cases are between 30 and 37%.

It can be seen that in some municipalities the population is almost uniformly poor and black, specifically Ulundi and Ingquza Hill. In cases such as these, it is difficult to talk of integration in a racial or economic sense.

Economic Indicators

- **GVA:** Gross Value Added provides an indication of the overall economic production within an area. It is useful as an indicator of overall economic growth in the city. Rustenburg's GVA is the highest at R32 796, followed by Metsimaholo with R13 054 and Msunduzi with R12 687. The economies of the other three case study municipalities, as indicated by the GVA, are very small in comparison, ranging from R793 in Ingquza Hill to R635 in Emakhazeni.
- **Ratio of population to GVA:** This provides a very rough indication of how many people generate each Rand as indicated in the GVA. This is highest in the poorest municipalities, Ingquza Hill and Ulundi, with ratios of 322 and 294 respectively, and lowest in Sasolburg and Rustenburg with ratios of 9 and 12 respectively. Msunduzi and Rustenburg have similar ratios of 44 and 68 respectively.
- **Ratio of GVA to employment:** In order to assess the labour versus capital intensity of the economy in each municipality, a ratio between the GVA and employment in each sector has been calculated. This is an extremely rough exercise in order to compare the different sectors within and between municipalities. As the categorisation of sectors is not exactly the same for GVA and employment, categories have had to be combined to create a ratio. A high ratio implies a low rate of job creation for each Rand GVA i.e. capital intensive sector, whereas a low ratio implies a labour intensive sector. All those sectors with a ratio higher than 0.2 have been highlighted in the table.

Table: GVA/Employment

	Msunduzi	Rustenburg	Mestsimaholo	Ingquza Hill	Ulundi	Emakhazeni
Sector						
Agriculture	0.04	0.03	0.06	0.07	0.10	0.04
Mining	0.04	0.38	0.12	0.00	0.09	0.12
Manufacturing	0.12	0.23	1.35	0.07	0.05	0.07
Trade	0.07	0.18	0.13	0.13	0.02	0.04
Finance	0.24	0.31	0.43	0.06	0.06	0.05
Community*	0.09	0.06	0.07	0.05	0.07	0.04
Infrastructure**	0.17	0.21	0.53	0.05	0.03	0.06
Total	0.11	0.25	0.41	0.05	0.06	0.05
* = community + private households						
** = construction + electrical + transport						

This shows the capital intensive nature of manufacturing in Metsimaholo/Sasolburg. Mestimaholo has the highest ratio of 0.41 with three sectors featuring as relatively capital intensive, Rustenburg has a ratio of 0.25 with 4 sectors contributing significantly to this, and Msunduzi has a ratio of 0.11. The three other municipalities all have relatively labour intensive activity. This has implications for the municipality particularly with regard to dealing with poverty and land management. In Sasolburg, for example, one company dominates in terms of the overall economy and land use, yet does not contribute proportionally to job creation.

Those municipalities with the least diverse economy (Sasolburg and Rustenburg) are dominated by powerful companies whose activities are capital intensive. Even when compared to the five larger cities, the ratio of population to GVA in Metsimaholo/Sasolburg and Rustenburg is still the lowest.

3.3.2 *Playing catch-up: Lack of municipal control over land and performance of municipal functions*

In all case studies the municipality does not have full control over the land it is responsible for managing. Challenges to municipal control take several forms:

i. Traditional authority

In many municipalities and towns (e.g. Rustenburg, Pietermaritzburg, eThekweni, Ulundi, Lusikisiki, Buffalo City) a substantial portion of the land is under the control of a traditional authority. In some cases traditional authority land is not confined to remote rural areas but

forms an integral part of the key town or towns (as is the case in Ulundi, eThekweni and Pietermaritzburg).

The relationship between the traditional authority and the municipality, and the impact of this on the key town or towns in the municipal area, differs. However, in all cases the municipality does not have full regulatory control over land management in its area of jurisdiction. In some cases, such as eThekweni, land in traditional authority areas is brought into the normal planning process through negotiation and co-operation between the municipality and the traditional authority (in this case under the auspices of the Rural Area Based Management Unit). In others, the traditional authority seems to have set up a parallel planning and land management process, as in Rustenburg with the Bafokeng. In some other cases, the traditional authority undermines the strategic planning and land use management processes resulting in uncoordinated, fragmented and often environmentally destructive development, as in Ingquza Hill. In both Rustenburg and Ulundi officials seemed powerless to implement planning or building controls in traditional authority areas, or to take action against activities such as land invasions in these areas.

