

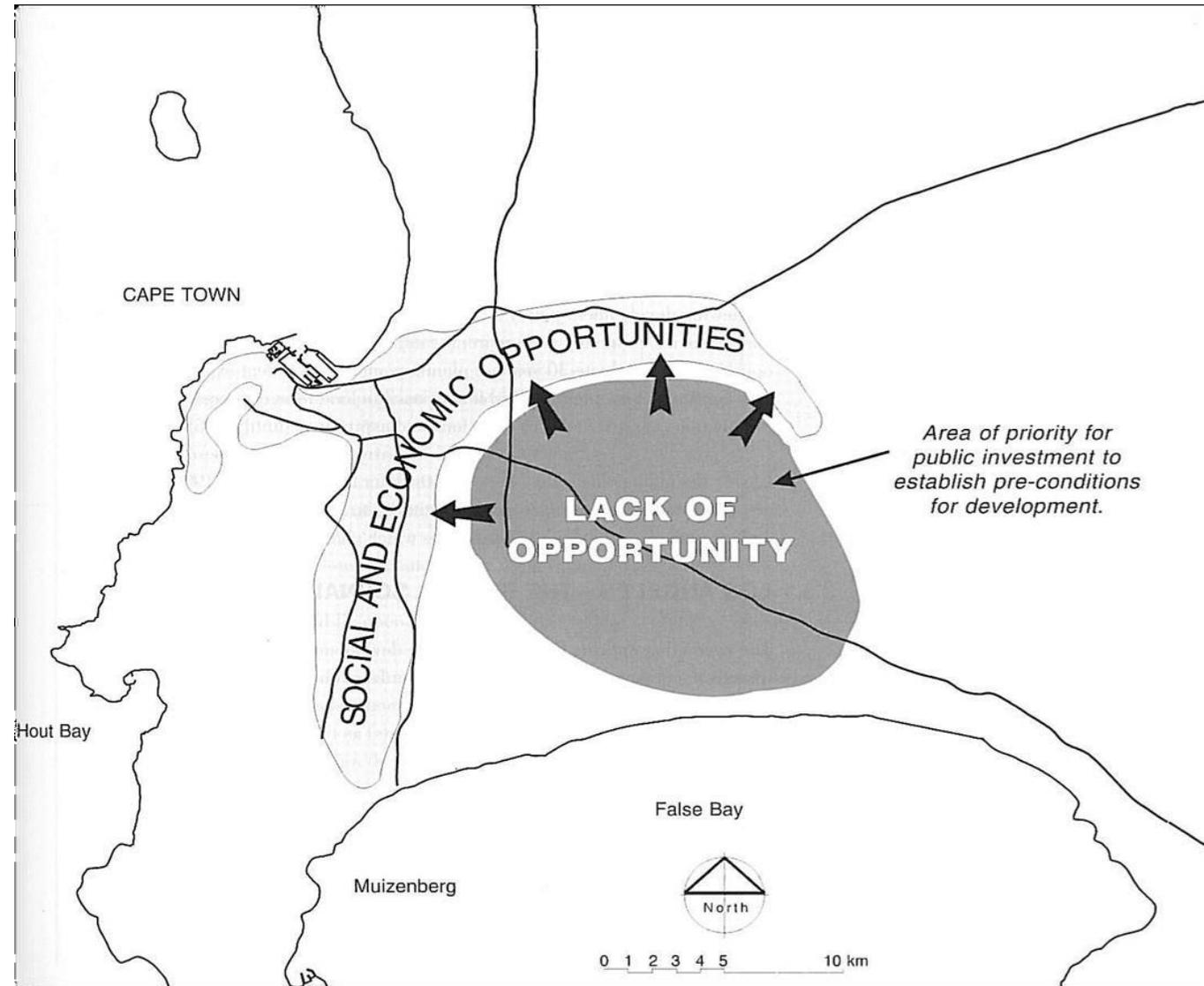
The property regime and divided cities: A research agenda



Prof Ivan Turok

NRF Chair City-Region Economies
University of the Free State &
Human Sciences Research Council

