

THE STRUCTURE OF THE CITIES: WHAT IT MEANS FOR SUBSIDIZED HOUSING AND FOR OUTCOME 8

*Presentation to Financial and Fiscal Commission Hearings
Challenges & Opportunities in Housing Finance in South Africa*

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7-8 November 2012

Social science that makes a difference



INTRODUCTION

‘Our settlement patterns place a disproportionate financial burden on the poorest members of society. These patterns increase the cost of getting to or searching for work, [and] lengthen commute times... The ripple effect of this is felt throughout the economy’

*– Minister for Planning Trevor Manuel,
24 September 2012*

PRESENTATION

1. DATA SOURCE
2. URBAN MOBILITY? WHERE SUBSIDIES ARE GOING
3. FUNCTIONALITY AND COMPACTION
4. CITY BY CITY: CORE AND PERIPHERY DYNAMICS
5. WHAT IS WELL LOCATED?
6. OPTIONS AND CONSTRAINTS?
7. WAYS FORWARD

This presentation is about the outcomes of DST's IPDM research project, a partnership of HSRC and CSIR directed to spatial planning around housing and transport

Specifically, it's about urban functionality for the in-migrant rural poor, and about the urban peripheries

Going to suggest it's necessary to get interventions right on city to city basis, rather than top down

DATA: IPDM SURVEY

The release of the NDP has increased the focus on spatial planning –

- *Data has been short – so far the NDP recommendations are not yet spatially driven, or spatially located in depth*
- *But new focus is helping the necessary datasets to be created*
- *IPDM is one of them*

The **data here on demand aspects of settlement** and economic outcomes is from the IPDM survey from DST – 5916 cases

- *Goal is to profile shelter + transport demand*

Identifies **40+ types of settlement**, each with a distinct **demographic profile**

If we unpack these demographic profiles, we can read off **what types of household** are settled in different kinds of locality

- And what assets and needs characterize these households – and, relative to subsidies

SUBSIDIES VS MOBILITY?

Subsidies mostly go to the people in place, with or without waiting list status

Subsidies don't help migrants till long after it has already settled

The unemployed moving around to chase the job market need **short to medium term housing options** –

- They rarely qualify for subsidy access
- They take the informal route through the shacks instead
- *Conventional subsidy may inadvertently tend to exclude the main population served by urban informal housing –*
- ***This is mobile work-seekers, mainly youth, mainly male***
- *The critical point is when they try to access the central city zones with highest job density*

DEFINITIONS?

Constituencies? Category of people with an interest in given kind of housing/ human settlement, in given kind of location, who would be likely to take action to obtain that kind of housing and that kind of place –

Functionality? What given kind of function does given place have for given category of poor people?

URBAN MOVEMENT CYCLES AROUND THE LABOUR MARKET ?

Housing need is a moving target –

- Risk of not getting the *right product* into the *critical locations* for the key **constituencies?**

Unemployed youth are the most critical constituency

- Subsidies don't usually help them
- Shelter need depends on where individual has got to in life cycle –

Unemployed youth come into **central cities to look for work** as singles or new couples –

They try the central zone, highest job density

As they get more job information, **rural-born in-migrants disperse outward**

- *Moving toward jobs in the outer concentrations*

Check out settlement functionality from the data –

LIVELIHOODS VS LOCATION?

*Most live on insecure temporary jobs indefinitely – labour casualization impacts mean **no marriage, no family household till find regular job***

- No family household formation till job is secured means **delay in permanent housing demand**

Unemployed work-seekers need ultra-cheap, immediate-access **informal shelter first, then family housing later**

- *And further out – the peripheries are the informal suburbs*
- And, central zone job market will eventually saturate
- Quicker, if too much permanent housing is introduced to zone where natural climax vegetation is informal rentals

Wrong mix of shelter can stop employment-seeking demographic flow in and out, how cities breathe

WHERE TO UPGRADE?

How to target upgrading to include the unemployed?

- **Periphery shacks can usually upgrade** into permanent owned housing
 - ***The peripheries function as the informal suburbs***
 - Owned housing there is mostly good, if it has very low prices and running costs –
 - Even so, the semi-employed may struggle to afford subsidy housing
- But the **central-zone shacks** probably mainly want to upgrade by **incentivizing ultra-low-cost informal rental stock**
 - No formal delivery, ownership or rental, can be *fast enough and cheap enough to meet the need of the unemployed*
 - **Formal delivery may be exclusionary** for the semi-employed in informal housing
 - **Who can't take on permanent housing yet**, because people's lives aren't yet ready for to afford it –

TO QUESTION COMPACTION?