How rates are raised and paid to the local authority for traditional authority areas is still a matter of confusion, even in large towns such as Rustenburg and Pietermaritzburg. Failure to resolve this is likely to have a long-term impact on the financial sustainability of the municipality and on service delivery to its residents, particularly to those in more rural areas.

ii. Mining and manufacturing companies

In municipalities such as Rustenburg and Metsimaholo/Sasolburg major mining or manufacturing companies can dominate the town, not only economically, but also in terms of their spatial and social development. In both these cases, the companies perform many municipal functions. While there appears to be some token cooperation between them and municipal officials, their sheer size relative to the rest of the municipality means that they dominate the strategic direction of the municipal areas. In some cases, such as Rustenburg, the company does not always consider the impact of its actions and policies on the municipality. For example, in Rustenburg the phasing out of the migrant labour system and the provision of “living out” allowances has meant an influx of single men moving into communities. This then becomes something the municipality is required to deal with.

iii. Land owned by State-owned Enterprises and other government departments

Despite the integrated development planning process, municipalities do not have control over the management and use of land owned by SOEs or other government departments. This appears to be true of all sizes of municipalities from Johannesburg, eThekweni, and Cape Town to Ulundi. As indicated in the previous land management study, this has serious long-term implications for the spatial logic, efficiency and financial sustainability of municipalities and their towns. In addition, it often prevents cities from using well located land to provide residential and other opportunities to the poor.

iv. Private developments

In a number of municipalities private developments, usually residential and upper-income such as those in Emakhazeni/Dullstroom, also perform many municipal functions. Approval for these developments is often granted at provincial level through the DFA, and the municipality has little control over whether or not the developments go ahead. This is true of municipalities of all sizes from eThekweni and Pietermaritzburg to Emakhazeni.

The proliferation of these developments is likely to have an impact on the long-term sustainability of the municipality. While in some cases developers are required to pay all or part of the initial costs of infrastructure and service installation, and in others the residents provide many municipal services through their levies, there is no guarantee that this can continue indefinitely. The municipality will then be in the position of having to provide services to developments that are often poorly located from an efficiency point of view. The ongoing maintenance of infrastructure will often ultimately become the responsibility of the municipality.

Within these developments, development such as that of retail centres can undermine the town centre and distort the spatial logic of the municipality.

v. Corruption

It is clear from several case studies that corruption can have a major role in the daily functioning of the municipality and on the long-term strategic plan of the municipality. For example, in Lusikisiki the fact that one individual owns so much centrally located land, ignores by-laws, fails to pay rates, and apparently also buys off municipal and provincial officials, is having a major impact on the town. In Emakhazeni/Dullstroom it was said that, for developments to be approved, the involvement of a councillor is needed.

This is more evident in certain areas than others. It has economic impacts and is sometimes visible through current land use patterns. The impact of corruption could be related to the size of the town in terms of its physical visibility, and ability to cripple the municipality, with smaller towns possibly being more vulnerable to this than larger towns and cities.

vi. Power of the province

In several cases the role of the province in land management and spatial development at local level seems to undermine the spatial strategic planning process of municipalities. This was also true in the larger cities studied, and is evident in a number of respects such as DFA development approvals, delays in releasing land for development, slow payment of rates, the introduction of the rural housing programme, and EIAs.

The lack of control of a municipality over its land use, spatial development and the performance of its functions due to factors such as the dominance of the traditional authority, province, private economic activity or private sector development and land owned by state-owned enterprises is not necessarily related to size. Even the larger municipalities battle to deal with this (as was evident in the land management study of larger cities).

3.3.3 How do they manage? Municipal capacity and strategic understanding

There is a lack of consistency in planning capacity within and between municipalities. In most cases, overall strategic spatial planning seems to be done but the capacity for actual implementation, from reviewing SDFs to developing LUMS and town planning schemes, is more often than not insufficient, and in a number of cases development seems to proceed without reference to these. Many municipalities have a range of planning regulations applying within their boundaries, often operating from more than one town planning scheme etc. This is the case in metros (as in the case of eThekweni) as well as small towns. In most cases, municipalities do not seem to have enough capacity to monitor planning and building infringements adequately. Several issues, in particular, are worth highlighting.

i. Need to understand local economy and social needs, in overall regional context

There seems to be a need to improve municipal understanding of “what makes the town and municipality tick” in terms of the overall regional context. Only once this is done can appropriate steps be taken to promote and develop the key economic sectors within the area. For example, in Ulundi the increasing role of the town as a wholesale/retail centre means the demand for such land is increasing, but land zoned for industrial purposes is not

being used. Despite this, the municipality is not considering rezoning the superfluous industrial land to meet demand for other land uses.