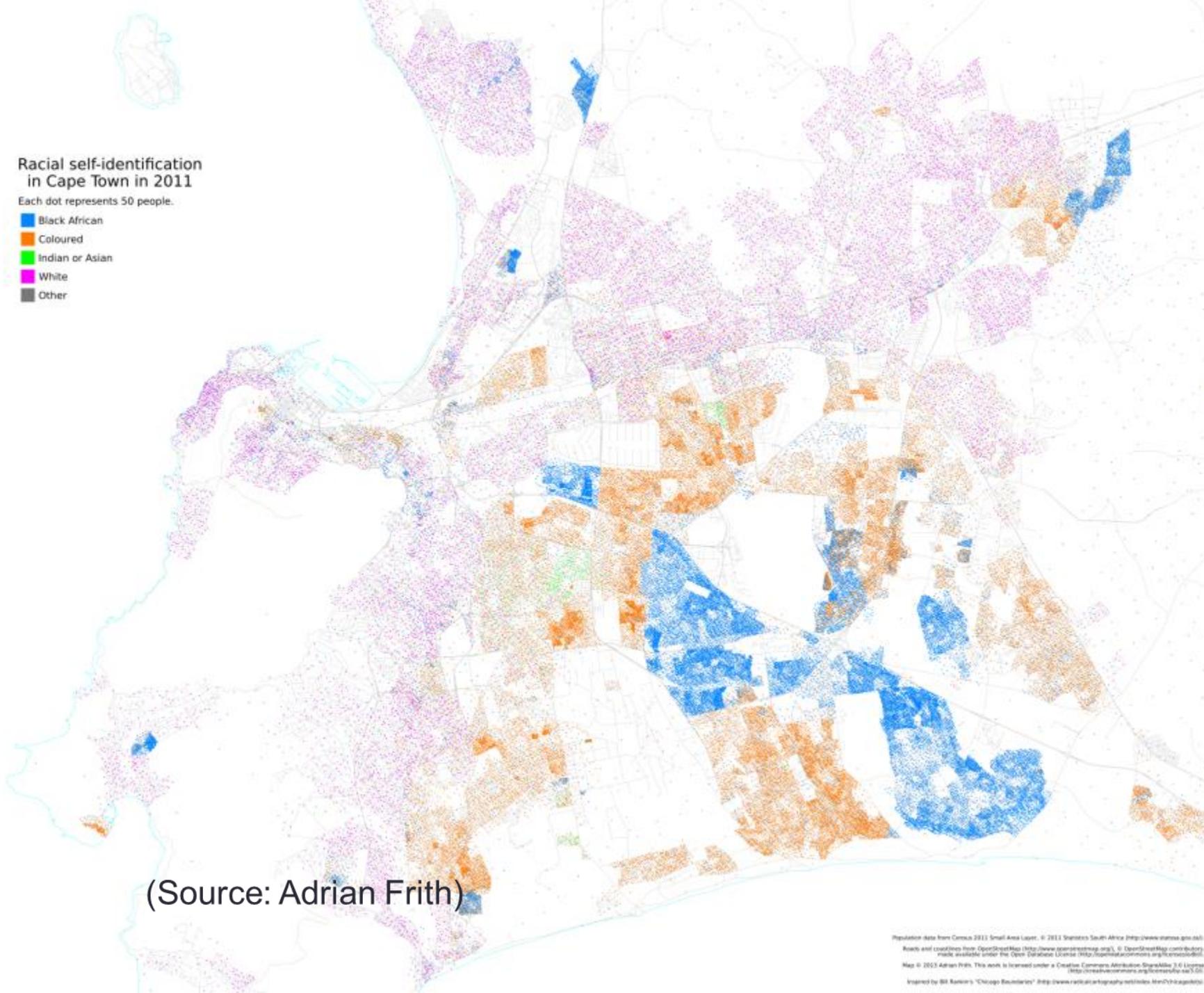
Areas of Opportunity vs Poverty Traps



Racial self-identification