Addressing informal means **reviewing the spatial question in the cities –**

How to square the circle for well-located land?

While still allowing the cities to breathe population in and out?

A life cycle in the labour market can mean cheap, rough **informal accommodation in the central city to start**

Followed by semi/permanent **family shelter on the periphery**, RDP or informal, far from the central zone and marginalized

Dealing with this dichotomy means questioning the principles of urban compaction

*And then **moving the peripheries closer to the central city***

MOVING THE PERIPHERY

Recent comparative work (Angel et al 2011) across 130 major world cities argues that **compaction rarely works**

Over time, most cities naturally tend to de-densify

- People move from the core to the outside

Forcing ultra-concentration in the core zone also results in **high, distorted property prices**

- Pushing out poor rural-born work-seekers through the action of the market

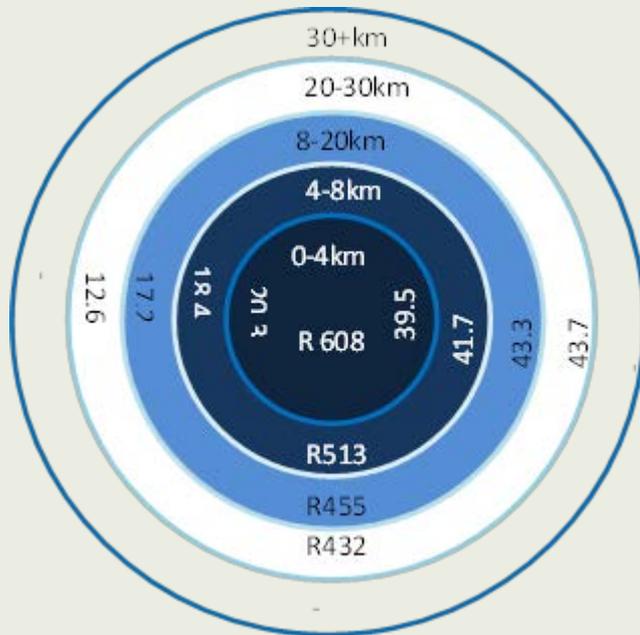
Angel et al argue that informal settlements are so dense that they can support additional transport provision

The metro periphery can be moved inward with the right transport delivery

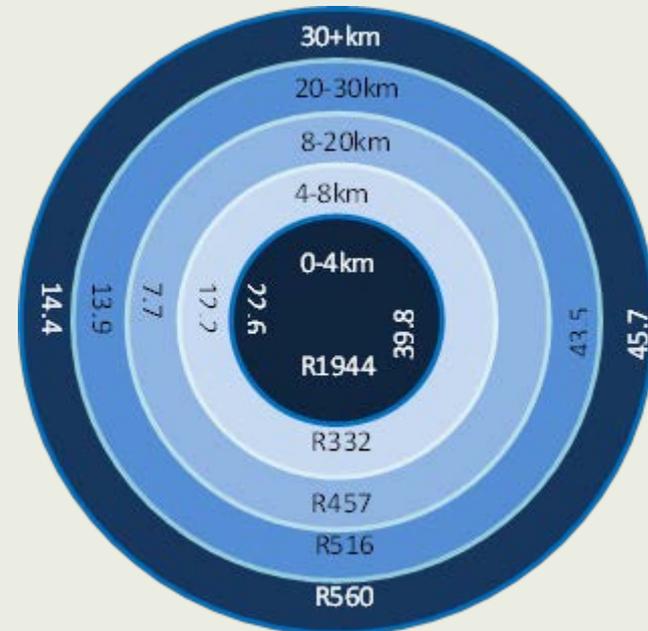
Transport can sharply expand the sphere of well-located land

