

**UNIVERSITY OF KWAZULU NATAL**

**Government intervention and the use of the house for income generation in  
informal settlements: A case of Cato Crest, eThekweni Municipality.**

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## Abstract

This dissertation investigates how the upgrading of informal settlements impacts home-based enterprises (HBEs). De Soto's 'Mystery of Capital Theory' suggests that the formalisation of tenure rights, through informal settlement upgrading, can result in poor households gaining access to capital using their houses as collateral against loans. Furthermore, these households can then use this capital to finance the operations of their HBEs. Rust's conceptualisation of the 'Housing Asset Triangle' explains the importance of HBEs in the lives informal settlement households as an economic asset. Thus, the lack of support for HBEs in the implementation of informal settlement upgrading, by municipal officials, impacts negatively on HBEs, and demonstrates Huntington's 'Clash of Civilisations' Theory. Huntington states that when state officials implement informal settlement upgrading, disagreements arise between the officials and the beneficiaries of upgrading, in terms of the objectives and the results of upgrading, stemming mainly from the fact that the state officials and the beneficiaries belong to different civilisations.

The researcher uses Cato Crest located in eThekweni Municipality as the case study area, where interviews were conducted with the municipal housing officials that implemented the in-situ upgrade in Cato Crest, using the Informal Settlement Upgrading Programme (ISUP) of the Breaking New Ground (BNG): Housing Policy. Household surveys were also conducted with the Cato Crest households that operated HBEs in the upgraded settlement, who had also done so in the informal settlement prior to the upgrade. The researcher found that HBEs in Cato Crest informal settlements are heavily dependent foot paths, for customers, used by people walking through the settlement. However, the upgraded settlement has lower housing densities than the informal settlement and the foot paths are replaced by road-side pavements. Only the businesses trading from containers located on the road-side survive, as customers using the roads and pavements stop easily to purchase goods. As a result, HBEs suffer and are unable to attract customers anymore and re-establishing HBEs in the upgraded settlement becomes a useless task as only businesses trading from the road-side are successful in the Cato Crest upgraded settlement. Trading from the road-side requires moving the HBE out of the house and into a road-side container, where the latter needs to be purchased by the household in order to take advantage of customers using the roads and pavements. This process proved to be too expensive for poor households operating HBEs in Cato Crest. HBEs are an important income generation strategy for Cato Crest households, and the upgrading of their informal settlement creates a better living

environment for these households. However, the inability to continue generating an income using the house in the upgraded settlement creates a harsh environment for households that depend on HBEs for survival. Based on the findings of this study, the recommendations for the future implementation of informal settlement upgrading are that there is a need for a more collaborative effort between municipal housing officials, the Business Support Unit of the eThekweni Municipality, the Local Economic Development Offices, as well as households operating HBEs. More research of the phenomenon of HBEs in informal settlements of any particular area to be upgraded should be conducted. Thereafter, the implementation of HBE accommodating and fitting upgrading plans to each settlement, needs to be carried out by the upgrading officials, so that the upgraded settlement does not only give people access to housing and infrastructure, but creates an environment where they can continue using their houses for income generation in the upgraded settlement.

## **Declaration**

I, Ziphozonke Mnguni, hereby confirm that all the information contained in this research report is my own work, and where work, ideas or concepts have been taken or adopted from other authors, these have been rightfully acknowledged. This research report has not been previously submitted to the School of Architecture, Planning and Housing or any other body for any purposes.

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## Table of Contents

Abstract.....	i
Declaration.....	iii
Acknowledgements.....	iv
1. Chapter One: Research Introduction.....	1
1.1 Background .....	1
1.2 Problem Statement.....	3
1.3 Objectives of study .....	5
1.4 Research question and subsidiary questions.....	6
1.4.1 Research question .....	6
1.4.2 Subsidiary questions .....	6
1.5 Motivation for the study.....	6
1.6 Definition of key concepts .....	9
1.6.1 Informal settlements .....	9
1.6.2 Informal settlement upgrading.....	9
1.6.3 Home-based enterprises (HBEs) .....	10
1.7 Research methodology .....	11
1.7.1 Secondary data sources .....	11
1.7.2 Primary data sources .....	12
1.7.3 Data analysis .....	15
1.8 Structure of dissertation .....	15
2. Chapter Two: Theoretical and Conceptual Framework.....	17
2.1 Introduction .....	17
2.2 Principal Theories.....	17
2.2.1 The Mystery of Capital Theory.....	17
2.2.2 The Housing Asset Triangle.....	21
2.2.3 The Clash of Civilisations.....	25

2.3 Housing policy and the South African Informal Settlements Upgrading Programme .....	28
2.3.1 The history of informal settlement intervention by governments.....	28
2.3.2 South African experience of informal settlements upgrading and its impact on HBEs.....	31
2.3.3 International experience of informal settlements upgrading and its impact on HBEs.....	34
2.4 Chapter summary .....	36
Chapter 3: Background to case study area, upgrading and HBEs in Cato Crest .....	38
3.1 Introduction .....	38
3.2 The Informal Settlements Upgrading Process in Cato Manor .....	42
3.3 The existence of home-based entrepreneurship in Cato Crest.....	45
Chapter 4: Presentation and Analysis of Primary Data.....	48
4.1 Introduction.....	48
4.1.1 Data analysis .....	49
4.2 The process of informal settlements upgrading in the Cato Crest Slum Clearance Housing Project .....	50
4.3 Officials versus beneficiaries understanding of how upgrading impacts HBEs in Cato Crest.....	57
4.4 Officials' perceptions and the realities of HBEs in Cato Crest.....	62
4.5 Support systems for home-based enterprises in Cato Crest.....	68
4.6 Illustrations of surviving HBEs that have transferred from the informal settlements to upgraded settlements in Cato Crest.....	68
4.7 Chapter summary .....	70
Chapter 5: Conclusion and recommendations .....	73
References .....	77
Appendix A.....	88

## **List of Tables**

Table 1: Synopsis of the research methodology.....	14
Table 2: Municipal officials' knowledge of the types of businesses in Cato Manor.....	63
Table 3: Surveyed home-based enterprises in Cato Crest.....	67

## **List of Diagrams**

Diagram 1: The Housing Asset Triangle.....	22
Diagram 2: The 'ladder' of Local Economic Development opportunities in Cato Manor.....	47

## **List of Maps**

Map 1: Cato Crest in relation to eThekweni Municipal Boundary.....	41
Map 2: Cato Crest Slum Clearance Housing Project.....	44



## **Abbreviations**

ABC:	Area Based Committees
ABM:	Area Based Management
ANC:	African National Congress
BNG:	Breaking New Ground
CBD	Central Business District
CBO:	Community Based Organisation
CCSHP:	Cato Crest Slum Clearance Housing Project
CLO:	Community Liaison Officer
CMDA:	Cato Manor Development Association
CMDP:	Cato Manor Development Project
CWS:	Cities Without Slums
DAG:	Development Action Group
HBE:	Home-based enterprise
HWP:	Housing White Paper
ICC:	International Convention Centre
ISUP:	Informal Settlements Upgrading Programme
KENSUP:	Kenya Slum Upgrading Programme
KIP:	Kampung Improvement Project
LED:	Local Economic Development
LRC:	Legal Resources Centre
MIT:	Massachusetts Institute of Technology
NDoH:	National Department of Housing

NDoHS:	National Department of Human Settlements
NIP:	Neighbourhood Improvement Plans
PMU:	Project Management Unit
RDP:	Reconstruction and Development Programme
SCA:	Social Compact Agreement

# **1. Chapter One: Research Introduction**

## **1.1 Background**

International housing policies have been evolving throughout history up to the present day, adapting to the changing housing situation of increased rural-urban migration, which has led to migrant labourers erecting informal settlements in urban areas as they find that they are unable to afford the inner city accommodation. Researchers such as John F.C. Turner a London Born Architect by profession and well known pioneer in housing development, among others, have also been instrumental in aiding the development of progressive housing policies. Turner conducted work in the squatter settlements of Peru from 1957 to 1965. During this period of working in the squatter settlements of Peru, Turner became convinced of the capabilities of people's efforts to build housing for themselves, and subsequently with low-income communities in other developing countries. He used the interpretations of these experiences while teaching and writing at the Massachusetts Institute of Technology (MIT), and later at the Development Planning Unit and the Architectural Association in London and in presentations at international conferences. The lessons that Turner learned from Peru and other developing country informal settlements later influenced Turner's philosophy, concepts and methods on housing and community development. These then contributed to the creation of a new paradigm and strongly influenced a generation of students who went on to practice as community activists, consultants and as staff at development institutions, including the World Bank. In the 1970s Turners' ideas influenced the World Bank into initiating major sites-and-services and informal settlement upgrading projects in developing countries (Turner, n.d.). Today, the form of intervention in informal settlements implemented by the South African government is known as the Informal Settlement Upgrading Programme (ISUP) of the *Breaking New Ground* (BNG): Comprehensive Plan for Housing Delivery of 2004.

The ISUP aims to extend security of tenure to informal settlement households by developing a government subsidised formal house, aimed at eradicating people's lack of access to capital, as advocated for by Hernando De Soto a Peruvian Economist in a book titled "The Mystery of Capital". De Soto writes about how poverty in third world cities can be overcome by the poor if they are able to use the assets they hold informally for wealth creation. In making this point, De Soto highlighted the fact that poor people in the informal settlements of developing countries do not lack entrepreneurial energy or assets, which they hold in the form of shelter, home-based enterprises (HBEs) and other forms. In informal settlements ownership is governed by a system of informally evolved and acknowledged property rights

by households in the informal settlements. De Soto coined the term 'Dead Capital', which refers to the assets that the poor hold but are unable to obtain legal recognition for and therefore, cannot then use these assets as collateral against bank loans in order to gain capital. This poses a problem for the poor because if obtained, such capital could be used by the urban poor households to improve their socio-economic status. However, it is unfortunate that informal assets are not recognised by financial institutions, this stunts the growth of home-based enterprises in informal settlements (De Soto, 2004). This is not to say that urban poor households are unable to generate an income each day in informal settlements using the house.

The use of the house for income generation in informal settlements is an economic livelihood strategy practiced daily by people who live in informal settlements in order to survive. Households that run HBEs in informal settlements do so as a solution to the problems of the high levels of unemployment and a lack of sufficient funds to set up enterprises in the formal sector (Kigochie, 2001). In informal settlements there are a large number of HBEs which are survivalist in nature, such as the sale of cooked food and tuck shops that sell daily necessities, and they continue to increase in number (Gilbert, 1988; Sinai, 1998 cited in Kigochie, 2001). The informal dwelling can be very accommodating in terms of providing operational space for all sorts of economic activities, which can be grouped into different sectors such as retail/ commercial sector (grocery stores, butcheries, fruit and vegetable stores, paraffin to power paraffin stoves used for cooking and heating water), manufacturing (clothes sewing, carpentry, shoe repairs) and other (hair salon, beer halls) etc. It is important to highlight that the list of activities, above, is non-exhaustive as there are many more activities (Kigochie, 2001).

The new Democratic Government of South Africa has since 1994 developed and implemented various housing policies in an attempt to tackle the issue of informal settlements in the country's urban areas. At the beginning of their rule in 1994 the democratic South African Government inherited many problems from the previous Apartheid Regime, which included many people living in informal settlements. The government set out ways in which to deal with these problems, one of the ways was to tackle the housing problem using a policy document titled the Housing White Paper (HWP) of 1994: A New Housing Policy and Strategy for South Africa. The HWP acknowledged the presence of informal settlements in South Africa, but fell short of any mention of intervention strategies related to informal settlements.

After a decade of very little progress into the eradication of informal settlements in South African Cities, the country's National Department of Housing (NDoH) in 2004 introduced a new National Housing Policy that would strategically deal with informal settlements among other housing issues. The new policy was based on the experiences and lessons learned from the 1994 HWP which, in the context of informal settlements constituted an unspecified intervention strategy. The HWP mainly focused on the provision of Reconstruction and Development Programme (RDP) housing which, as was thought at the time, would replace informal settlements. The 2004 Policy, entitled the Breaking New Ground (BNG): Comprehensive Plan for Housing Delivery, encompassed a refinement of previous policy and included seven programmes for housing delivery, the fourth of which is the ISUP. The programme has a dedicated subsidy mechanism, to comprehensively convert informal settlements into sustainable human settlements (Huchzemeyer et al, 2006). The ISUP was to be implemented by municipalities which would commence with nine pilot projects, with one project in each province building up to full programme implementation status by 2007/08 (Department of Housing, 2004). This dissertation critically evaluates the impact of informal settlements upgrading on the use of the house for income generation, a practice that was common among households in the Cato Crest informal settlement. Such evaluation is done with a view to highlighting failures and successes of the ISUP in terms of the programme's impact on HBEs. The dissertation makes recommendations for future implementation of the ISUP that would ensure that the uses of the house for income generation are impacted positively by the upgrading of informal settlements.

## **1.2 Problem Statement**

The South African Cities Network (2004) cited in Misselhorn (2008) notes that a quarter of the 22 million South Africans that live in major urban centres live in informal settlements. Governments have continuously engaged in efforts to right this wrong, but many people continue to live in extreme levels of poverty without access to basic services. An intervention strategy of the South African government since 1994 has been to engage in extensive subsidised housing delivery, as well as giving developmental attention to the plight of informal settlements, however informal settlements continue to grow persistently (Huchzemeyer et al, 2006). The outcome of the massive roll-out of RDP housing since 1994 did not meet the growing housing demand and hence did not manage to curtail the persistent growth of informal settlements. In light of such persistent growth, the South African National Department of Housing in 2004 developed the BNG Housing Policy, which was to address the policy gaps associated with the first post-apartheid housing policy

namely the Housing White Paper of 1994. The Informal Settlement Upgrading Programme (ISUP) of the BNG attempts to deal directly with informal settlements by focusing on providing basic services as well as subsidised housing. The implementation strategy of the HWP was tantamount to the circumvention of informal settlements upgrading by officials and rather prioritising the RDP housing approach, as it was easier to implement. The ISUP of the BNG advocates for the upgrading of informal settlements whilst being mindful of achieving this with minimal disruption to the livelihoods of the community. A level of consultation is encouraged by the department which is a chance for beneficiaries to voice their more pertinent needs, as a way of empowering beneficiaries through community participation in the decision making processes, involvement in the development of community facilities as well as alternative forms of tenure (Department of Housing, 2004). It is therefore evident that the BNG and its subsequent policy documents, such as the National Housing Code of 2009, have seemingly well thought-out implementation procedures for informal settlements intervention.

