

## The solution to informal settlements



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July 19, 2024

On hearing that I do work related to informal settlements, someone asked me yesterday: “What is the solution to informal settlements?”. I would never be so presumptuous to say that I have a solution (and apologies if you clicked on this article thinking you would find one), but it did start an interesting discussion and clarified some of my own thoughts.

Even beginning to think about a solution to informal settlements depends on why one thinks informal settlements exist. My own view is that informal settlements exist because of structural poverty and inequality that exists with a context of privatized land rights. They are therefore primarily a symptom of an economic problem. ‘Solving’ informal settlements begins with economic growth and redistribution – put simply: people having more money for shelter. Secondly, informal settlements exist because access to land close to areas of opportunity (informal settlements proliferate in cities; the bigger the city, the more informal settlements) is governed by the property

market. Land in cities is too expensive for people to buy. Thirdly, access to formal services (water, sanitation, electricity, roads) is generally linked to formal properties, so if you can't buy land or rent in a formal area, you can't easily access formal services. All of these issues combine, together with building norms and standards, to restrict the supply of affordable housing in cities.

In addition to a vague notion of 'economic development', what else can then be done about informal settlements? We have learned through experience that South Africa cannot afford to build our way out of the problem through state-funded housing projects – in most, if not all South African cities, there are more informal settlement dwellings now than when the formal housing programme began in 1994. One radical option would be the elimination of the private property market through the nationalization of land. I don't subscribe to this approach, given the types of incentives and efficiencies that a private land market provides. Instead, we need to find ways to increase the supply and decrease the cost of land and services in cities. People need services and land, not houses. Informal settlements themselves are evidence of the resourcefulness and ability of even the poorest residents to provide their own shelters and improve these over time.

Increasing the supply and decreasing the cost of serviced land can happen through a number of government policy choices. Those that I believe would be most impactful would be to:

- Develop and release (subsidised or at cost), serviced land instead of formal houses. Known as 'managed land settlement, this is not a new concept and [has been piloted and proposed in a few places](#).
- Rapidly regularise ownership in existing informal settlements, providing individual tenure to demarcated stands: this is difficult to do given localized politics around occupancy, ownership and the verification thereof. It also makes sense to do this simultaneously with ['re-blocking'](#) to facilitate service provision which adds to the time taken to do this, given the need to de-densify settlements and move structures in a participatory and non-forceful manner.
- Facilitate and actively encourage [small-scale private rental](#) through the reduction of administrative barriers.
- Reduce building standards and minimum plot sizes/maximum densities in both private and public development.

There is no silver bullet solution to informal settlements. They will be with us for as long as the pre-conditions for their establishment exist. However, a pro-active policy approach can start to make inroads to improve the living conditions of some of the most marginalised residents of our cities.