SPATIAL GRADIENT

EKHURHULENI

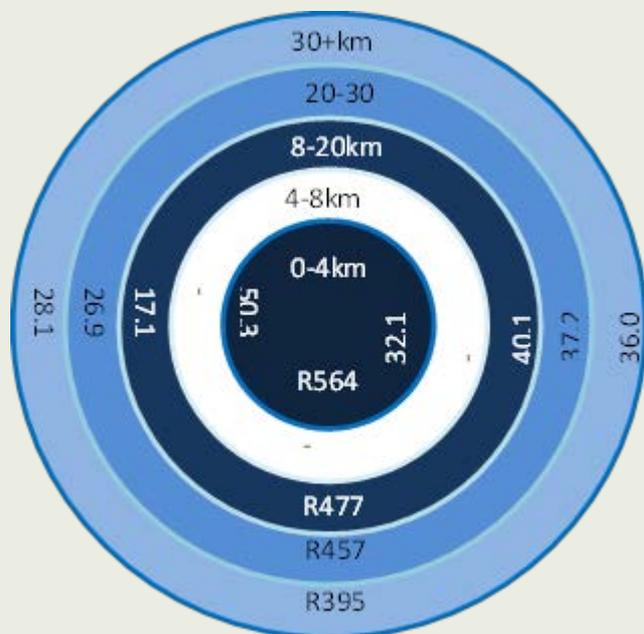


JOHANNESBURG

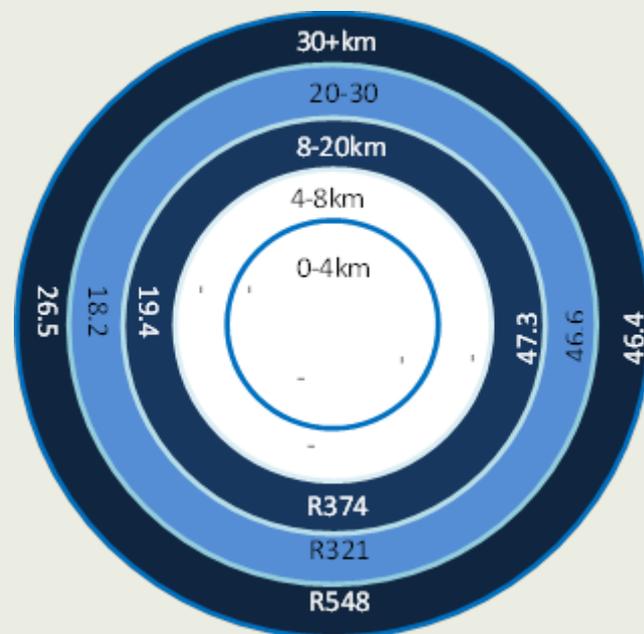


SPATIAL GRADIENT

TSHWANE

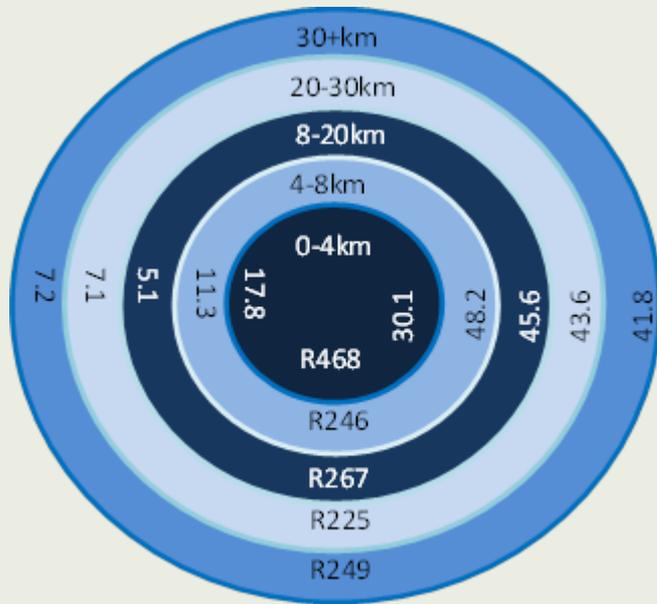


CAPE TOWN

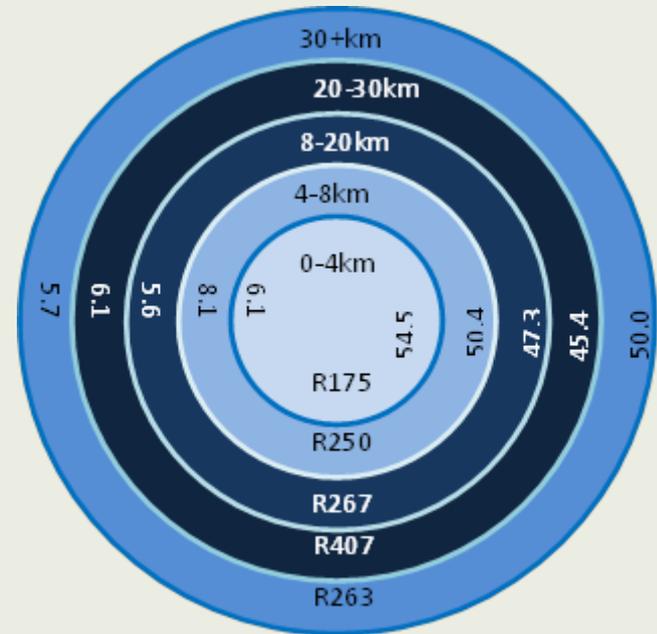


SPATIAL GRADIENT

ETHEKWINI



BUFFALO



LOOKING FORWARD?