There are lessons to be learned so far from the experiences of the ISUP. These are recorded in, among others, published reports by development agencies such as the Development Action Group (DAG), researchers such as Mark Misselhorn who is the Chief Executive Officer of Project Preparation Trust and in books written by authors such as Marie Huchzemeyer an academic who has researched and published extensively on informal settlements over the past 10 years. Such lessons suggest, that in an ideal situation, informal settlements upgrading should be an intervention that takes place with minimal disruption to the residents' livelihoods. Thus, the aim of informal settlements upgrading should be to incorporate, preserve and even enhance where possible, the existing livelihood strategies of informal settlement households. If this principle is applied in Cato Crest, which is the study area chosen for this dissertation as well as elsewhere in South Africa, it would mean that the implementers of the upgrading policy (the Municipalities) would need to recognise that there are established livelihood strategies within informal settlements. These livelihood strategies are practiced by informal settlement households, and some households have been doing so for long periods of time, especially in older informal settlements. These livelihood strategies need to be preserved in the best way possible when the upgrading of informal settlements occurs. High unemployment rates in cities reflect the failure of the city to absorb the poor into the formal sectors of employment; thus the informal sector acts as a cushion which catches and caters for the increasing number of poor people in urban areas.

A large number of the urban poor who cannot secure formal work in cities rely on informal livelihood strategies which provide a crucial safety net and make it possible for them to survive on a daily basis (Ghazali, 2002). Many such livelihood strategies are practiced in informal settlements, most informal settlement households practise some sort of income generation activity, such as HBEs, which are the focus of this dissertation. The main types of employment opportunities within the informal settlements are largely informal, with people setting up tuck/ spaza shops, shebeens and selling cooked food (Huchzemeyer et al, 2006). The point of view adopted in this dissertation is one which argues that implementation of informal settlements upgrading should only be deemed successful if, amongst other requirements, it has been mindful and accommodating of the existing income generation activities of households, and whether such households are able to carry over their income generation activities using the house from the informal into the upgraded settlement successfully. The basis on which this argument is made is one of viewing government intervention in informal settlements as a process that should be alert to the livelihood strategies of informal settlement dwellers, especially given South Africa's struggles with job creation. HBEs are fundamental to the implementation process and should, wherever possible, minimise the negative impact of the upgrading interventions on the uses of shelter for income generation. It is one of the aims of this dissertation to determine the different types of economic livelihood strategies practiced by informal settlement dwellers using the house. The study will further assess, where there has been government intervention in the form of upgrading in Cato Crest, the impact of such an intervention on these economic livelihood strategies and suggest ways to improve the upgrading process where need be, for the purposes of improving its impact on HBEs. Additionally, the study seeks to recommend ways on how to best preserve the existing income generation activities in newly formalised settlements as well as facilitate the establishment of new ones, as they are essential to the daily survival of the urban poor.

On the basis of the above problem statement the study objectives, research question and sub-questions are respectively stated as follows:

### **1.3 Objectives of study**

The study aims to:

1. To identify the different uses of shelter for income generation purposes in Cato Crest informal settlement.

2. To investigate the impact of informal settlements upgrading on the use of shelter for income generation purposes in the Cato Crest Slum Clearance Housing Project.
3. To make recommendations to the implementers of upgrading on how they can minimise any negative effects of informal settlements upgrading, on the use of the house for income generation, as well as maximise benefits to households operating HBEs.

## **1.4 Research question and subsidiary questions**

Drawing from the above objectives the research question and sub questions are as follows:

### **1.4.1 Research question**

What is the impact of informal settlements upgrading on the use of informal settlement shelter as an economic livelihood strategy by the urban poor, and how can any negative impact be mitigated and opportunities for the initiation and continuation of such income generating activities be created?

### **1.4.2 Subsidiary questions**

1. What are the different types of economic livelihood strategies practiced within the Cato Crest informal settlement?
2. What are the positive and negative impacts of upgrading of informal settlements on the uses of shelter for income generation activities?
3. What are the housing policy responses in respect of uses of shelter for income generation activities in upgraded settlements, and how have those been implemented in Cato Crest?
4. From the lessons learned through the case study of Cato Crest, are there more effective approaches to upgrading informal settlements which would minimize any negative impact whilst maximising the positive impacts of upgrading on the use of the dwelling for income generation?

## **1.5 Motivation for the study**

There are many reasons that cause men and women to migrate from the rural areas in search of a 'better life' in the city. Chen et al (1999) state that a failure of the agricultural sector in its ability to employ rural households and keep them satisfied with their pay has pushed these families into relying on the urban informal sector of developing countries for income. The urban poor then engage in activities such as street vending, shoe shining, garbage collecting, textile waste recycling, home-based garment sewing, and home-based electronics repairs among other similar activities. It is therefore clear that the 'informal



sector' replaces a more formal livelihood strategy making it an essential component of survival for the urban poor. In terms of this dissertation, the focus is on the HBEs practiced in informal settlements by informal settlement households. These HBEs are survivalist in nature. However, they are still important in helping households fight poverty and should therefore, be regarded as an important component of informal settlements upgrading as they are a source of income for the urban poor living in informal settlements.

It is one of the aims of this study to reveal the different types of HBEs operating in informal settlements, as well as to assess whether the impact of informal settlements upgrading on these uses of shelter for income generation empowers households operating HBEs or not. The study suggests ways, where relevant, for better implementation of the Informal Settlement Upgrading Programme with minimum disruption to HBEs.

HBEs are a common feature of economic livelihood strategies practiced by informal settlement households in most developing country cities. These informal settlements are characterised by a large number of HBEs, which continue to increase in number with the population of informal settlement households (Gilbert, 1988; Sinai, 1998 cited in Kigochie, 2001). There are many reasons for this phenomenon, including the fact that the informal dwelling allows flexibility in terms of providing operational space for a variety of home-based economic activities (Gilbert, 1988; World Bank, 1991; Sinai, 1998 cited in Kigochie, 2001). HBEs are extremely important as an economic and social livelihood strategy for the urban poor as they provide the household with an income, and for the community at large HBEs provide daily necessities, and sometimes employment.

The South African Government's recognition of the importance of the role played by informal settlements in sustaining the livelihoods of the people that live in them, and practising a number of economic and social livelihood strategies is quite recent. The National Department of Housing makes reference, in the BNG, to what the Department calls a shift in policy focus from housing to sustainable human settlements (Department of Housing, 2004). The Department's new plan is to create more sustainable human settlements out of informal settlements through upgrading of informal settlements, transforming them into more sustainable human settlements. The Department defines this shift in implementation practice, from simply eradicating informal settlements to upgrading as follows:

*"Well-managed entities in which economic growth and social development are in balance with the carrying capacity of the natural systems on which they depend for their existence*

*and result in sustainable development, wealth creation, poverty alleviation and equity”* (Department of Housing, 2004).

It is therefore evident that the South African Government, through the BNG Policy, aims to commit itself to creating better human settlements than that of its previous housing policy. The question, however, is the extent to which this goal of creating sustainable human settlements is achieved, in the context of maintaining and nurturing the use of the house for income generation in upgrading situations in Cato Crest. One could immediately assume that the Department through its BNG Policy aims to implement the ISUP where peoples’ livelihood strategies are minimally disturbed. Such can be achieved through understanding the different types of livelihood strategies practiced by households, and using that knowledge to preserve, accommodate and support these HBEs in the implementation of the programme, thus helping to sustain these existing livelihood strategies.

Marsden (1992) cited in Rogerson (2001) states that African entrepreneurs have led the way in the development of their local economies, and have been able to prosper when assisted by supportive government policies, but have also managed to survive even hostile environments such as informal settlements in this case. Peters-Berries et al (1993) cited in Rogerson (2001) further state that throughout the African continent, the development of the informal and small enterprise economy sits high on the policy agenda for African Development. Small enterprises contribute most significantly in Africa by providing employment, enhancing growth, and the alleviation of poverty. As a result, these small enterprises have shifted from a policy periphery, to being in the centre of African Development Planning as their existence is critical to the survival of the many poor African households, a majority of which live in informal settlements and use their house for income generation (Rogerson, 2001). Coit (1995) cited in Tshikotshi (2009) states that in most developing countries such as South Africa, informal settlement upgrading approaches are yet to be implemented successfully as there is very little notice given to the root causes of informal settlements by government, such as poverty, unemployment, and low salaries, as well as the survival strategies such as HBEs. Instead, upgrading is mainly focused on the physical improvement of dwellings in informal settlements, giving no notice to the use of the home for income generation and hence the need to preserve these uses. This dissertation will investigate the extent to which the issue of how upgrading impacts the use of the house for income generation is addressed by the South African government generally, as well as by the municipalities tasked with housing policy implementation. In particular, the dissertation

empirically investigates eThekweni Municipality's actions in this respect, in the Cato Crest Slums Clearance Housing Project.

## **1.6 Definition of key concepts**

In the case of this dissertation the following themes are ascribed to the following recurring concepts, which form part of the conceptual and theoretical framework of this study.

### **1.6.1 Informal settlements**

Misselhorn (2008) defines informal settlements as areas which serve their inhabitants as essential 'holding places' where they can then access the urban environment at extremely low financial cost and can practice various informal livelihood strategies there. The widely applicable definition of informal settlements by the UN-Habitat Programme is:

- i) Residential areas where a group of housing units has been constructed on land to which the occupants have no legal claim, or which they occupy illegally;*
- ii) Unplanned settlements and areas where housing is not in compliance with current planning and building regulations, unauthorized housing (UNCHS, n.d.).*

The physical characteristics of informal settlements consist of infrastructure that is below the 'adequate housing' levels. Informal settlements do not have network and social infrastructures which include water supply, sanitation, electricity, roads, storm water drainage, schools, health care centres and market places to name a few. The social characteristics of informal settlements are that first and foremost, the households in these settlements belong overwhelmingly to the lower income groups, who either work as wage labourers or are involved in the informal sector enterprises. Informal settlement households are predominantly rural-urban migrants, although some are second or third generation informal settlement households (Srivasan, 2009).

### **1.6.2 Informal settlement upgrading**

Huchzemeyer et al (2006) define informal settlements upgrading as the process of improving the living conditions of informal settlement households either on the same land which they occupy namely, 'in-situ' or on a green field site. Informal settlement interventions by governments throughout history have been evolving with housing policy. In South Africa, intervention by the democratic government since 1994 has involved some of the following different upgrading intervention strategies:

- Roll-over upgrading, which involves the removal of residents from their informal settlement shelter into temporary accommodation which is also known as transit camps, rehabilitating the land, developing a new layout and accommodating as many as possible of the original resident in the new layout.
- Shack-shifting: in this process, it is not necessary to move all residents from the land, but some units have to be moved to optimise the new layout.
- *In-situ* upgrading which is the process of leaving, as far as possible, the informal settlement shelter where it is, formalising access routes into the settlements, bringing in services, and legalising the tenure rights. The idea is to cause as little dislocation and distractions of the residents income generation activities as possible.
- Partial relocation, which involves the upgrading of dense informal settlements, where some removal is necessary to make way for access and services. If these households cannot be re-housed within the settlement they are then relocated to other sites adjacent or very near to the informal settlement (Huchzemeyer et al, 2006).

In terms of this study, the type of upgrading that took place in Cato Crest is the in-situ form of upgrading as described above. The targeted households, by the research in this regard are those households which had been running home-based enterprises in informal settlements and were upgraded in the last five years, for the purpose of extracting ‘fresh’ information from households.

### **1.6.3 Home-based enterprises (HBEs)**

The term HBEs refers to the wide variety of income generating activities practised by households using their shelter. Additionally in the informal settlements, the house often doubles up as living and working space in one. Lipton (1980) cited in Matsebe (2009) describes HBEs as a family-based mode of production and service enterprises. Security of tenure impacts on the households’ ability to invest in their HBEs, for example. Households practicing home-based enterprises (HBEs) in the upgraded settlement have security of tenure which makes it easier for the household to invest into their HBEs and expand them without the fear of being relocated at some point. In the informal settlement, households face inevitable upgrading and are therefore reluctant to invest in their HBEs overtime which hampers growth. Gordon et al (2006) state that the house plays a critical role in the

beginning phases of a small HBE if the HBE is not growing, such as the survivalist HBEs people practice in informal settlements. The reasons people begin these HBEs is because the HBE affords them the choice of operating a business and simultaneously carrying out house chores without having to leave the home. The households operating HBEs do not have to pay any rental fees for the operation of the HBEs so they save in this respect, HBEs are convenient and close to the family operating the HBE which means the family saves on travelling costs to work. The family is able to provide good security and reduce risks if the HBE fails. HBEs serve their immediate neighbourhoods and because they are operated within the home, they become dependent on foot traffic for customers. In the case of this dissertation, the focus is on HBEs that were previously operated from dwellings in informal settlements, but have now been relocated by the ISUP. As a result of the upgrade, households' use of shelter for income generation activities is impacted in some way and it is therefore important for the study to explore the cause and results of such an impact.

## **1.7 Research methodology**

This section is a detailed description of how the study was conducted, the tools that were used as appropriate secondary and primary data sources as well as the tools used to collect and analyse the data.

### **1.7.1 Secondary data sources**

The secondary data as derived from books, dissertations, journals, government publications, housing policies locally and internationally, UN-Habitat reports and electronic data, which are all listed in the references. The focus of the dissertation is on three principal theories namely; *The Mystery of Capital*, *the Housing Asset Triangle* and *the Clash of Civilisations*. The literature explored was used to form the following themes and sub-themes: *income generation activities in informal settlements*, *the process of informal settlement upgrading*, *the impact of informal settlement upgrading on income generation activities* and *the support systems for income generation activities*. These themes were derived from the study's main and subsidiary questions and used to analyse the data obtained from the field with a view to fulfilling the study's objectives. Furthermore, international and local precedent study reviews on informal settlements upgrading and its impact on HBEs were discussed, with a view to highlighting precedents on upgrading and its impact on uses of shelter for income generation activities.