The smaller towns studied in this research are experiencing explosive growth related to their role as regional service centres, mainly from a trade point of view but also linked to social services. This is true of Lusikisiki, Flagstaff and Ulundi, all of which provide social services and retail facilities. It is extremely important that a greater understanding is developed of the role of a service centre, how it operates, and what land use strategies need to be adopted to support these centres e.g. commercial, industrial and residential land.

Several municipalities are dominated by one firm (as in the case of Sasolburg), or one sector (as in the case of Rustenburg), with significant impacts on the municipality's land use management and planning, and on their revenue raising ability. It is therefore imperative that a greater understanding of how the economy works is developed in each case.

ii. Law enforcement

A number of municipalities indicated that they do not have sufficient capacity to monitor and act on land use and building code infringements. This was emphasised in Msunduzi/Pietermaritzburg, Ingquza Hill/Lusikisiki, Ulundi and Sasolburg. It is not clear that the existing planning requirements in several towns are adequate, Lusikisiki being a case in point. Either the municipalities allowed illegal land use and building to continue, as in the case of Msunduzi/Pietermaritzburg, or focused their limited capacity on the main town, as in Ulundi's case.

iii. Legal capacity

Insufficient legal capacity in terms of fighting cases against developers, particularly those introduced via the DFA, was raised by several municipalities. This was not linked to the size of the municipality and was emphasised by both eThekweni and Msunduzi/Pietermaritzburg.

3.3.4 Changing housing needs: Middle-income and social housing

Almost without exception, demand for middle-class housing is extremely high. This was also found in Mamusa municipality (in Schweizer Reneke) and other towns in the Bophirima district (Ovens and Associates, 2006). This demand is linked to the inflow of civil servants to towns such as

Pietermaritzburg and Dullstroom. Housing stock in smaller towns is either in former townships or the former white towns. The former white towns are generally too expensive for the civil servants who need housing, but who can also afford more than that in the former township and don't usually want to live there. Thus, housing at a level between these is required. In Rustenburg, the explosive growth of high density middle- to upper-income housing west of Thlabane caters for this market. There has also been rapid growth in townhouse development in Rustenburg and Sasolburg.

Current demand for middle-income housing could well be linked to a shortage of good rental stock and even to a lack of social housing opportunities. It is likely that the housing that civil servants can afford to buy will increase in price over time due to normal market forces, possibly to levels beyond their reach. This should increase the demand for social housing, which municipalities will need to factor into the long-term strategic planning and land use management, and planning policies and practices. Clearly thought out and well managed social housing could therefore play a valuable role in the overall land market. One problem, however, is that this does not allow for wealth creation for individual households over the long-term.

The issue of social housing seems to arise mainly in cities and the larger towns. As indicated in the earlier study of integration in cities, it is clear that the need for economies of scale means that social housing is only likely to be financially viable in very large cities such as Johannesburg. Even in this case, donor funding was provided at inception. In other cities, such as Buffalo City, successful social housing has relied on donor funding initially and is not likely to be able to be replicated.

In Pietermaritzburg, the provision of social housing has become extremely contentious, with policies to remove the poor living in centrally located housing to new developments far from town in order to provide social housing for middle-income households. This is reminiscent of Johannesburg's social housing policy, where the truly indigent are evicted in order for blocks to be renovated and managed by Johannesburg Housing Company, with housing then being provided to the working poor, i.e. people who can provide evidence of formal employment.

In Rustenburg, social housing is currently linked to the mining companies, although a pilot project is underway, and in Sasolburg social housing will be developed to replace hostel developments.

There is no evidence of social housing in the smaller and often poorer municipalities.

3.3.5 Financial suicide? Location of housing developments and sustainability of municipality

As discussed earlier, concern has been raised over the sustainability of some municipalities given recent housing developments such as those in Emakhazeni, Outer West and Ohlanga catchment in Durban, and rural housing in Ulundi and Lusikisiki.