What comes out of this that can help with funding spatial planning of delivery, vs unemployment?

- ***Not all cities are the same for their spatial job market structures***
 - Can't apply one-spot-fits-all thinking
- *Principle now is, recipient of subsidised housing stays in that house for years*
- And youth recipients usually do – housing is valuable, not miss the chance
- But **then also stay jobless** because there is no subsidy housing in the jobs maximisation zone, can't afford search
- ***Serial temp? Often then run out of money, sell cheap and return to rural –***

CONSEQUENCES?

*If this is the path, jobless youth **stay jobless and excluded life-long***

- Pinned in one place, **they miss their window of opportunity** in the labour market –
- And become too old for the job market
- Then are **unable to marry**, and derailed from the route to family and normal life

This is the outcome that the **subsidy should be structured to prevent** – the demographic anti-dividend

- The challenge is about **affording job search** – these costs are **determined by location**
- *So **what is well located land**, and where should subsidy be going?*

LOCATING CONSTITUENCIES?

*Here is where the **urban movement cycle** will become critical – rural to core to periphery*

*Together with differentiating **constituencies**:*

- Need to locate **youth**, and **women**, and **married family households**
- Vs where **working poor** locate – *social housing*, excellent option for large and important constituency
 - *Though not addressed to unemployment*

To get rational spending, key need is to **get spatial targeting right**, on city by city basis

Promote the right housing/location options at the right points in human lives –

*And support **mobility**, through the **housing market***

WHAT IS GOOD LOCATION?

Well-located land? May mean taking on board the *urban periphery zone* as household destination

- *Where majority of poor people are now – national priority for poor rural migration and settlement*

Peripheries often produce the **highest incomes** for the informal poverty population anywhere

But **outer job search really is expensive and difficult** – Diepsloot qualitative speaks on this

Look closely at best application of subsidies here –

And to promote transport development and overall efficiency, move toward **densification**

- *While bearing in mind, there is no usable housing option denser than shacks*

HOW TO USE PUBLIC FINANCE?

- *Look hard at what kinds of spending will **actually impact unemployment and economic exclusion***
 - **For youth especially**, where the demographic anti-dividend is terrifying – public support costs + social rage
 - **Peripheries transport** as hurdle to get over, it's not economic in South Africa
- ***What will work? Options include?***
 - Transport build subsidy
 - Transport operating costs subsidy
 - *Job search travel subsidy*
 - Temporary accommodation facilities build, and temporary accommodation access subsidies for job search
 - *Informal housing subsidy, in right places*
- Flexible but consistent approach to **Outcome 8**

OPTIONS, CONSTRAINTS?

*Overriding priority is more urban **poverty housing**, located for **economic access***

- Owner-built, formal or informal, with *transport delivery*, as twin build priorities
- On periphery, **can upgrade shacks**, usually –
- These are areas where people can stay, as owners
- But have to move to *expand jobs access through development of transport /travel options*
- ***And watch the core zone, be careful what is done there***
- The urban core is delicate – not just for the cities, and their business communities and their investors, but for the *functionalities needed by poor migrants*

WAYS FORWARD?

- ***Metricate*** for what will cause the right outcomes, ***make it fiscally feasible***
- And **monitor city by city**
 - Not all cities are the same – need package of alternatives can apply **depending on local conditions**
- *But there may be some generalisations?*
 - **Some South African cities can go for packing the core zone, most not**
 - Watch out for **core saturation** – switch to peripheries?
 - Most periphery zones call for attention – alleviate transport costs to core but also promote local access
 - *Find means of getting behind job search in wider but thinner periphery labour market*

SUBSIDY META-GOALS?

- Beyond actual delivery? Key need for subsidy restructuring may be to focus on development of **better, closer city-level targeting** –
 - In what places to *put the subsidy for maximum impact*
 - Allowing for unfettered **household mobility**
 - And a free *housing market* at the lowest entry-level rungs of the ladder
 - More than top-down application of sweeping principles
 - It doesn't seem to work like that – spatial map of opportunity is not simple on the ground
- Through the **right spending and monitoring**, hold the balance for competing constituencies: interests of *in-migrant jobless poor* ≠ *working poor* ≠ *business interests*

THANK YOU!

Economic Performance & Development
HSRC, Pretoria
7-8 November 2012