The abovementioned concepts of the study were discussed using recent publications as the concept of informal settlements upgrading by the South African government began in 2004,

focusing mainly on urban informal settlements, informal settlements upgrading and HBEs in informal and upgraded settlements. Older publications were used as a way of setting the stage by exploring the historical background surrounding informal settlements in urban areas, informal settlement upgrading and HBEs as well as the historical background to the case study area. The secondary sources were useful in providing insights, based on previous experience of upgrading in other countries or locally, into the impact of informal settlements upgrading on the home-based income generation activities practiced by the urban poor in informal settlements.

### **1.7.2 Primary data sources**

The steps taken to collect empirical data were as follows:

#### **1.7.2.1 Selection of case study**

The case study selected for this research was the Cato Crest informal settlement which is located within the Greater Cato Manor area that was historically settled on by black people, who were later removed by the Apartheid government. The removals were enforced through the *Prevention of Illegal Squatting Act, Act No 52 of 1952*, which provided the then Minister of Native Affairs power to remove black people from public or privately owned land and, furthermore to establish resettlement camps for the purposes of housing these displaced people (Boddy-Evans, n.d.). In 1991, with the continued weakening of the Apartheid government, the people of Cato Manor returned to reclaim their land and re-formed informal settlements (Robinson et al, 2004). Some parts of the Cato Manor informal settlements, namely Cato Crest, have been upgraded since the BNG Informal Settlement Upgrading Programme was endorsed in 2004. Therefore, Cato Crest informal settlement lends itself to the requirements of the study in terms of having households that live in newly upgraded settlements, who were running HBEs prior to upgrading and were thus impacted in some way by the upgrading process.

Furthermore, Cato Crest was selected as an appropriate case study area for this research because it has a highly active informal sector businesses comprising of households that operate HBEs, Small to Medium Enterprises (SMMEs), Co-operatives (Co-ops) and other businesses within the settlement. The researcher's interest was however restricted to HBEs and how upgrading impacts these. Cato Crest is a good residential location for people seeking employment within the city, those who have already obtained employment and those involved in informal trade. In 2007/8 a Project Linked Subsidy application was lodged by the eThekweni Municipality Housing Department to the KwaZulu Natal Provincial Human

Settlements Department, for purposes of implementing the Cato Crest Slum Clearance Housing Project which is an 'in-situ' upgrade project, comprising of 1500 residential sites to be upgraded. The project was given a five year timeframe and is expected to be completed by 2012/13 by the municipality, meaning it is a short term project. The project was however only approved in 2010, three years after construction had already begun. To date a total of 420 units have been upgraded 'in-situ' in this project (eThekweni Municipality, 2010). The research was focused on these 420 households.

The above mentioned characteristics of the Cato Crest Slum Clearance Housing Project, such as the fact that upgrading began four years ago meant that Cato Crest had households who's informal settlement had been upgraded in the last five years. This then ensured the extraction of 'fresh' information from the minds of the respondents regarding the HBEs that they had operated prior to upgrading and after upgrading. It was then easier to record the types of HBEs that were practised before and after upgrading for those that survived the upgrading process as well as, helping to determine the reasons for any negative or positive impacts that emanated from the upgrading process.

#### **1.7.2.2 Sampling method and research instruments**

The survey was aimed at home-based entrepreneurs living in the Cato Crest upgraded settlement. These households practising HBEs would have begun living in the upgraded settlement as of 2006 when the project was initiated and slowly over a number of years the numbers built up to 420 upgraded units as of December 2010. In finding respondents to the household survey, the researcher used targeted sampling, by walking around the upgraded settlement and visually locating households operating HBEs. Once found, the household representatives were then asked if they had operated the HBEs in the informal settlement. If they had, the researcher proceeded with the household survey; if they had not been operating prior to upgrading, the researcher moved on to find a household that had operated its HBE in the informal settlement. Initially the targeted number of households was 25-30, to ensure a representative sample. However, after searching exhaustively in the upgraded settlement for the targeted number of households, the researcher was only able to locate 16 households that were operating HBEs and had done so prior to the upgrading of the informal settlement in Cato Crest. Once these households were identified, they were then asked to respond to a household survey, in the form of a questionnaire. An interview schedule was prepared for targeted officials involved in the eThekweni Municipality's Cato Crest Slum Clearance Housing Project namely the Project Manager, the Manager of Housing

Research and Policy, the Manager of the Housing Support Unit, the Cato Crest Area Councillor, the Community Liaison Officer as well as the Cato Manor Area Based Management (ABM) Local Economic Development Officer (LED). Table 1 below is synopsis of above methodology.

**Table 1: Synopsis of the research methodology.**

<b>Activities</b>	<b>Research Methods</b>	<b>Outputs</b>
Understanding the details of the case study.	Obtaining from the Project Manager the information on the Cato Crest Slums Clearance Housing Project in eThekweni Municipality and using the information to identify households upgraded, using the information to compile background information on the project and identifying all stakeholders.	i. Project details and no. of households living in the upgraded settlement. ii. The details of all relevant stakeholders involved in project.
Contacting the Cato Crest Area Councillor in order to get permission to conduct household surveys and interviews with the Councillor and Community Liaison Officer. Identify households upgraded by the Cato Crest Slums Clearance Housing Project and relevant stakeholders.	i. Phone calls to the councillor and community liaison officer to set up meetings for conducting interviews with area councillor, the CLO and household surveys with 16 households all recorded into a Dictaphone. ii. A walk about in the upgraded Cato Crest settlements, approaching households running HBEs, conducting household surveys with those who met research criteria.	i. Data from the councillor and CLO from the interviews conducted. ii. Data from the household surveys conducted with the 16 households.
i. Obtain contact details of Municipal Officials involved in the Project from the Project Manager. ii. Contact and set up interviews with eThekweni Municipality Officials.	Direct interviews with officials, recorded with a Dictaphone.	Data on officials' perceptions of HBEs and each officials' role in the process of upgrading.
Compilation of all empirical data gathered from the interviews with officials and household survey.	Transcription of recorded interviews and household surveys, writing down and sorting all the information received into relevant themes and sub-themes.	Organised data responsive to the research question, received from the various interviewees and households.

Source: Own construct (2011) with idea derived from Sheuya (2004).



### **1.7.3 Data analysis**

The data collected was analysed thematically as the themes were derived from the studies main and subsidiary questions, thus this method of analysis created a better organised flow of information from raw data to organised data, and allowed an exploration of pertinent sub themes. The themes that were explored in this dissertation covered *Income generation activities in Cato Crest, Informal settlement upgrading, the impact of upgrading on HBEs, Support systems for HBEs as well as the success of HBEs*. The Cato Crest Informal settlements were analysed according to why they exist and their importance in the lives of households that operate them, and how informal settlement housing provided these households with shelter as well as a space to operate HBEs. Informal settlement upgrading was analysed by means of providing clarity as to how the government implemented it as a policy. Furthermore, the officials' perceptions of HBEs when undertaking upgrading were revealed. Additionally, the actual impact of the Informal Settlement Upgrading Programme on the uses of shelter for income generation, were also revealed.

Kitchen and Tate (2000) describe an analytical method which they call a classification of data process which involves the breaking down of data collected and placing it into different categories. In the case of this dissertation, the interview content was placed into different themes that deal with the impact of informal settlements upgrading on the uses of shelter for income generation. Furthermore, the interview content was helpful in answering questions pertaining to the knowledge officials had about the different types of economic livelihood strategies practiced by the urban poor, impacts of informal settlements upgrading, perceptions of upgrading by households operating HBEs, the municipal officials' perception of HBEs in informal settlements upgrading which is important as it revealed how they then treated HBEs. Therefore, the interview content provided clarity to the process of informal settlements upgrading as it happened in the Cato Crest Slums Clearance Housing Project. It also revealed the impact upgrading had on the uses of the house for income generation.

## **1.8 Structure of dissertation**

The following is a summary of the dissertation content in its entirety.

### **1.8.1 Chapter one: Introduction**

This chapter introduces the study, the problem statement, objectives, research question and subsidiary questions, as well as the research methodology.

### **1.8.2 Chapter two: Theoretical and conceptual framework**

Chapter two consists of the theoretical and conceptual framework where The *Mystery of Capital* and the “*Clash of Civilisations*’ theories and the “*Housing Asset Triangle*’ concept, as well as the economic livelihood strategies within informal settlements.

### **1.8.3 Chapter three: Background to Cato Crest, upgrading and HBEs in Cato Crest**

Chapter three describes Cato Crest informal settlement which is located within the broader Cato Manor Area, using background information to reveal how the settlement came about. The chapter also explores the historically significant events that led to the development of Cato Crest informal settlement, the upgrading process as well as how the BNG Policy of 2004 in-situ upgrade impacted HBEs.

### **1.8.4 Chapter four: Presentation and analysis of primary data**

Chapter four consists of a presentation and analysis of the primary data collected. Discussion, interpretation and arguments that emanate from such data are raised in this chapter.

### **1.8.5 Chapter five: Summary, conclusion and recommendations**

Chapter five contains the summary of all the chapters of the dissertation as well as recommendations on a more effective approach to upgrading informal settlements, which would minimize any negative impact of upgrading on HBEs.

## **2. Chapter Two: Theoretical and Conceptual Framework**

### **2.1 Introduction**

Theorists have throughout history played a significant role in influencing the global housing sphere as well as the development of government housing policies. In this chapter the researcher explores the work of theorists such as Hernando De Soto, a Peruvian Economist, who theorised 'The Mystery of Capital' which influenced informal settlement intervention strategies. De Soto's argument was that poor people living in informal settlements have housing assets, but their real property is often owned informally and thus cannot be used to generate capital, hence he referred to these housing assets as 'Dead Capital'. De Soto stated that this 'dead capital' can be turned into housing assets through the formalisation of property rights and the extension of tenure to poor households living in informal settlements (De Soto, 2000).

The chapter then explores 'The Housing Asset Triangle' conceptualised by Kecia Rust, who is a theme champion of Housing Finance at FinMark Trust, where she stated that the housing asset referred to by De Soto is not mono-dimensional, but comprises of three components. These are the social asset, financial asset and economic or productive asset of housing (Rust, 2007). The study also explores 'the Clash of Civilisations' theory which was the work of a Political Scientist and Harvard Professor Samuel P. Huntington, where he stated that relations between states and groups from different civilisations will not be close and will often be antagonistic due to differences in cultural identities (Huntington, 1996). Lastly, the history of informal settlements upgrading is explored as well as the impact the South African; ISUP has on HBEs using precedents of informal settlement upgrading in South Africa. Additionally, international precedents of informal settlement upgrading and the impact they had on HBEs are also explored.

### **2.2 Principal Theories**

#### **2.2.1 The Mystery of Capital Theory**

Informal settlements in developing countries echo De Soto's (2000) theorisation of the negative results that arise when people possess housing assets informally, as these housing assets are not recognised by financial institutions. In these circumstances, poor households are unable to use their housing as collateral to secure capital in the formal sector which hinders their ability to create wealth using the house. De Soto proposed that the upgrading of informal housing assets into formal housing assets, through the formalisation of property rights, would enable poor households to 'unlock dead capital'. De Soto (2000) stated that once the property rights of households were formalised, households would then be able to

access formal sector credit finance using their new formal tenure rights. As a result of the ability to access credit using the house, households would then be able to generate wealth through many different options, some of these options include improving on their housing structure which increases the financial value of the property, using the loan finance to expand or improve the operations of their HBEs, or purchasing another property in the low income property market among other options (De Soto, 2000).

McKinley (2007) states that so far in South Africa, there is not much evidence that granting the poor title to their housing assets will unleash the mysterious power of capital to increase the rate of growth of home-based enterprises (HBEs) and close the gap between poor and rich countries of the world. De Soto (2000) states that households could use their formalised housing assets as security for loans towards covering the operational costs of their HBEs which Rust (2007) argues against, stating that for De Soto's theory to work at least four factors in addition to secure tenure, have to be present in the low income property market which are largely absent in South Africa. These four factors are namely; a functioning secondary property market<sup>1</sup>, sufficient affordable housing stock costing less than R200 000 of which there is a very large shortage of in South Africa, affordable mortgage finance as, an estimated 86% of South African households are not able to afford the mortgage repayments that a R200 000 loan would require, and mortgage financiers willing to lend down market<sup>2</sup>. Rust further states that in South African informal settlements the most common use of the house is for income generation purposes. Therefore, informal settlement upgrading policy should rather be aimed at assisting households realise their livelihoods through the support of the HBEs they operate (Rust, 2007).

Kingwill et al (2007) state that De Soto's Mystery of Capital Theory offers a "charming" message that capitalism can be made to work for the poor through the formalisation of their land, housing and HBEs. However, these authors warn that this message of a 'kind capitalism' could have a negative impact on the poor's security and wellbeing because simplistic prescriptions, such as the Mystery of Capital Theory, are inappropriate for the poorest and most vulnerable households. Huchzemeyer et al (2006) note that as a result of the levels of poverty experienced by poor people, the poor household's who cannot afford

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<sup>1</sup> A functioning secondary property market, where people could trade their housing assets, is largely absent in South African black townships, with limited buying and selling of properties and very low property values (Rust, 2007).

<sup>2</sup> Financial institutions in South Africa are unwilling to lend allow mortgage loans to low income households and those targeted by the Financial Sector (FSC) are either ineligible for mortgage loans or too poor (Rust, 2007).

the level of servicing resulting from an upgrade of their informal settlements, often sell their formal houses to those people who can afford to live there and the poor households return to informal settlements. Informal settlements are the first point of entry for poor households into an urban area, because they offer cheap rental accommodation and sometimes households' erect their own informal shelters at their own cost meaning that they own that shelter. Additionally, informal settlements also provide poor households with an economic safety net, an example being the poor households that operate HBEs in informal settlements.