- i. In some cases of upper-income developments, the developer is bearing some or all of the costs associated with service installation e.g. Dullstroom, Durban, and Pietermaritzburg. However, this is usually done on an ad hoc basis and there is no clear and consistently applied policy to ensure that the cost of such developments do not impact negatively on the rest of the municipality, both now and in the future.
- ii. Several municipalities have extensive and dispersed residential settlements. Ingquza Hill and Ulundi are particularly stark examples of this. In the former case, residential developments are not occurring close to the centre of town, closer to employment opportunities. Primary housing stock development continues to occur in traditional authority areas away from the town centres, with obvious long-term implications for service delivery.
- iii. In some areas, the implementation of the rural housing programme is underway or planned e.g. Ingquza Hill and Ulundi. It is not clear to what extent services will be provided to these houses, or who will be responsible for this, but it will be an expensive process to install and maintain over the long-term. Thus, the implementation of programmes by provincial government can undermine municipal sustainability.
- iv. As mentioned earlier, the development of holiday homes, golf estates and the like has a tremendous impact in some municipalities, and it is not yet clear what long-term impact this is likely to have on their development. This is true in both Dullstroom/Emakhazeni and Sasolburg/Metsimaholo. A different form of this is found in the illegal cottages along the Wild Coast. Should large portions of land be released along the coastline for development, this will have a significant and potentially crippling long-term effect on municipal and environmental sustainability, with high service levels being required in places that are difficult to reach.
- v. Linked to this, the municipality can play a role in managing its land to encourage efficient location of commercial and economic opportunities which will boost its town centre and provide access to such opportunities for the poor. Two contrasting examples of this emerged in this research. In Sasolburg, Sasolburg Square has been developed in the centre of town, adjacent to the municipal offices. It is not designed as a mall-type, inward looking centre, but is more linear with outward facing shops all

having street access. It provides parking in front of the shops and easy pedestrian access. It is similar in design to upmarket developments, and has a number of key national chains such as Woolworths, Pick 'n Pay and Clicks. Thus, it provides those who live and work in town with access to the major national chains in a relatively upmarket environment. This can be compared to the development of small retail centres in Dullstroom, which are not geared for the majority of the municipality's residents but only to those who live in exclusive developments. These shopping centres limit the access of the poor to shopping and employment opportunities, and undermine the economic viability of the town centre.

3.3.6 Operation of the land market

Where clear evidence was found of the operation of an informal land market (particularly in Ingquza Hill and Emakhazeni), it was found to operate differently for different types of housing, supporting the findings of the study on informal land markets conducted by Isandla Institute and Stephen Berrisford Consulting (2007).

It is clear that officials and councillors are generally unaware of whether and how an informal land market operates and tend to deny it exists. In some cases, mechanisms have been put in place by the municipality to try to prevent informal land transactions such as the yellow card system in Rustenburg, and similar processes in Sasolburg.

In Ingquza Hill it was noted that homeowners are using their homes as collateral to obtain loans from loan sharks. This flies in the face of the goals of RDP housing and the need to encourage investment in homes which can be used as collateral for improved housing. In Pietermaritzburg, on the other hand, it was noted that homeowners are using their homes as collateral to rise up the property ladder.

A key issue raised in several cases (Sasolburg and Pietermaritzburg in particular) was the need to educate home owners and potential home owners on how the market operates, what their rights and responsibilities in this regard are, and what processes and procedures are involved in acquiring land and a house.

In several case studies the local economy is dominated by a particular sector (e.g. Sasol in Sasolburg, and the mines and Bafokeng in Rustenburg), and the property market is likely to be skewed by this.

Of key significance to this study is the proportion of homes that are regarded as formal as compared to those that are informal. Obviously, only those homes that are formal are able to be transacted in the

formal market, whereas those that are informal are forced to be traded in some informal manner. It is therefore valuable to consider the proportion of households that are informal in each of the case studies, as indicated in the table below:

Table: Proportion of households that are informal

Municipality	Total HH	Total informal	Percentage
City of Cape Town	778236	157749	20.3
City of Johannesburg	1050229	223999	21.3
eThekweni	824372	210572	25.5
Mangaung	188875	51810	27.4
Emakhazeni	10940	3076	28.1
Msunduzi	135328	39873	29.5
Metsimaholo	33733	11652	34.5
Buffalo City	194479	70285	36.1
Rustenburg	116667	48207	41.3
Ulundi	34958	18379	52.6
Ingquza Hill	51063	34246	67.1

These include shacks, backyard shacks and traditionally built houses in traditional areas. This does not include brick houses built on a single stand in traditional authority areas. Thus, the percentage of houses that **have** to be transacted in an informal manner will be at least the figure indicated in the far right column. However, this figure is likely to be higher in several cases as it does not include formal housing in traditional authority areas or RDP housing.