in Cape Town in 2011

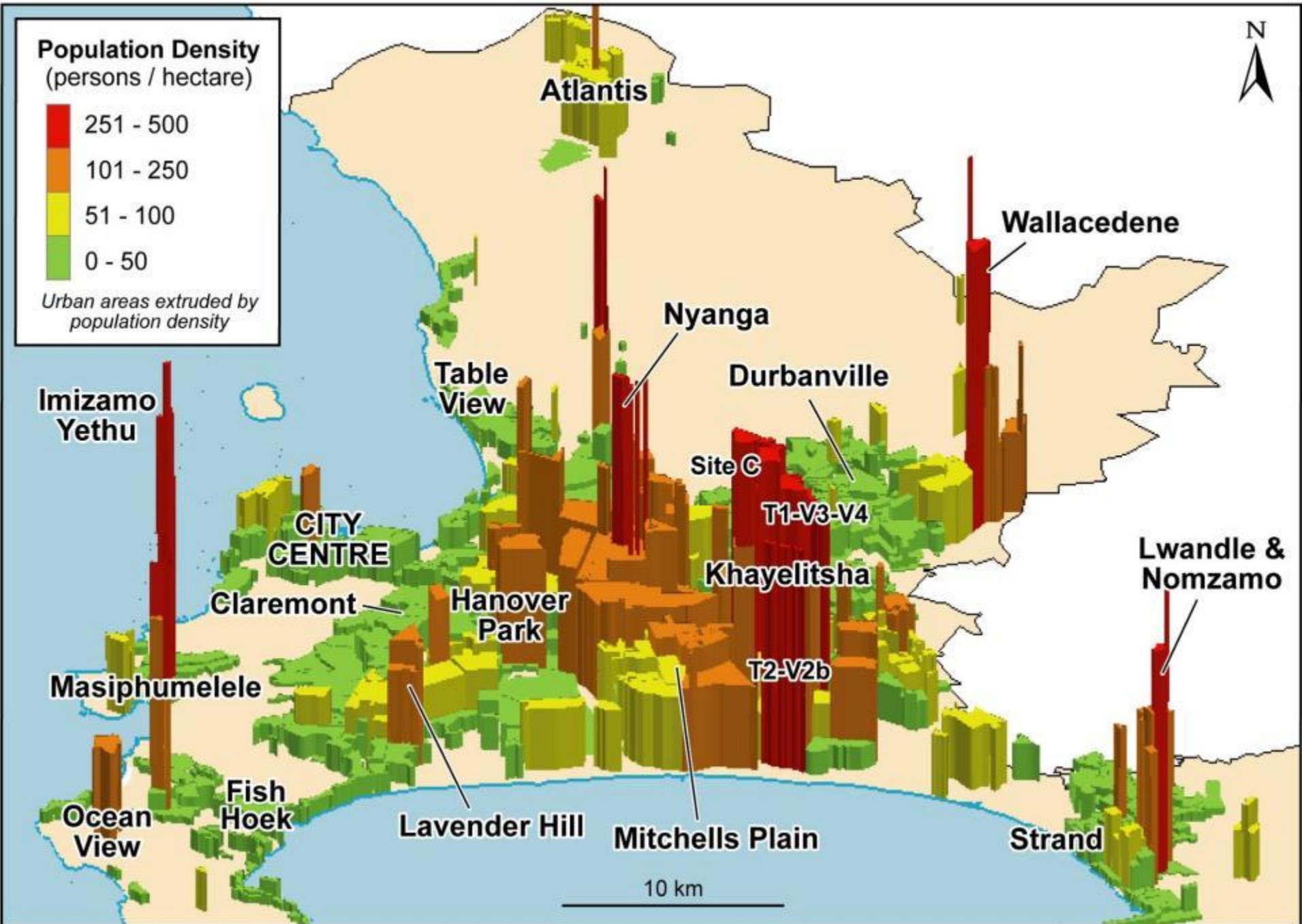
Each dot represents 50 people.