De Soto's (2000) ideas that the formalisation on property rights for the poor can create valuable housing assets, has not been realised by the South African government through their post-apartheid housing policies. *The BNG* housing policy of 2004 acknowledges that for varying reasons, owners of RDP houses do not regard them as valuable assets, and therefore that the benefits of housing as an asset have not accrued for beneficiary households (Department of Housing, 2004 cited in Adebayo, 2010). However, Schimer (2007) states that De Soto's most important contribution is to demand that development should be based on existing initiatives, energies and assets such as HBEs.

#### **2.2.1.1 South African post-apartheid housing policy attempts at 'Unlocking Dead Capital' in informal settlements**

Davies et al (2007) state that the first post-apartheid housing policy was the HWP of 1994, which faced the challenge of addressing the enormous low income housing backlog, by aiming to deliver large quantities of subsidised housing for low income households over a short period of time. The HWP adopted a quantitative goal of developing 1 million low cost houses in the first 5 years of democratic housing policy intervention, funded by the once-off, capital subsidy which was household-based (Adebayo, 2010). However, informal settlements have been relentless in their growth and presence in urban areas in spite of widespread government subsidised housing delivery (Huchzemeyer et al, 2006). According to Bauman (2003), urban informal settlements are representative of living conditions scarred by conditions of violence and pollution. However, it is in terms of spatial disadvantage that South Africa's Apartheid housing policies pose unique challenges for post-apartheid housing policies that require new innovative housing solutions. The first post-apartheid housing policy was the Housing White Paper of 1994 (HWP) which was hailed as 'the new housing policy strategy for South Africa', formed at a time when informal settlements were growing persistently in South African urban areas (Huchzemeyer et al, 2006).

The formation of informal settlements was recognised by government as a growing phenomenon of peoples' struggle to access urban accommodation. The HWP recognised that given the inherent levels of inequality for low income households, government subsidisation of the housing process was necessary for these households. The solution to levels of inequality was a housing policy approach for lower income earners in South Africa aimed at providing basic services through the Reconstruction and Development Programme (RDP) of the African National Congress (ANC) party, which has led the first democratic government of South Africa since 1994. The housing built under this programme thus inherited the term RDP housing, and constituted one of the largest redistribution programmes of the post-apartheid dispensation. At the onset of the RDP housing construction the government sought to enable the lower end housing market to function, through the provision of a maximum subsidy amount of R15 000 which was granted to the lowest income beneficiaries, earning between R0 – 1500 per month, from 1994 to 2001, with this amount being revised only in 2002, in an attempt to keep up with inflation. By April 2003 the subsidy amount had reached R25 580 (Napier, 2005 cited in Adebayo, 2010).

The democratic government of South Africa inherited two economies created by the Apartheid government. The first of these economies consisted of a highly advanced and sophisticated population and their income generation activities are based on skilled labour. The second economy was made up of mainly informal, marginalised, unskilled population, which is unemployed (Baumann, 2003). The democratic government thus had to simultaneously focus on developing two economies which required very different economic intervention strategies. The HWP had its main focus on one side of the human settlements issue which was to mass produce housing units. Consequently, the socio-economic issues of households, such as the use of the house for income generation, suffered neglect (Baumann, 2003).

However, since 1994 informal settlements have been gradually receiving more attention from the National Department of Housing. As a result of this attention and the lessons learned from the first decade of post-apartheid housing intervention, in 2004, the Department of Housing was renamed to the Department of Human Settlements and now intervenes in informal settlements using the Informal Settlement Upgrading Programme (ISUP) with a subsidy mechanism dedicated to it. The ISUP is part of the larger refinement of the National Housing Policy presented in a document titled the BNG: *A comprehensive Plan for the Development of Sustainable Human Settlements*.

The ISUP advocates for the integration of informal settlements into the broader urban fabric as a way of overcoming spatial, social and economic exclusion suffered by households living in informal settlements (Department of Housing, 2004). As a result, the BNG policy represents a shift from not having a plan dedicated to the upgrading of informal settlements, which was the case with the HWP, to recognising the importance of informal settlements to poor households and thus creating a new intervention strategy which seeks to upgrade informal settlements on the same land which they have been erected, as far as possible (Huchzemeyer et al, 2006).

Post-apartheid housing policy in South Africa therefore, only began to really cater for the upgrading of informal settlements in 2004 through the ISUP which pays particular attention to a phased in-situ upgrading of the informal settlements upgrading process. The end product of the ISUP is a serviced township with upgraded subsidy housing for low income households, which should in the words of De Soto (2000) 'unlock dead capital' by enabling the household to access the capital using the house as collateral against a loan. However, financial institutions still refuse to lend down market even in the new upgraded settlements. Tomlinson (2007) states that in South Africa financial institutions do not extend mortgage loans to households with title deeds to government subsidised housing because the low income property market is seen as undesirable, many of the beneficiaries are poor thus they are not expected to be able to repay their loans. These are some, among many other, bureaucratic issues related to the availing of mortgage loans to low income households by financial institutions.

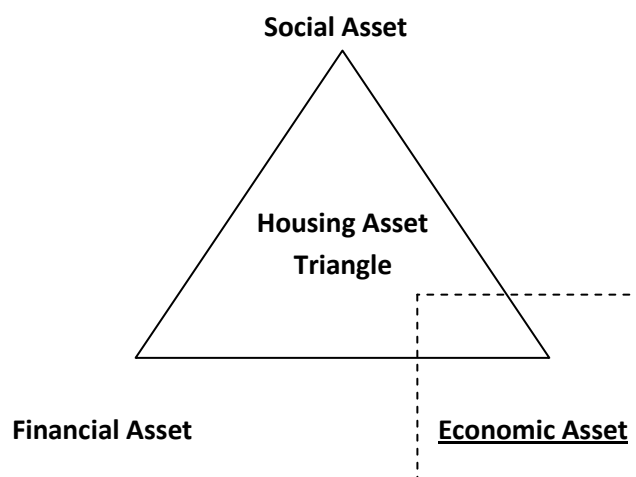
The upgraded housing unit is not only restricted to being a financial asset, but can also be used by the beneficiary households as an economic asset. The operation of HBEs in upgraded settlements is a sign of the households' ability to tap into the social and economic component of a government subsidised housing unit. The idea of the housing asset can be understood in terms of how the asset benefits the household residing in the house. Rust conceptualised the 'Housing Asset Triangle' where she interprets the housing asset using a triangle, where each of the three corners of the triangle represent the three elements of the asset value of housing (Rust, 2006 cited in Adebayo, 2010).

### **2.2.2 The Housing Asset Triangle**

The 'Housing Asset Triangle' is a concept derived by Rust (2006) and the idea is that of describing housing as encompassing economic, financial and social asset values which are represented by each of the corners of a triangle. Firstly, housing as a social asset means that

the house safeguards people's security of tenure and therefore acts as a social safety net. Secondly, housing categorised as an economic asset means the house enables households to use it for income generation purposes, such as the practice of HBEs. Thirdly, housing is labelled as a financial asset which means it alleviates the inability of poor households to access finance by using the house as collateral against bank loans and other similar sources of finance. Below is an illustration of Rusts' (2006) conceptualisation of the housing asset triangle.

The reason for the 'economic asset' of housing being underlined and bordered below, is to emphasise its relevance to this dissertation, which is that HBEs in informal and upgraded settlements fit into the economic asset of housing. The other two corners of the triangle represent the 'social asset' of housing and the 'financial asset' of housing, which Rust (2006) also uses in her explanation of how each of these assets of housing can be understood in terms of the way they can benefit the household residing inside the house.



**Diagram 1: Housing Asset Triangle (Rust, 2006).**

The reason why housing as an economic asset is most relevant to this dissertation, more than the social and financial assets, is the fact that the house as an economic asset describes the house's value in terms of household's ability to use the house for income generation purposes. Rust (2006) argues that if households are allowed to secure credit and savings over time through using their house as an economic asset (referring to the income earning potential of the household using the house, such as the operation of HBEs), this will create sustainable livelihoods.



Rust (2007) states that the BNGs' vision, as a current housing strategy, is the introduction of the notion of enabling poor households to use their government subsidised housing as assets for wealth creation. In the context of the high levels of unemployment faced by South Africans, HBEs become a valuable economic asset. Poor households are able to save when they operate HBEs as they do not have to pay rent, the household members work for free so there are no additional labour costs associated with HBEs for many, and HBEs are usually located close to their clients.

Rust (2007) defines HBEs as businesses that operate in residential areas, and their operations enhance access to services and products by low income households, and these HBEs also contribute to the development of sustainable human settlements, by providing income for the household operating the HBE and thus enhancing the use of the house as a wealth creation asset, which the BNG aims to achieve (Department of Housing, 2004). HBEs are generally classified as micro or small enterprises. However, to the households operating them they sometimes represent the household's sole income. As one can imagine, for households living in informal settlements, HBEs represent a very critical survival strategy.

#### **2.2.2.1 Home-based enterprises in informal settlements**

In a research thesis conducted by Kachenje (2005) where she states that researchers in the field of housing in Asia, South America and Africa have in the past shown limited interest in HBEs when researching informal settlements upgrading, and their attention was more focused on the issues surrounding infrastructure provision. Sheuya (2004) cited in Kachenje (2005) has conducted research on 'housing transformation' with an emphasis on how houses are physically constructed to accommodate HBE activities. He sees housing transformation as a major livelihood strategy among low income households in urban informal settlements. As a result of the research, HBEs now enjoy more commentary in current literature, thus creating awareness of such activities, reinstating their importance for the day to day survival of the urban poor.

Tipple (2004) conducted a study of households operating HBEs in the following case study areas:

- Three neighbourhoods south of Cochabamba city centre in central Bolivia.
- Bhumeheen Camp, a squatter settlement in South New Delhi
- *Kampung Bangu Urip*, to the South of Surabaya city centre in Indonesia

- A formal low-income neighbourhood and an adjoining squatter settlement in the Stanza Bopape neighbourhood in the east of Mamelodi, at the extreme east of Pretoria, South Africa.

In conducting the study, 150 households that practiced HBEs and about 75 that did not were interviewed in these study areas. Evidence from these case studies revealed that HBEs greatly increase access to income and employment opportunities for low-income households, one of the reasons for this being that HBEs do not require skilled employees and informal settlements are made up of a largely unskilled population who are then employable by these HBEs. Informal settlements have a wealth of unskilled and semi-skilled people who are unemployable in the formal sector. However, the same people often find employment in the informal sector. Majale (2002) stated that a number of third world country cities where the majority of the urban poor households live and work, tend to generate large volumes of revenue through informal practices and of a myriad of such practices, HBEs are an important one. Informal settlement households generally carry out their income generation activities nearest to their home as this reduces operational costs, and thus greatly increase their livelihood opportunities through HBEs. An upgraded settlement may introduce restrictive zoning laws which in turn render these HBEs illegal economic activities. Although HBEs are in some instances incompatible with built environment norms and standards, this is however, not a big crisis as these activities do not pose an irreversible threat to the environment as drafters and regulators of these policies believe (Majale, 2002).

According to Mahmud (2003) a large number of informal settlement households of Dhaka in Bangladesh, by 2003, were engaged in the self-creation of jobs and they have as a result shown significant results in their ability to create working space in their informal homes, despite the spatial and other related limitations that exist. The basic income generated from the households' economic livelihood strategy becomes essential in ensuring the basic survival of the informal settlement household. Therefore, households who cannot gain access into the formal job market turn to their immediate asset which is the informal shelter, which they then use as a space to get involved in various income generation activities.

Just like any other enterprise that an entrepreneur may undertake, HBEs are carried out as a means of providing a product or service to a community. However, perhaps the reasons for households engaging in income generation activities using the house differ according to a

person's economic status. For instance, HBEs in informal settlements are the informal settlement household's solution to the problem of unemployment, and possibly a lack of sufficient funds to set up an enterprise in the formal sector, as well as a possible solution to counter the burden of poverty (Kigochie, 2001). Informal settlement HBEs can be regarded as a form of upgrading in their own right as they improve a household's income, access to jobs, goods and services thus these activities could be integrated into the governments upgrading plan as an important component of informal settlements upgrading.

Tipple (2004) states that the most common HBE in informal settlements is the small 'tuck shop' that sells daily household necessities to the people living or passing through a particular informal settlement, especially those who do not have refrigerators or adequate storage space. In addition, there also exists a wider range of more specialised stores such as shebeens which sell home-brewed or other types of alcohol. Many households also prepare food in their homes for sale at schools or taxi ranks, etc. Some HBEs provide services such as electronic repairs, personal services and office services in which they serve the people of that particular settlement or neighbourhood. Therefore, it is apparent that HBEs in informal settlements form part of a critical informal market which people engage in on a daily basis. Thus, when government officials attempt to upgrade these settlements without taking into account the HBE activities, the results could mean the end or diminution to such activities. It is therefore important, for officials to consult informal settlement communities as a way of shaping the upgrade to work in favour of the existing livelihood strategies, as an attempt to bridge the gap of opposing views between beneficiaries and officials regarding the upgrade (Tipple, 2004).

### **2.2.3 The Clash of Civilisations**

Informal settlements upgrading in South Africa is undertaken by the government, and more often than not, the state perceives informal settlements as being unhelpful to their residents as they are 'health hazards' and the income generation activities of households are deemed unlawful as they are unregistered. However for poor households, informal settlements offer housing shelter, community networks<sup>3</sup> and the ability to generate an income using their house and thus the ability to survive from day to day. Therefore, upgrading that is not mindful and accommodating of the existing livelihood strategies practiced by informal settlement households, is the result of what Huntington (1996) terms as the 'Clash of

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<sup>3</sup> Community networks consist of social, economic, political and other organizational or other networks that bring people together in a community (Huchzemeyer et al, 2006).

Civilisations'. This clash happens when the intentions of the government in upgrading are not in tune with the needs of informal settlement households, creating problems for both parties during an upgrade. Additionally, the state and the citizens of these states are from different civilisations, the one civilisation consisting of a group tasked with implementing the South African government's Informal Settlement Upgrading Programme (ISUP), which is a task they are compensated for. This group therefore, belong to a different socio-economic class of citizens. The other civilisation is made up of the poor beneficiaries of the ISUP, who live in informal settlements and engage in income generation activities using the house.