The municipalities appear to fall into three groups: those with less than 25% of their households being regarded as informal (Cape Town and Johannesburg), those with between a quarter and a third of their households being informal (eThekweni, Mangaung, Emakhazeni and Msunduzi), and those with between one third and a half of their households informal (Metsimaholo, Buffalo City and Rustenburg). The two most rural municipalities have the highest proportion of informal households (Ulundi and Ingquza Hill), with most of the informality consisting of traditionally built houses in traditional authority areas. Thus, this represents a higher level of permanency than is the case in informal settlements in other municipalities; associated with this is the fact that the municipality has less control over these areas than is the case for other informal households.

Given that these figures under-represent the proportion of houses that have no option but to transact informally, this potentially represents a very high proportion of transactions that are not being recognised by authorities. This raises the question of potential loss of income to municipalities in terms

of rates, and of the overall costs and benefits to the state associated with property transactions and the operation of an informal market alongside a formal one. It is therefore crucial that municipalities, in particular, develop a greater understanding of how land transactions take place in the informal market.

3.3.7 Making a plan: Residential property and income generation

Poor households use their property to generate additional income in a number of ways:

i. Backyard shacks and second dwellings

In most cases there is evidence of backyard shacks, although this is more prevalent in some areas than others. Interestingly, in both Rustenburg and Pietermaritzburg officials indicated that the number of planning applications for second dwellings (in the case of the former) or “servants quarters” (in the case of the latter) have increased significantly. These are therefore legal buildings although their use is not as anticipated, as they are rented out to supplement mortgage repayments. In other cases such as Emakhazeni, backyard shacks add to the value of properties.

ii. Urban agriculture

Urban agriculture was evident in many municipalities, some in formal houses in the centre of town, such as in Ulundi and Edendale, Pietermaritzburg, and in informal settlements such as Ash Road, Pietermaritzburg. Some programmes exist to promote and develop urban agriculture such as that of the Greater Edendale Development Initiative, while in most cases this seems to be a household-specific activity. The development and promotion of urban agriculture can have important benefits for people’s livelihoods. It would be useful for municipalities to investigate this in order to ensure that policies are developed to manage and support such practices where appropriate.

iv. Home based enterprise

Home based enterprises appear to be flourishing in many towns and municipalities, particularly outside former white towns. In most cases there is no clear policy to regulate these, nor capacity to enforce what regulations do exist. The distinction between how policy is applied to former white areas versus former black areas is linked to the lack of clear land use management systems in many former black areas, and needs to be addressed.

3.3.8 Seizing the moment: Timing and innovation

Several instances where the poor have gained access to relatively well located land seem to have been linked to the timing of the development in both larger cities and smaller ones e.g. Mansel Road night market in Durban, social housing in East London and, to a certain extent, Johannesburg and Bufferstrip in Pietermaritzburg. In these cases, generally between 1992 and about 1998, it seems to have been the opportunities and energy generated by the specific political climate that have provided

Developing Integrated towns: Felicity Kitchin and Wendy Ovens, Wendy Ovens and Associates, January 2008

the space for proactive and decisive decision-making and commitments, with long-term benefits for the poor specifically.

4. CONCLUSION AND RECOMMENDATIONS

This study has extended some of the earlier work conducted by Urban LandMark in metropolitan areas and cities to smaller towns. This research has found that small towns seem to be experiencing explosive growth which is not being handled appropriately in planning or implementation. There is significant evidence of fragmented, unsustainable, inefficient and sprawling, land extensive development, which results in the poor being located far from town. In many cases, the size of the municipality relative to other institutions such as traditional authorities, mining or manufacturing companies and private developers operating in the municipal area, means they are unable to have effective control over their own spatial development and land management. However, to a certain extent lack of control over land is also true of metropolitan municipalities. Related to this is the fact that municipalities, particularly those with small towns, lack capacity and are often under-resourced. This lack of control over land can be linked to the notion of a 'soft' state, put forward by Gunnar Myrdal in Asia. He characterised this as one in which the following occurred:

- (1) The circumvention of laws and regulations by officials and the inconsistent application of policies and laws;
- (2) Secret collusion between civil servants and politicians whose task is to supervise the implementation of policies; and
- (3) The use of corruption to secure objectives other than those officially stated¹¹.