- Black African
- Coloured
- Indian or Asian
- White
- Other



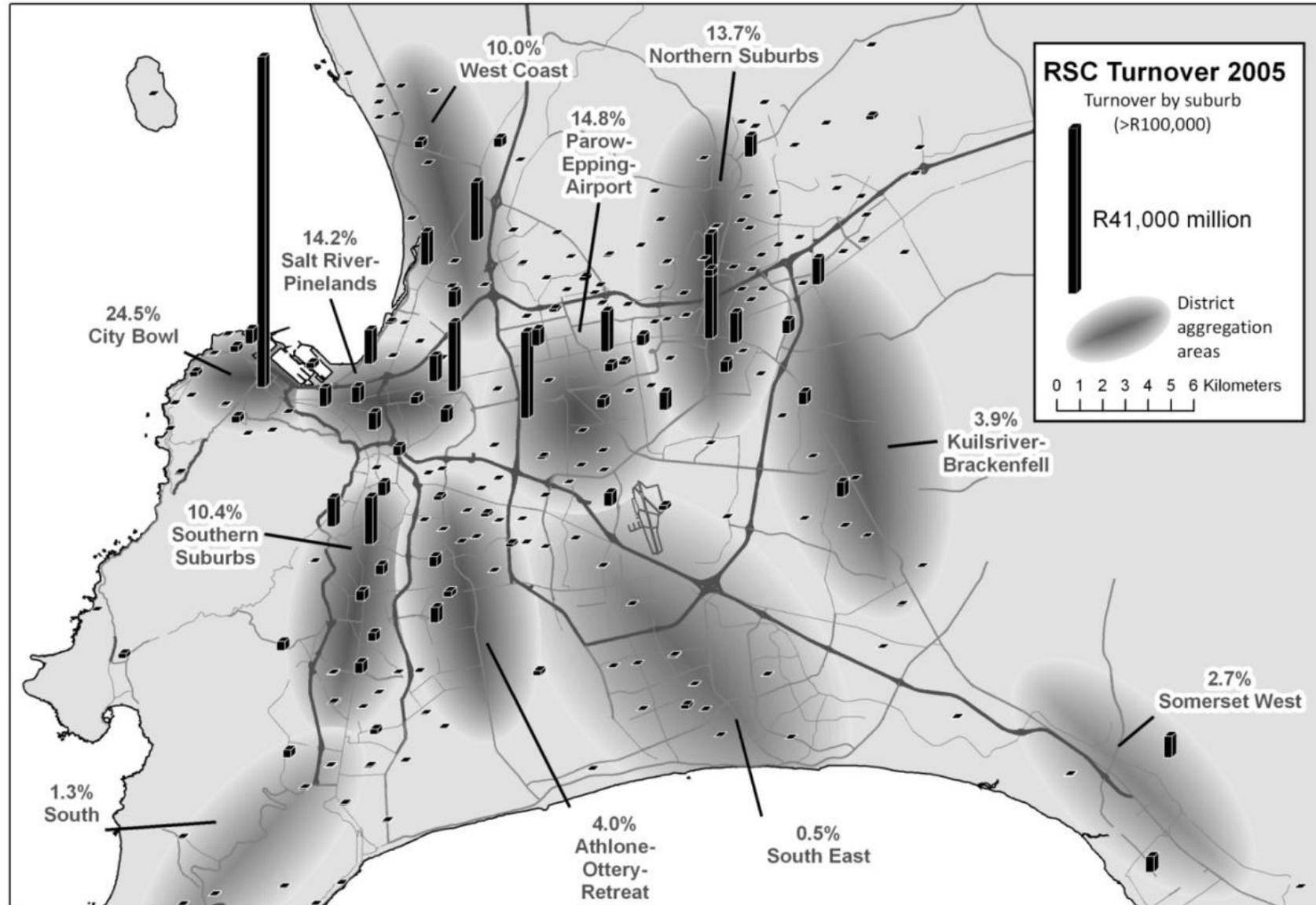
(Source: Adrian Frith)





Location of formal economic activity

(Source: Sinclair-Smith and Turok 2012)



Socio-economic conditions

Suburbs

- High education levels
- High employment rates
- High incomes
- Asset rich
- High investment
- Decent public services
- Good private services (e.g. schools, health, security)
- Diverse amenities
- Low crime

Townships & Informal Settlements

- Middle-low education levels
- Middle-low employment rates
- Middle-low incomes
- Middle-low asset
- Low investment
- Poor public services
- Limited private services
- Poor amenities
- High crime & vandalism
- Overcrowded/stressed environments

Property regime

Suburbs

Townships & Informal Settlements

- Planning & building controls
- Property register
- Valuation
- Administration
- Tax base
- Tax yield
- Capital investment
- Operational spend

- High compliance
- Very good
- Good
- Good
- Strong
- High
- High
- High

- Laissez-faire
- Patchy & out-dated
- Patchy & out-dated
- Uneven & reactive
- ? Weak
- ? Low
- ? Variable
- ? Variable

Examples of informality: Backyard rental



Block of flats on sale for \$150,000



Examples of informality: Land invasions/occupations



Two main approaches

1. Highly redistributive cities - risk bankruptcy
2. Low redistribution cities - risk social instability

Can an improved property regime promote inclusive growth?

Land value sharing for inclusion in affluent areas

Land value creation in townships

Land value creation in townships – need a systemic view

- 1. More evidence and transparency**
- 2. Apply the Property Tax Diagnostic Manual**
- 3. Streamlined regulatory procedures for planning & building controls**
- 4. Streamlined systems to update land register**
- 5. Simplified systems to provide security of tenure & title deeds**
- 6. Housing support centres to provide technical advice and signposting**
- 7. Basic property tax**
- 8. Earmarked funding for local services & infrastructure upgrades**