Huchzemeyer et al (2006) state that at a time when informal settlement residents face imminent government intervention, through informal settlement upgrading, they begin to raise questions. These questions are based on the people's perceptions of how upgrading will impact their livelihood strategies, fuelled by a lack of consultation, and that upgrading does not regard their current livelihood strategies as important and will in actual fact make it more difficult to continue the practice of home-based enterprises. Informal settlement households have a need to understand how the physical reshaping of their settlement will impact on the social networks, economic strategies, lines of authority and governance within their settlement.

The government is motivated by three main goals when undertaking informal settlement upgrading. Firstly, there is a political motive, where politicians are behind the upgrading process to satisfy their own political agendas. Secondly, there is the social responsibility motive, where government places informal settlements upgrading as a priority in social development. Thirdly, is the control objective, where upgrading may be undertaken to control the perpetuating growth of informal settlements in urban areas. Therefore, depending on the motive of the government, the economic livelihood strategies of households in an informal settlement may or may not be important. In the case of existing economic activities and networks, the disruption may very well lead to disagreements with authorities over what they propose to achieve with upgrading, which may create a hostile upgrading environment or lead to a total disregard by officials of the HBEs practiced by households, leading to a loss of the households income generation potential using the house. As a result, this could drive the household that has lost their income generation activities deeper into a state of poverty which is counterproductive for the upgrading policy (Huchzemeyer et al, 2006). State officials and the beneficiaries of the upgrading programme will continue to clash, especially if informal settlement upgrading takes away their ability to

generate an income using the house, which will often result in the households losing their HBEs plunging deeper into poverty as they have lost their sole income generation strategy.

### **2.2.3.2 The impact of informal settlements upgrading on home-based enterprises**

Tipple (n.d.) cited in Majale (2002) argues that HBEs should be granted upgrading status, meaning that they should be given their deserved recognition in informal settlement upgrading, as they create income earning opportunities and access to goods and services within an informal settlement. As a result, informal settlements upgrading policies should view informal settlements as potential areas for a variety of commercial, retail, and light industrial areas, as well as HBEs and therefore proceed to plan upgrading accordingly and include HBEs into those plans. Furthermore, regulatory frameworks should thus incorporate the existence of HBEs and therefore protect, promote and increase their productivity through permitting their operations. Fundamentally, the argument is that HBEs deserve to be protected as they have proven to be an important livelihood strategy for informal settlement households.

Carney et al (1994) describes a sustainable livelihood as one that can cope with shocks and stresses, but also recover from these. Informal settlements upgrading in any context generally brings positive changes to the lives of those living in informal settlements. However, such change if not carefully implemented may also prove to be disruptive of people's existing livelihood strategies in informal settlements. The ways in which people use their informal settlement shelter varies greatly and is usually based on people's capacities to exercise choice, the accessibility of opportunities and resources which they then use as effectively as possible. As a result' the impact of upgrading on the uses of shelter for income generation may constrain households' choices, the accessibility of opportunities and resources. The South African 'top-structure'<sup>4</sup> housing approach since 1994 has focused too much on just the delivery of the house at the expense of the livelihood strategies practised by informal settlement households, as well as their established socio-economic networks. As a result, the delivery of low cost housing to people has proven to be disruptive to the economic livelihood strategies of the poor. A fact that illustrates such disruption is that of the resale of subsidised housing by beneficiaries and their return to informal settlements, where their chances of survival are much better and their economic livelihood strategies such as HBEs are easier to sustain (Baumann, 2003).

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<sup>4</sup> The term 'top-structure' refers to a low cost government subsidised housing unit, which is the final product of the Informal Settlements Upgrading Programme as well as other government subsidised low income housing delivery policies.

However, not all informal settlements upgrading cases have led to the disturbance of households' income generation strategies using the house, as shown by Kigochie (2001), who draws on the findings of a study carried out in Mathare 4a Housing Project, located in Mathare Valley Squatter Settlement in Nairobi, Kenya. The informal settlements of Mathare 4a were upgraded in the form of rehabilitation (meaning the upgrading of informal settlements using inexpensive local building materials and the relaxation of building codes in order to achieve this). The housing project was driven by a joint venture between the Government of Kenya, Federal Republic of Germany<sup>5</sup>, and was implemented by the Amani Housing Trust<sup>6</sup>. Before the project was implemented, 92% of the informal settlement residents were said to be paying rent to absent landlords/ owners who did not maintain their housing structures. Once completed, the rehabilitated units were rented out to households, and the rent collected was used to cover administrative costs, maintain the infrastructure, and to finance the rehabilitation of other structures in the project. In ensuring that the practice of HBEs by households was not lost during rehabilitation, some of the new rental housing units were constructed with extra room to accommodate HBEs. As a result, the rehabilitated settlement preserved all the HBEs operated by households before rehabilitation and encouraged the creation of new HBEs, which increased employment in the settlement.

## **2.3 Housing policy and the South African Informal Settlements Upgrading Programme**

### **2.3.1 The history of informal settlement intervention by governments**

According to Harris and Giles (2003), researchers have categorised what they refer to as the evolution of housing policy globally since 1945 into three phases. The first phase is public housing, which was the housing policy in 1945-1960s. During this period, the main form of housing tenure was state owned property. In the 1945 governments in first world countries built many public housing units to house the large numbers of homeless people in their countries that were displaced by the global economic crisis and Second World War. However, the development of public housing led to the enforcement of unrealistic housing standards which the poor could afford and government subsidies proved insufficient in this regard (Turner 1972). After 1945 a series of global events, which included a global economic recession and a World War, led to the development of international housing policies as every poor and rich country had a shortage of housing, which governments feared would

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<sup>5</sup> The Federal Republic of Germany provided finance for the project.

<sup>6</sup> The Amani Housing Trust acted as a liaison between residents and other actors in the shelter sector.

lead to political unrest, thus they developed public housing. The second phase is sites-and-services. 1972-1980s, was the period when according to Mayo and Gross (1987) sites-and-services was the delivery, by government, of shelter-related services, which depended on the beneficiaries' ability and willingness to pay for the services. The third phase is market enabling, 1980s-2003, which was the period when the World Bank endorsed Housing Market enablement by stipulating that governments need to stimulate the demand for housing, facilitate housing supply and manage the sector to ensure that it is able to provide adequate housing for all.

Thereafter came the 1950s and 60s, a period in which housing policies around the world were being shaped by the recommendations of Multinational Agencies such as the United Nations and the World Bank. These agencies endorsed largely informal settlement upgrading housing development policies, which were developed from the ideas formulated by John F.C Turner, among other academics. These ideas by Turner came about from his work in the informal settlements of Peru and other developing countries. There, Turner was exposed to poor people's attempt at housing themselves using informal methods and materials. Turner saw this kind of 'informal' development as one that should be recognised by government as the poor people's attempt at housing themselves and therefore, should be assisted by governments through housing policy (Harris and Giles, 2003).

Turner (1972) states that the misconception global governments had about the formation of informal settlements are that, these informal settlements were a result of poor people having too much control over housing themselves. This misconception was evident in the states refusal to endorse housing development policies that increase the households control over the choice of housing typology, among other choices. Additionally, Turner states that the term housing can be used as a noun (meaning housing is a commodity) or as a verb (meaning the process or activity of housing). The latter advocates for states to allow poor people the freedom to build their own housing, make their own choices of where they choose to live, the materials with which they build must also be of their own choice, as well as the forms of tenure they prefer. Public housing had failed to align people's needs to the housing supplied institutionally and therefore, failed to provide for people's livelihood needs, and as a result people did not pay for the services provided for by public housing as they were unsatisfactory.

The World Bank in (1993) documented the evolution of its housing policies from the 1970s through to the 1990s, were the first decade of the Bank's housing policy mainly focused on

'sites-and-services' and informal settlement upgrading projects. Some of the first informal settlements upgrading projects were initiated in Senegal in 1972, which was seen by the Bank as a signal of the first fundamental shift in housing policy, from total public housing provision to public assistance in private housing construction. The Bank realised that in most developing countries the private sector was unable to develop housing units that were affordable to low-income groups and, the governments of these countries could not afford to build housing for these low-income groups. Therefore, the bank used the informal settlement upgrading approach as a practical solution to low-income housing development, because it had more affordable building standards and the provision of basic infrastructure services or core-housing units as opposed to the provision of completed dwelling units. Between 1972 and 1990, the World Bank was involved in 166 housing development projects of which informal settlement upgrading projects were a part of, in 55 countries. These projects yielded returns of between 19 and 22 percent for the bank and were subsequently introduced to more developing countries globally. Nientied and Van der Linden (1985) state that in 1980-83, the World Bank approved housing development loans in 28 different countries, totalling US \$1778.9 million. A great portion of these loans was absorbed by sites-and-services, informal settlement upgrading and integrated urban development projects.

The 1990s were marked with continued criticism of the structural adjustment housing programmes globally, and in developing countries poverty and inequality were on the increase. The World Bank, during this period, entered the second stage of the market enablement approach to housing development policy which led to the development of what Zetter (2004) cited in Frediana (n.d.) termed as, compensatory policies. Policies such as informal settlements upgrading were then used as a tool to alleviate the social costs associated with the World Bank's move towards endorsing market enablement, as a housing development approach driven by the World Bank. The market enablement approach to housing development adopted by the post-apartheid South African government continues to sustain global capitalism whilst poverty and inequality increase. The South African government had interpreted the World Bank policy of market enablement, by playing the role of 'supporter' of housing processes through its HWP of 1994 (where informal settlements had no defined intervention strategy) and the *BNG* Policy of 2004 (where informal settlements are upgraded using the Informal Settlements Upgrading Programme). The private sector, building contractors, are still involved in the delivery of South African informal settlement upgrading. However, the municipalities manage the implementation process of upgrading.



### **2.3.2 South African experience of informal settlements upgrading and its impact on HBEs**

Davies et al (2007) describe the history of South African land rights, as one that has led to the formation of informal settlements today, by stating the fact that European settlers colonised South Africa and proceeded to disposes indigenous people of the land they traditionally occupied. They then formed legal systems which defined land rights, where legislation such as the Natives Land Act of 1913 were passed and prevented black Africans from owning or renting land outside designated land reserves (Boddy-Evans, n.d). Black people were further kept away from desired urban land by Apartheid land laws, such as the Group Areas Act of 1950, which confined black Africans to 'native reserves' where they were allowed to exercise traditional forms of land ownership, and were denied the ownership of any other land in the country. As Apartheid weakened in the 1980s and with the subsequent 1994 democratic elections, the restrictive land laws were abolished with the fall of the Apartheid regime. As a result, rural-urban migration of the previously disadvantaged South African black population was on the increase. However, once they had reached the cities, these migrants faced another problem of being unable to afford inner city accommodation. The urban poor who could not afford the high costs associated with inner city accommodation opted to live in urban informal settlements. As a result, there has been a perpetual increase of informal settlements since 1994 in South African cities (Huchzemeyer et al, 2006).

In the South African City of Cape Town, for example, the estimated number of informal settlement dwellings increased from 24 000 in 1993 to 68 000 in 1998, and this growth escalated to a further estimated 100 000 in 2003, an increase of more than 300% over the 10 year period (Abbott and Douglas, 1999; WCHC/DAG, 2003 cited in Huchzemeyer et al, 2006). Informal settlements were on the increase all over South Africa and the use of the house for income generation was becoming a more prevalent livelihood strategy, practised by poor households living in informal settlements. The increase in informal settlements was not left unchallenged by the South African government, for reasons such as that in some cases the land picked by informal settlement households to build on was usually reserved for other uses. The intervention by government was motivated by the mandate to give poor people proper housing. However, in the end the relocations impacted home-based enterprises (HBEs) negatively, an example being Marconi Beam, in Cape Town (DAG, 2009).

Marconi Beam is an informal settlement in Cape Town which came about in 1990 when a group of households decided to occupy a well-located piece of vacant land in Milnerton,

Cape Town. However, this piece of land was owned by Telkom (South Africa's Telecommunications Parastatal) and the area was then declared a temporary 'transit' area in 1990, meaning that the households would temporarily occupy the area whilst government made provisions for better housing elsewhere. After years of negotiations the results were the development of the 'Joe Slovo Park' housing project, comprising of 936 houses located adjacent to the Marconi Beam Informal Settlement Site. The Development Action Group (DAG) got involved in the project by assisting the community from eviction and facilitating the sale of land to the community as well as facilitating development from 1990 up to 1998, the year that marked the completion of the housing project (Huchzemeyer et al, 2006). Some of the upgrading that impacted households operating HBEs in the new settlement of 'Joe Slovo Park' included the creation of too much competition for households operating HBEs, from supermarkets located within walking distance from the settlement. HBEs and the renting out of rooms were some of the income generation strategies that had thrived in the informal settlement. Municipal by-laws disallowed the operation of HBEs, citing these as hazardous to residents' health, and informality was frowned upon by officials in the newly formalized settlement. As a result, unregistered HBEs were closed down immediately after the upgrade. However, they re-emerged as time went by and the restrictive by-laws were relaxed, mostly caving in to pressure applied by civil society (Haysom, 2009).

Poor people in South Africa that live in informal settlements now have, under the new democratic government more than during the apartheid regime, a voice which the government is willing to listen and respond to accordingly. In 1998, April 28 (Freedom Day), a group of households settled informally on a vacant school site in Tafelsig, Mitchells Plain in the Western Cape. The informal settlement was later named 'Freedom Park', with Legal Resources Centre (LRC) of the DAG assisting the community in fighting against evictions by the city of Cape Town. In 2000, DAG came into the picture to assist in mediating and encouraging dialogue between the community and the city of Cape Town, and as a result of the mediation, the city eventually abandoned plans to evict residents and rather created plans to develop the area. The development was due to commence in 2006 and the informal settlement was by then home to about 300 households (Huchzemeyer et al, 2006).

