

A research project sponsored by the FinMark Trust, Ford Foundation, Micro Finance Regulatory Council / USAID, South African National Treasury and the National Housing Finance Corporation.

WHY A FOCUS ON SECONDARY MARKETS?

Why is it important for housing markets to work well? At a presentation made by the TRPM research team to the SA National Treasury, Andrew Donaldson, Deputy Director General: Public Finance said there were three main reasons:

First, when housing markets work well, then people can use the collateral value of their houses to access loan finance. This finance might be used to build their home further, to establish or grow a business, or for any other purpose. The TRPM study shows us that this important economic opportunity is largely denied to people who live in townships. And township residents don't have access to the credit markets that they would otherwise have.

The single most powerful instrument of collateralized credit is owner-occupied property. The inability of township households to access credit is an important disempowering consequence of township markets that don't work.

Second, when housing markets don't work well, people who do have to sell their housing for whatever reason end up suffering a loss as a result of the deficiency of markets. Of course, this consequence is not limited to township markets -- up market properties can also suffer from negative equity which is closely related to the functionality of the market. The TRPM study shows serious deficiencies in the functionality of the property market in townships - and this is in contrast to much of the rest of South Africa, where the property boom is seeing values increasing sharply.

Third, a functioning secondary property market contributes to mobility, and this makes it easier for people to move nearer to where they work, to find homes that have more utility value for them, or to move for

whatever reason. When they are unable to move closer to where they need to be, households end up spending more money and time on transport, and this has a range of negative consequences.

It is encouraging that the new housing strategy announced by Minister Sisulu on 2 September 2004, addresses the functionality of housing markets. Hopefully, the segregation that currently characterizes market performance will soon be overcome.

Kecia Rust - TRPM Coordinator

LINKAGE: LEAP



The Legal Entity Assessment Project (LEAP) was established in 1999 in response to widespread concerns about the functioning of communal property associations and land trusts.

LEAP asserts that the legal framework should enable the creation of a coherent state supported land administration system. The system should accommodate both individual and communal property systems and overlaps between the two, in order to secure the multiple range of property rights held by individuals, families and groups.

LEAP defines secure tenure as being is about

- Defendable rights and enforceable duties to property, and the benefits flowing from it.
- Rules, procedures and systems for managing these property rights and duties.

Secure tenure requires an effective land administration system, which establishes:

- Clarity about who holds what rights where.
- Clear, known and used processes of application, transfer, adjudication, recording and land use regulation.

- Clarity about where authority in these processes resides, that it is not disputed and that it is known and used.

Further, a secure tenure system requires:

- That these processes do not discriminate unfairly against any person or group.
- That there are accessible, known and used places to go for recourse in terms of these processes.
- That there is not a contradictory gap between law and practice in terms of these processes.
- That people living in communal systems of land administration have the same benefits and services do people living in other systems of land administration.

LEAP has entered its fourth phase of work. In this phase, it is developing a conceptual framework to explore the relations between tenure and development in individual and communal, rural and urban situations, and the space between. It will set up partnerships for research fieldwork and pilot initiatives, and will establish a core group drawn from different provinces of South Africa to reflect on and share learning.

For more information go to www.leap.org.za or email Lisa del Grande constructive@wol.co.za.

FORTHCOMING EVENTS

LEAP and the KwaZulu Natal Provincial Planning and Development Commission is holding a symposium entitled "Aligning development planning with communal tenure arrangements - in context of changing legislation". Date: 9 September 2004. Venue: Victoria Country Club in Pietermaritzburg. For more info contact midnet@wn.apc.org or Tel 033-394-3584.

The Institute for Housing Southern Africa (IHSA) next annual conference "Housing in the Next Decade: Quo Vadis?" From 3-6 Oct 2004 in Cape Town. For information contact John Hopkins, ihsawp@absamail.co.za or Tel (021) 987 7950.

NEWS FLASH: The TRPM website has been updated with new documents!