What emerges from this study is that the provision of well located land for the poor differs across municipalities. It is important to consider this in context. In the context of several smaller towns studied in this project it is not clear whether the concept of integration has relevance. As class and social stratification becomes more uniform, does the concept of integration still apply? For example, in Lusikisiki and Flagstaff the few existing wealthy households are integrated into areas of poorer households, with bigger houses simply being built in these areas.

Several recommendations can be made, based on the research of land management, the operation of the land market and the provision of well located land to the poor as evident in the integration case studies:

1. Local consequences of provincial and national policies and practices

What is emerging is that, while municipalities serve as the face of government to their residents on a daily basis, they are severely compromised in their ability to manage their land

¹¹ Input from Amanda Williamson.

and resources and to provide the services for which they are responsible. This is linked to a variety of factors including lack of resources (human and financial) as well as weak capacity. While remedies to capacity problems can be suggested, the fact that municipalities often have national and, to a lesser extent, provincial policies imposed upon them can be highly problematic. National officials do not have any local accountability, and usually do not live in the areas where their policies have dramatic impacts. Nor have most of them worked in local municipalities to understand the complexities of issues faced daily by municipal officials. The fact that much decision-making which has direct local consequences is divorced from the local level is contributing to fragmented and unsustainable policies and practices, with impacts on land and the market.

It is recommended that steps be taken to improve national understanding of local conditions. This could be done by deploying key national decision-makers to local municipalities to work alongside municipal officials for a period of time. In this way, more effective mechanisms could be developed by enabling national officials to meet local residents, councillors and officials, to hear their concerns, and to develop means to address them.

2. Need for innovation, negotiation and bargaining

A number of successful projects in terms of providing land in an equitable and sustainable manner have been linked to bold decisions, municipal commitment, and project champions who seem to have a well developed understanding of how the system works, and how to use it as a means to act in the public interest and improve conditions for many. It is important that this space is allowed, and that officials do not become so overwhelmed by paperwork and policy-making that they either lose track of the end goal, or of how to get there. Projects such as these need to be given priority and support by the relevant government authorities.

3. Provision of land, land values and profit related to public land

The impact of state actions at all scales on land, the value of land and the land market is generally not understood. It is vital that steps are taken to ensure that state-owned land is provided at low cost for low-income housing and economic opportunities. However, the impact of this on the market needs to be considered. One of the problems is that the current legal framework does not allow for public land to be sold at lower than market related prices which impacts negatively on the provision of land for low-income housing.

4. Need for differential/asymmetrical approaches

Most national policies that impact on local government do so in a blanket manner, usually without taking into account local specificities. It is important that a more nuanced approach is developed, where municipalities are able to negotiate based on their particular circumstances.

5. Need to educate both policy-makers and consumers

What emerged from several case studies is the fact that consumers sometimes transact land through informal means purely as a result of lack of knowledge of the procedures required in the formal market. While municipalities have sometimes tried to provide consumer education in this regard, it is recommended that this be addressed on a more widespread national scale.

In addition, local municipalities and government departments need not only to recognise the existence and operation of the informal land market, but also to develop appropriate mechanisms whereby they engage proactively with it.

6. Communal Land Rights Act (CLARA)

The introduction of CLARA may well have important repercussions in terms of municipal control over land and municipal finance. However, the implications of CLARA for municipalities are not understood by municipalities and need to be investigated and conveyed to them clearly.

7. Strategic planning and the link between land use management and municipal sustainability

It is crucial that municipalities are made aware of the importance of long-term strategic planning, and the financial and environmental impact of development decisions made now in the future. It is also important that municipalities are given support to understand their roles and responsibilities, and to implement and monitor their policies effectively.

8. Conversion of agricultural land

It is recommended that an investigation needs to be conducted into the conversion of agricultural land for non-agricultural purposes, how rampant small town development is, and what impacts this has on food security and the provision of services.