In 2004, DAG conducted research aimed at understanding the livelihood strategies employed by the residents of Freedom Park Informal Settlement. The research was a participatory livelihoods analysis which was to contribute to a greater understanding of the complex range of issues facing the residents, as well as to inform a more sustainable

livelihoods approach to the planned development that was due to take place in 2006 (DAG, 2009). The livelihoods analysis conducted by DAG in Freedom Park revealed that certain features of the settlement provided the residents with a hope for the survival of their livelihood strategies. For example, the settlement is within walking distance of primary and high schools, railway station, primary health care clinic and social grant pay-out places. Essential public services were built within reach of the residents therefore, they did not need to travel far in order to get to them as it is sometimes the case for low income neighbourhoods in South Africa. The natural and physical resources such as the major road network, train station, more affluent suburbs, municipal refuse dump, nature reserve, beach and shopping complex made it easier for the residents to source food, employment and practice income generation livelihood strategies. However, for households practising HBEs this meant there was a lot of competition from formal enterprises in the area (DAG, 2009).

A small number of residents in Freedom Park operated home-based enterprises which included shebeens, spaza shops, hairdressers and those that sold paraffin or meat. Other household members were mostly employed formally, more commonly as factory workers or as tradesmen. However, a large majority of the residents (64%) relied on government grants, with the child support grant being the only stable source of financial support, indicating the extreme levels of poverty. The poorest residents turned to the practice of HBEs as an economic livelihood strategy, and despite the competition from the formal sector they were able to sell a few necessary goods to residents, especially when the formal stores closed (DAG, 2009).

Households that practice home-based enterprises (HBEs) in South African informal settlements face imminent upgrading as a result of the Informal Settlement Upgrading Programme of the BNG of 2004. In informal settlements HBEs are a very common and popular form of economic livelihood strategy for the urban poor, for reason such as the physical layout of informal settlements and design of the individual dwelling which vary greatly. These variances in settlement layout and design of dwellings allow for high housing densities in informal settlements, which house the potential customers of households operating HBEs. Tshikotshi (2009) conducted a research thesis on informal settlements upgrading in Seraleng, North West Province. Seraleng is a South African township located around the Platinum Mines of the North West Province. Households in Seraleng informal settlements are located close to the urban areas where the formal and informal economies are vibrant and HBEs are booming. However, the informal settlement upgrading project in

Seraleng relocated households far away from the urban areas to the outskirts of the city. The location of the upgraded settlement, among other influences, burdened the ability of households to practice economic livelihood strategies using their houses. The households that practiced HBEs were unable to cope with the distance they had to travel to buy stock for their HBE shelves and to do so for a small group of residents. As a result, the operation of an HBE in this low density upgraded settlement was not feasible for the household operating the HBE, due to the smaller customer base. Some of the households then opted to sell their housing and return to the informal settlements in order to continue operating HBEs, which are their sole sources of income. The households that remained in the upgraded housing are those who have access to transport, formal employment or simply those who earn enough income to survive, and not the intended poor beneficiaries of the upgrade. Therefore, in the Seraleng case, informal settlement upgrading impacted the use of the house for income generation, by a majority of the poorest households negatively. Informal settlement upgrading in South Africa is not yet inclusive of HBEs and households that operate HBEs have to, by their own means, work out solutions to how they re-establish their HBEs in the newly upgraded settlement.

### **2.3.3 International experience of informal settlements upgrading and its impact on HBEs**

In a UN Habitat (2008) report on the 'Kenya Slum Upgrading Programme' (KENSUP) which was initiated in 2001, where a development partnership between the Government of Kenya and the UN Habitat was formed. It was stated that the programme was aimed at improving the livelihoods of people living and working in the urban informal settlements of Kenya. KENSUP approached upgrading by adopting concepts of decentralisation of upgrading (by removing it as the sole responsibility of the central government), forming partnerships (between the residents of a settlement, NGOs and the private sector amongst others), encouraging consultation amongst stakeholders and the empowerment of beneficiary communities. The KENSUP approach developed and implemented appropriate services, designs and delivery strategies to improve the survival of HBEs in upgrading. In the Cities without Slums Programme (CWS) undertaken by the KENSUP partnership, steps towards improving the livelihoods involved undertaking a situational analysis of the uses of the house for income generation in the informal settlements. The situational analysis report mainly advocated for integrated development where each of the priorities identified by the informal settlement households were recorded and represented in the report. Once completed, the report was then published. The subsequent steps involved a search for

upgrading finance leading to the implementation of the upgrading projects, involving the community throughout upgrading and keeping within the requirements of the situation analysis document. The document stipulated the economic situation in the informal settlements, and detailed the methods of intervention required for HBEs in each different settlement (UN Habitat, 2008).

A World Bank (2001) funded informal settlement upgrading project took place in 1998, in Caracas, Venezuela. There were three phases to the project with the first phase involving urban upgrading (which included the design and execution of Neighbourhood Improvement Plans (NIP) which included access, sewerage, sanitation, lighting, community centres, and new housing for resettlement), institutional development (involving a Project Management Unit (PMU) which was set up to oversee the upgrading project.), and finally a micro-credit pilot project geared towards housing upgrade (which provided consumer credit to finance home improvement within the informal settlements). The World Bank approved a loan to finance all three stages of the upgrade by first approving the 'Project Appraisal Document' which stated that the development would be community driven, and the infrastructure development would be replicable in other informal settlement upgrading projects. The project also aimed at involving the community in decision making and decentralising upgrading by building institutional capacity at municipal level. Essentially the final product of the upgrading, which was a developed urban landscape and infrastructure provision, both financed by the World Bank as well as an upgraded housing product financed by the beneficiaries through the micro-credit pilot project. The improved services, housing and access to micro-credit helped to boost households' ability to operate HBEs as they could now afford to purchase more stock than before the upgrade, which they kept in the new spacious and safe housing units (World Bank, 2001).

The United Nations Development Programme (UNDP) together with the World Bank, in 1998, initiated the Kampung Improvement Project 3 (KIP) located in Jakarta, Indonesia. The programme involved a series of informal settlement upgrading projects, which involved the tailoring of upgrading initiatives that were specific to each individual informal settlement across the city. In achieving upgrading that is unique to each individual settlement, the UNDP and World Bank involved Community Based Organisations (CBO) as project initiators that encouraged active, innovative, and self-sustained communities in which upgrading could take place. The KIP upgrading programme involved three phases, of which the first two focused on the physical improvements of the settlements, such as the development of a

road, footpath improvement, water and drainage, public latrines, and health posts which all took up 88% of the funding. The third and final phase was a socio-economic funding addition to the upgrade which devoted 12% (to households on a credit basis) of the upgrading funding to households using the house for income generation, as well as households engaged in other sources of income generation. Each upgrading project had a dedicated group of professionals namely KIP units, which were assigned to each aspect of upgrading. The multi-disciplinary KIP unit designed and implemented all project components under one 'umbrella' and the advantage of these units was the ability to target 1000ha, of Kumpung and upgrade a population of more than 400, 000 people per annum. The project concept has, since its inception in 1969 to date, spread across 800 cities as a concept in Indonesia and benefited 30 million informal settlement households (World Bank, 2001). All the international informal settlement upgrading programmes mentioned in this chapter, were devoted to including HBEs operating in the settlements into the upgrade and they involved the beneficiaries in the decision making process, which generated an increase in HBEs activity in the upgraded settlements.

## **2.4 Chapter summary**

Chapter two is a presentation of the theoretical and conceptual framework underpinning government intervention in informal settlements and its impact on home-based enterprises (HBEs). One of the principal theories discussed within this chapter is The Mystery of Capital Theory, which De Soto (2006) states that poor people living in informal settlements have housing assets which, if formalised, could be used as collateral against loans. However, the lack of tenure security in informal settlements leads to these households being unable to realise the capital gaining potential of these housing assets, and the households HBEs suffer as a result of the lack of capital. The first South African post-apartheid housing policy namely, the 'Housing White Paper (HWP) of 1994', initiated the construction of housing for the poor through the Reconstruction and Development Programme (RDP). As a result, a large amount of low cost government subsidised housing units were constructed, however, the HWP had no real intervention strategy directed at informal settlements. By 2004, informal settlements had perpetually grown in South Africa and the government of South Africa decided to upgrade these informal settlements using the new Informal Settlement Upgrading Programme (ISUP) of the 'Breaking New Ground' (BNG) 2004: Comprehensive plan for housing delivery. The BNG advocates for the upgrading of informal settlements in such a way that the households are able to use their house as an asset for wealth creation, such as the operation of HBEs.

Rust (2006) conceptualised the Housing Asset Triangle which she uses to explain how the three corners of a triangle are representative of the social, financial and economic assets of housing. HBEs fall into the category of the economic asset of housing. Using cases of informal settlements in other countries, the chapter reveals how HBEs are in fact a common feature of informal settlements and are critical to the income generation ability of households as well as their daily survival. The upgrading of informal settlements in South Africa is implemented by Municipalities, which brings the chapter to a discussion about the 'Clash of Civilisations' theorised by Huntington in 1996. Huntington (1996), states that when the upgrading of informal settlements is implemented by the state, disagreements between the state officials and the beneficiaries, regarding various issues of the upgrade, arise. These disagreements are fuelled by the differences in culture between officials and beneficiaries of upgrading, a lack of consultation prior to and during the upgrade, and the officials' lack of understanding of the importance of HBEs in the lives of the households that operate them. The chapter then explores how some cases of informal settlement upgrading that are implemented without the involvement of the households operating HBEs throughout the process impact HBEs negatively.

Informal settlement upgrading, as a housing policy, was first initiated by Multinational Agencies such as the United Nations and the World Bank in the 1970s, and the policy was based on the ideas of various academics in the housing sector. The South African post-apartheid, democratic government only started upgrading informal settlements in 2004 using the ISUP of the BNG. The chapter explores various cases of upgrading in South Africa which have not had a positive impact on HBEs. International case studies of informal settlement upgrading, discussed in the chapter, show how upgrading can be undertaken in such a way that it impacts the operation of HBEs positively, so long as the beneficiaries of the upgrade play a bigger role in the process.

## **Chapter 3: Background to case study area, upgrading and HBEs in Cato Crest**

### **3.1 Introduction**

The purpose of this chapter is to introduce the case study area Cato Crest (which is located within the Greater Cato Manor Area). The reason for exploring the historical background to Cato Manor is to reveal the reasons behind the development of the dense informal settlements, as well as the history of informal settlement households' and their dependence on Home-based enterprises (HBEs) for survival. Also important are the similarities and differences between Apartheid Era versus current Democratic Era informal settlement intervention strategies, and their impact on HBEs in Cato Crest. Additionally the chapter sets the scene for the recommendations chapter (Chapter 5), where the researcher gives recommendations on how upgrading could be better implemented in such a way that it has a positive impact on HBEs, drawing from lessons learned from literature and field work conducted in Cato Crest.

The Greater Cato Manor Area, of which Cato Crest informal settlement is a part, has as early as the 1650s been a desired urban location for South Africans. During this period the Cato Manor Area was occupied by an abundant number of traditional chiefdoms. However, in 1834 the land was transferred into the hands of George Cato, the first mayor of Durban and as a result the area was named the 'Cato Manor Farm'. In the years that followed and after the First World War, the land was subdivided into a variety of smallholdings. Thereafter, in the 1880s the smaller land holdings were released on a sub-let status to indentured Indian labourers after they were freed from their labour contracts on the sugar cane farms. The Cato Manor settlement then began to grow progressively, especially during the Second World War, and with the influx of rural-urban South African migrants into Durban. During the 1950s the Indian market gardeners renting out their land for settlement purposes, resulting in a significant increase in Cato Manor's population up to approximately 150 000 settlers. Cato Manor was during this time a sprawling, mixed race, informal settlement located within a distance of 10km from the main employment areas in Durban, and 7km from the centre of the Durban Central Business District (Robinson, 2005). The Cato Manor area has throughout history been marked by various historically significant events since it was first settled on, and over subsequent years to the present day.

Cato Manor first attracted international attention with the looming prospects of residents being uprooted from their settlements under the terms of the Group Areas Act of 1950, and then again in 1959 when rioting broke out against the city's beer halls among other issues



(Jackson, 2006). Cato Manor has been home to large populations of different races at different times, with their right to settle usually informed by the government policies at that time. In 1959, the Apartheid government declared Cato Manor a 'white' area and under the Group Areas Act of 1950, and forcibly removed non-white South African residents from Cato Manor into racially segregated townships of KwaMashu, Umlazi and Chatsworth, leading to households losing their home-based enterprises (HBEs) with the relocations. The removals were completed by the late 1960s, and Cato Manor remained largely unoccupied for the following 20 years. The heightened oppositional party political activity, amongst other influences, led to the weakening of the Apartheid Regime in South Africa. During the years 1989 to 1993 Cato Manor re-emerged as contested urban land with its vacant land attracting many informal settlements, and once households were resettled they began engaging in HBEs (CMDA, 2002).

In 1994 the African National Congress (ANC) democratic government was voted into power, and as a result a 'new life' was breathed into the Cato Manor Area through redevelopment. The new government introduced the Cato Manor Development Project (CMDP) and this was the beginning of all the current development taking place in Cato Manor (Robinson et al, 2004). According to an Isocarp 2005 report, the Cato Manor Development Association (CMDA) did well in implementing the development of Cato Manor despite facing many disturbances from an unstable political sphere, land invasions and violence among other things. As a result of the dedicated planning and exemplary execution, the project gained the prestigious privilege of being announced as an example of International "Best Practice" by the UN Habitat, because of its development success stories (Robinson, 2005).

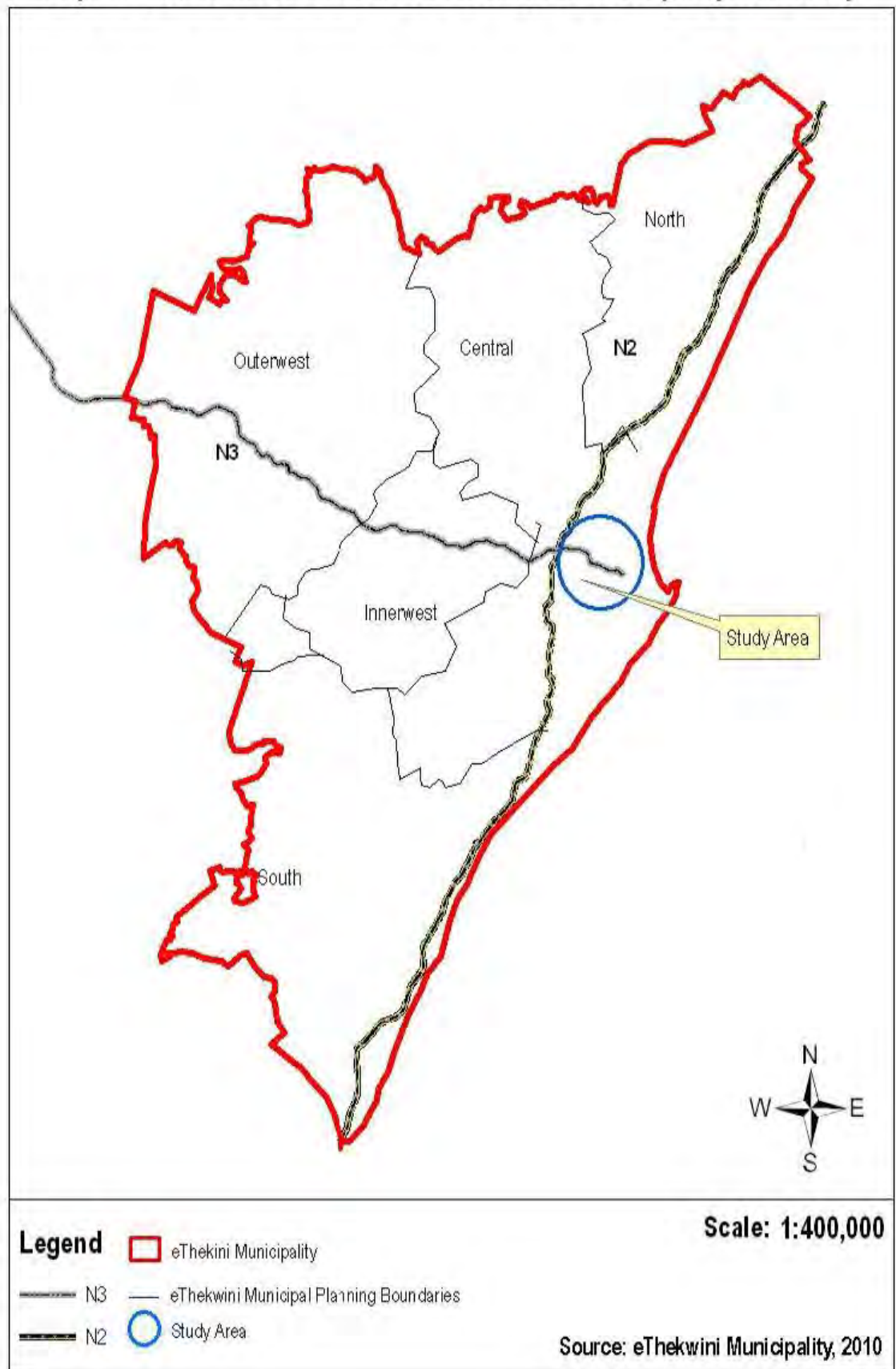
The driving force behind the entire CMDP was the idea of providing the 95 000 (in 2004) residents of Cato Manor with a complete set of urban infrastructure and amenities of a standard equivalent to that of adjacent suburbs, as well as opportunities for participating in the city's formal and informal economies. As CMDA was developing Cato Manor, the housing policy that informed housing development at the time was the *Housing White Paper of 1994* (HWP). The HWP advocated for the development of fully subsidized government houses on green field sites for poor South African households. Many of these poor households lived in informal settlements. CMDA had initially targeted the delivery of 25 000 dwelling units from 1994 and by 2002 they had achieved the delivery of almost 5000 completed units (CMDA 2002). The first ten years of the CMDP led to, in 2002, the project receiving an award from Impumelelo Innovations Award Trust for being a good example of successful Area Based

Development (Robinson, 2005). However, in the year 2004 there were developments in the implementation strategies regarding informal settlements intervention policy made by the South African government, and these were presented in the form of a new housing policy document titled '*Breaking New Ground*' (BNG) *Housing Policy of 2004*.

The eThekweni Municipality then took over from CMDA to implement the BNG Informal Settlement Upgrading Policy (ISUP). The new intervention strategy for informal settlements facilitates the upgrading of informal settlements through a phased development approach. The approach aims to secure tenure, deliver municipal engineering services as well as social and economic amenities, and finally create housing opportunities as a final phase (Department of Housing, 2004). The ISUP was implemented in the informal settlements of, Wiggins Umkhumbane, Old Dunbar, New Dunbar, Cato Crest Settled Area which is the Study's Focus Area as illustrated in Map 1 on the next page, Jamaica and Nsimbini Phase 1. However, today in 2011, Cato Crest still has many informal settlements that are yet to be upgraded using the Informal Settlements Upgrading Programme (ISUP), and those that have been upgraded have largely impacted the use of the house for income generation negatively.

Map 1 below is a locational map showing Cato Crest in relation to the eThekweni Municipality boundary, of which Cato Crest is the case study area for this dissertation. On the map, the blue border outlines the Cato Crest area in relation to the rest of the eThekweni Municipality boundary, within the red border. The black borders outline the eThekweni Municipality Planning Boundaries. The routes shown are the main roads that run through eThekweni Municipality represented on the Map as the National Route 3 (N3) and the National Route 2 (N2).

**Map 1: Cato Crest in Relation to eThekwin Municipality Boundary**



### **3.2 The Informal Settlements Upgrading Process in Cato Manor**

Informal settlements upgrading in Cato Manor was initially a task undertaken by CMDA, with the mandate of developing Cato Manor as a distinct urban environment which was holistic in nature and integrated with the city of Durban. Additionally, the aim of CMDA was to address the housing and social needs of the poor and in due course create a city within a city. Cato Manor was from the late 1980s, and with the weakening of the Apartheid government, home to many informal settlement households. The size<sup>7</sup> and urban location of Cato Manor added to the wave of rural-urban migrants flocking there, a process that began in the 1980s to early 1990s, and thus CMDA, in 1992 seized the opportunity to develop Cato Manor. CMDA then went on to develop the infrastructure, install public amenities and housing, limiting any unnecessary displacement of people already living there. Cato Manor, since 1994, became a desirable location to curtail the growing formal housing backlog by building large numbers of subsidised housing units in the area. As a result, the intention of the development was for it to yield the highest densities and housing typologies out of this valuable piece of land. CMDA anticipated 30 000 to 40 000 housing opportunities for the area and a myriad of typologies (Robinson et al, 2004). In creating the housing opportunities CMDA had to be representative of the local housing needs of households, and with informal settlements representing a larger part of Cato Manor, this called for informal settlement upgrading to be a main intervention strategy. The flow of people into Cato Crest and the formation of informal settlements seemed almost natural, with the numbers increasing over time from when CMDA intervened in the early 1990s (CMDA, 2002).

Cato Manor started with about 300 families in 1991 and grew into six large informal settlements which housed up to approximately 7500 families (Robinson et al, 2004). A large portion of these informal settlements had very high densities which are home to over 90 shacks per hectare, of which many are situated on unstable land or floodplains. A lot of families were housed in these informal settlements, and the work of CMDA up to the year 2002 revealed that the current housing subsidy models during that period, such as the capital-linked subsidy, did not adequately allow for the realities of informal settlements upgrading projects, such as that informal settlements were clustered in their layout and they were 'tied' together by established livelihood strategies. As a result, the capital subsidy systems' freehold housing tends to disturb these survival networks by promoting a 'one house on one plot' type of township layout. The upgraded settlement therefore, shrinks the

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<sup>7</sup> Cato Manor covers an area of 1800 hectares of which 900 hectares are suitable for development (CMDA, 2002).

housing densities and displaces neighbours, thus dismantling the established livelihood networks which are vital for low income households' daily survival strategies. In terms of the housing structure, the 30 square metre capital-linked subsidy housing units are not big enough to accommodate both living space and space to operate HBEs under the same roof. (CMDA, 2002) Therefore, informal settlement upgrading impacted HBEs negatively and destroyed peoples' ability to generate an income driving the households into poverty.

Informal settlement upgrading in Cato Crest was, in 2004, taken up by the eThekweni Municipality which implemented the Cato Crest Slums Clearance Housing Project (CCSCHP), under the guidelines of the ISUP of the BNG (eThekweni Municipality, 2010). Map number 2 on the next page illustrates the CCSCHP boundary. Visible on the map are dense informal settlements which are yet to be upgraded, temporary shelter or waiting areas for housing which are erected for the placement of informal settlement households who are in the way of services, as well as CCSCHP upgraded housing units and other buildings in Cato Crest.



**Map 2: Cato Crest Slum Clearance Housing Project**



### **3.3 The existence of home-based entrepreneurship in Cato Crest**

A study conducted by McIntosh et al (2002a) cited in Robinson et al (2004) reveals that in Cato Manor informal and upgraded settlements (of which Cato Crest is a part) 85% of the businesses are informal and 40% of these generate less than R1000 per month. Evidently therefore, half the informal businesses in Cato Manor according to incomes they generate are survivalist<sup>8</sup> in nature. There are some economic livelihood strategies which are predominantly confined to the informal sector, more especially in informal settlement households that use their house for income generation, that are largely unprotected by legislation and suffer poor organisation by trade unions (Robinson et al, 2004).

Since the early days of the 'illegal beer sales' according to Apartheid Laws, women in the Cato Manor area generally had been brewing beer in their homes to sell to thirsty migrant workers in the city. During this time the municipality's response to their efforts was to close down these beer halls and open a municipal beer brewing plant which it then sold beer through, using registered beer halls (Jackson, 2006). 'Beer sales' although seen as illegal at the time, were an income generation strategy by the poor and an effort to survive. The authorities' reaction demonstrated a serious 'Clash of Civilisations' in understanding the financial importance of, and dependence on beer brewing for the informal settlement household as an HBE. Additionally, this unwanted form of economic livelihood strategy by municipal authorities, due to illegality of the trade according to by-laws and other legislation, led to and still does lead to the disturbance of the uses of the house for income generation in informal settlements.

The economic livelihood strategies of informal settlement households in Cato Manor have been marked by decades of disapproval by, and have thus suffered at the hands of the law. The informal sector generally seems to have a recurring problem, in that municipal by-law and regulations render their activities illegal. Situations such as this call for the relaxation or review of such restrictions if the informal sector is to continue providing for the urban poor. However, not everything about the informal sector is restricted by laws unless it is deemed harmful to the environment or people surrounding the activities practiced by a particular business (DAG, 2009).

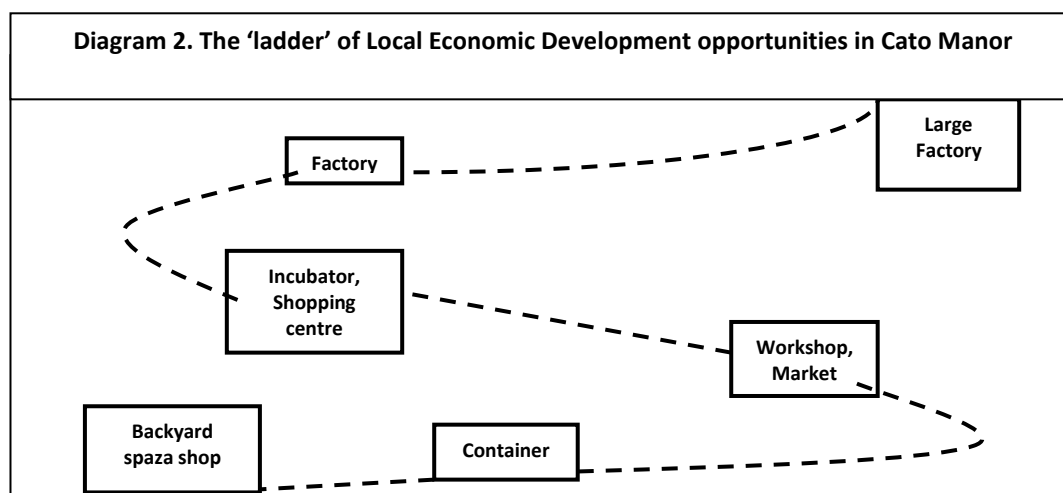
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<sup>8</sup> Survivalist enterprises are activities practised by people unable to find a job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into viable business. Poverty and the attempt to survive are the main characteristics of this category of enterprise (Department of Trade and Industry, 1995).



Eliasson et al (1998) reported evidence of a water-selling business in a Cato Manor informal settlement, which at the time of observation was guarded by a group of men taking guard post from within their shacks. However, informal settlement upgrading brings essential services including tap water into informal settlements and hence water-selling businesses would be impacted negatively by upgrading as all informal settlement households gain access to communal taps, located either within the site or at a close distance to the site.

The Local Economic Development (LED) strategy undertaken, by CMDA, in Cato Manor covered human capacity development, economic opportunities and institutional capacity as the three main areas, and these provided a 'ladder' of opportunities for residents. The 'ladder' of opportunities refers to the CMDA LED strategy's the envisaged growth path of an HBE enterprise that is operated from an informal settlement house in Cato Crest. Through the LED strategy, CMDA facilitates the households' ability to access micro-credit from a sponsor which, if successful as is often not due to a lack of formal payslips and other required documentation, the household uses the finance to purchase a road-side container. The HBE is then relocated into the container taking advantage of customers using the new roads and pavements. Once the household has accumulated enough capital from the container business, CMDA makes space available in a local workshop or market, which is a small local economic hub for the growing business to move into, pay rent and trade. The business then expands further and is then able to move into an incubator shopping centre built by CMDA, later expanding into a small factory and eventually a large factory employing a large number of people. Theoretically that is the envisaged growth path, by the CMDA LED strategy, 'up the ladder' for HBEs in Cato Crest as illustrated in diagram 2 below (Robinson et al, 2004).



**Source:** Robinson et al (2004).



CMDA (2003; 15) cited in Robinson (2005) states that for the above mentioned LED strategy to work out in favour of the Cato Crest residents, it is important to support all levels of economic activity including the survivalist “backyard” operators who use their shelters to generate an income. One can through observations of the Cato Crest Area witness a variety of economic activities practiced by the residents. However, the eThekweni Municipality has focused its LED strategies more towards the creation of economic hubs in which businesses could collectively occupy space and trade. An example of these economic nodes would be the Umkhumbane Flea Market, located on the corners of Bellair and Booth Roads showcasing the sale of traditional ethnic wear, clothing, textiles, African curios and carvings, jewellery, and ceramics amongst other things (CMDA, 2002). As a result HBEs have been treated as a nonessential component of upgrading, even though HBEs need developmental support and strengthening as a form of LED.

The history the of Cato Crest informal settlement has played a significant role in the formation of informal settlements in the area, as well as attracting attention from the international community and the government of South Africa. Upgrading in Cato Crest is currently being implemented by the eThekweni Municipality using the Informal Settlement Upgrading Policy (ISUP) of the BNG. Home-based enterprises (HBEs) are impacted negatively by the informal settlements upgrade as households fail to re-establish their HBEs in the formalised settlements, due to cost implications associated with operating a successful HBE in the Cato Crest upgraded settlement.

The next chapter is a representation and analysis of the data collected from all the field work conducted by the researcher.

## **Chapter 4: Presentation and Analysis of Primary Data**

### **4.1 Introduction**

The purpose of this chapter is to present and analyse the data collected from primary sources which included interviews conducted with the following eThekweni Municipality Officials; the Project Manager for the Cato Crest Slum Clearance Housing Project, the Manager of Housing Research and Policy in the eThekweni Municipality's Housing Department, the Manager in the eThekweni Municipality's Housing Support Unit, the Local Economic Development (LED) Officer in eThekweni Municipality's Cato Manor Area Based Management (ABM) Office, the Councillor for the Ward 101 Area, two Community Liaison Officers for the Cato Crest Area. A Household Survey was conducted with households that operated HBEs prior to upgrading and who's HBEs survived upgrading in the Cato Crest Slum Clearance Housing Project, as well as households who operated HBEs in the informal settlement, and continue to do so in the project's transit camps.

The study was carried out to assess government intervention in informal settlements through the informal settlement upgrading programme (ISUP) and its impact on the uses of shelter for income generation in the Cato Crest Area in eThekweni Municipality. The responses from the municipal officials were recorded using a Dictaphone, organised, presented and analyzed in this chapter. The information recorded was organized in such a way that it aided the researcher to achieve the study's objectives, by presenting the data in themes derived from the study's objectives, main and subsidiary questions. Additionally, this chapter forms a basis for the final recommendations chapter, which makes suggestions on how the negative impacts of the ISUP on home-based enterprises (HBEs) can be avoided or improved on, using the findings from the case of the Cato Crest Slum Clearance Housing Project (CCSCHP).

Rural-urban migration combined with high accommodation costs in the Durban Central Business District (CBD) leads migrants to the Cato Crest informal settlements in a search for cheaper forms of accommodation. Once people gain access and settle into this informal settlement they then either look for work in the city or turn to entrepreneurship, hence the emergence of HBEs which are survivalist in nature. The democratic South African government's commitment to housing the poor has led to the development of an informal settlements intervention strategy. The strategy came about through the *Breaking New Ground* (BNG) housing policy of 2004, *Informal Settlement Upgrading Programme (ISUP)*. Under this programme Municipalities are now obliged to upgrade informal settlements

within their districts provided they meet certain requirements, which the National Department of Housing refers to as, the 'responsibilities of municipalities' criteria outlined in Part 3 of the *National Housing Programme: Upgrading of Informal Settlements* (Department of Housing, 2004). The ISUP has three phases which when implemented inevitably impact the existing use of the house for income generation in some way. The study sets out to investigate these impacts using the information collected from the above mentioned primary and secondary data sources, by assessing the cause of any positive or negative impacts of upgrading on HBEs, as well as making recommendations for improvements.

#### **4.1.1 Data analysis**

The following represents how the themes were derived using the study's objectives as well as its main and subsidiary questions.

The raw data collected from the interviews conducted with eThekweni Municipality officials that were involved in the Cato Crest Slum Clearance Housing Project (CCSCHP), as well as the raw data collected from the household survey conducted with households operating HBEs in the upgraded settlement and transit camps, was organised, prepared and the accuracy of the information validated by the researcher in preparation for data analysis. The researcher then coded all the received data, by linking each response to the associated objective, main or subsidiary question of the study, that the data best answers (Creswell, 2010). From these 'links' the outcome was the following themes:

1. The process of informal settlement upgrading,
2. The impact of informal settlement upgrading on income generation activities,
3. EThekweni Municipality Officials' perceptions versus the realities in respect of income generation activities of households running HBEs in Cato Crest,
4. Support systems for income generation activities.

These themes were interpreted using study related headings under which a description of the headings is presented, using the data collected from the interviews with officials and the household surveys as represented below.

## **4.2 The process of informal settlements upgrading in the Cato Crest Slum Clearance Housing Project**

The Informal Settlement Upgrading Programme (ISUP) in Cato Crest was executed using a three phased approach of which the first phase focused on a community survey to determine the housing needs, the second phase focused on the provision of basic services, social amenities and secure tenure, and the third and final phase focused on housing development. In order to understand the processes involved in the Cato Crest Slum Clearance Housing Project (which is an *in-situ* upgrade), the chapter presents all the relevant data related to these three phases, provided by both the eThekweni Municipality Officials and the household respondents to the household survey, in an attempt to demonstrate how the upgrading policy was implemented and how it impacted HBEs once implemented.

The National Department of Housing, in 2004 stated in the *Informal Settlements Upgrading Instrument Business Plan 3* of the BNG, that the ISUP seeks to harness fragile community networks, minimise disruption, facilitate community participation in all aspects of the development solution and is flexible enough to cater for local circumstances. The point here is that informal settlements upgrading, according to the BNG, should tie together community networks and minimise the disruption of, among other things, the use of the house for income generation. However, the research conducted in Cato Crest suggests that the implementation of upgrading did not achieve these recommendations of the BNG.

In the Cato Crest Slum Clearance Housing Project, the income generation activities carried out by households in informal settlements were impacted by the upgrading process as they were relocated, from informal to upgraded settlements with some temporarily relocated to transit camps if their informal housing was in the way of services and housing. In terms of the ISUP Business Plan 3 of the Department of Housing, HBEs fall under the category of a 'local circumstance' and should thus have been catered for in the upgrade, by ensuring that the households operating HBEs are able to continue doing so with ease no matter where they are located at any given moment. The next heading is a presentation of the realities pertaining to how upgrading impacted the use of the house for income generation in the Cato Crest Slum Clearance Housing Project.

### **4.2.1 Informal Settlement Upgrading Programme Phase 1: Community Survey, how it unfolded in Cato Crest**

The first phase of the Informal Settlement Upgrading Programme (ISUP) in Cato Crest involved a community housing needs survey. The survey in the Cato Crest Slum Clearance

Housing Project (CCSHP) was conducted using a Social Compact Agreement (SCA)<sup>9</sup>. The SCA was a legally binding contract between the municipality and beneficiaries that, outlined the details of the upgrading project, served as a confirmation that the community was fully engaged in the upgrading process and, that the community was actively involved in the decision making process through its' elected representatives. The Cato Crest community representatives were chosen from the Community Based Organisation (CBO) as well as the Community Liaison Officers (CLOs). The CLOs managed each of the area based groups of Area Based Committees (ABC) which are responsible for gathering information from individual households in the community, regarding any concerns or needs related to the upgrade. Once collected, the information was then passed on to the CLOs, who passed the information to the councillor's office. Thereafter, the information was forwarded to the municipality where urgent matters regarding community concerns about how the upgrade will impact their HBEs, housing and infrastructural needs and any other geo-technical or land suitability issues were attended to. However, issues pertaining to the impact of upgrading on the uses of shelter for income generation were not seen, by the Municipal Housing Department officials involved in the CCSHP, as vital to the upgrade and were therefore overlooked. The two municipality officials interviewed (The CCSHP Project Manager and the Manager for the Housing Support Unit) stated that the impact of upgrading on HBEs is a small problem, compared to that of providing secure tenure for the informal settlement households. As a result, households operating HBEs were disregarded by these officials and led to the households having to re-establish their HBEs using their own efforts if they could at all.

The community survey is undoubtedly a useful tool for gathering information from beneficiaries, as this information highlights the community's concerns and needs surrounding the upgrading of their informal settlement. However, the shortfall of this process is that the information may not be expressed by the community representative to municipal officials as being one of high importance, thus losing its intended impact. An example in Cato Crest was that the use of containers for trading was expressed by the councillor as being his idea and not an idea from the households, this was representative of a decision making process for people without their input. The transfer of information from Cato Crest community representatives to municipal housing officials was a problem

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<sup>9</sup> A Social Compact Agreement confirms that the community was fully engaged in the process and are actively involved in the decision making process through the elected representatives (eThekweni Municipality, 2010).

especially since households that practiced HBEs were a very common and visible feature of the Cato Crest informal settlement.

The CCSCHP Project Manager and Housing Support Manager maintained that the informal settlement households' HBE activities are an unimportant component of informal settlement upgrading. The community survey process in Cato Crest came across as more of a community notification process of upgrading by municipal officials to beneficiaries, regarding what was about to take place in the settlement. In the municipality's defence, CCSCHP Project Manager, the Housing Support Manager and Research and Policy Manager argued that the municipality did provide separate land for businesses, referring to places such as the Cato Crest container park. These are commercial nodes for small businesses in Cato Crest where businesses rent operational space. Therefore, they had not really disregarded the provision of spaces or a venue for income generation activities by households. However, there are additional costs associated with the upgraded settlement such as, rent and the transportation of trading goods from the house to the road-side trading space and back again, the increased competition from formal trading stores and fewer customers than the informal settlement due to a decrease in housing densities. The separate land for trading and other economic amenities made it financially draining for poor households operating survivalist HBEs to continue trading, as they could not afford these additional costs.

The second phase of the ISUP in the Cato Crest Slum Clearance Housing Project involved the eThekweni Municipality installing basic services, social amenities and security of tenure for the targeted beneficiaries of the upgrade. As the services were being installed, some of the households were relocated to transit camps in order to accommodate these services, and as a result, their use of the house for income generation was lost during their stay in the transit camps. The length of time households were originally intended to stay in transit camps was three months however; the Cato Manor Area Based Management (ABM) Local Economic Development (LED) Manager stated that people stay in transit camps for a period of five even up to ten years waiting for housing.

#### **4.2.2 Informal Settlement Upgrading Programme Phase 2: Provision of basic services, social amenities and secure tenure in Cato Crest**

The provision of basic services, social amenities and secure tenure make up the second phase of the ISUP, which was executed in the Cato Crest Slum Clearance Housing Project (CCSCHP). The residents of the Cato Crest informal settlement that had housing structures

physically located in the way of the provision of these services were relocated by the municipality in order for these services to be installed. Nearly a quarter of the total number of households that were relocated had been using their houses for income generation and these households were therefore, impacted negatively by the upgrading process. The disturbance of HBEs arose from the operator households being relocated to either transit camps<sup>10</sup> or to a newly upgraded settlement, where re-establishing their HBEs proved to be a big challenge. The challenge was due to a lack of space, fewer customers compared to the informal settlement caused by the smaller population densities, as well as uncertainty about when they would be relocated, especially considering the lack of assistance from the municipality in this regard.

The transit camps in Cato Crest were erected rather easily and quickly as they were made from corrugated iron sheets with wooden pole pillars, and communal taps, but no sewer services connected to each individual camp unit. The small size of the transit camp unit made it hard for households to accommodate HBEs and living space under the same roof. The corrugated iron got extremely hot in summer and perishable goods did not last very long, leading the households operating HBEs to ultimately stop selling perishable goods. Households that operated HBEs in the informal settlement and were now staying in transit camps had to either re-establish their HBEs using the limited space and services in the transit camp, or wait until they received a subsidized government house, which meant they lost out on their potential income.

Of the 16 Households operating HBEs, the four that were surveyed in the Cato Crest transit camps stated that the only good thing about the transit camps was that they knew that they were waiting for a house. However, the same people do not know where they will be moved to as well as when they will be moved from these camps and whether they will be able to run HBEs from their new locations. This lack of critical information for upgrading beneficiaries not only highlighted a lack of communication between beneficiaries and officials, but it also created uncertainty amongst transit camp residents which, in some cases, discouraged the re-establishment of HBEs. A household respondent operating a home-based tuck shop within the camp stated that she would not expand her HBE because she was uncertain when she would be relocated, where she would be relocated to and whether her new location would allow her to continue operating her home-based tuck shop, which she finances using a government grant in the form of a provident fund. Another

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<sup>10</sup> Transit camps in the informal settlement upgrade are holding places where people are moved to in order to accommodate infrastructure and service provision, whilst they wait for upgraded housing.

household respondent also operating a tuck shop in the transit camp stated that he could not at first continue with his HBE as he had insufficient space in the transit camp unit. However, after the households realised that they would be in the camp for longer than they anticipated, the survival strategies kicked in again, with one household erecting rental accommodation for a trading store built using locally available corrugated iron sheets. This new space was rented out by a home-based tuck shop operator, who had operated a home-based enterprise in the informal settlement. However, the tenant household stated that it was difficult for them to keep up with rent payments as the transit camps had fewer people than in the informal settlements, which meant there were fewer customers. Households operating HBEs who had been relocated to transit camps were left to figure out their own way of re-establishing these enterprises, which was an impossible task given the small size of the camp units, the material they were built with and the decreased densities and associated shrink in customer numbers. The relocation of households operating HBEs to transit camps immediately ends the households' ability to use their house for income generation, unless they somehow manage to counter the loss by their own means.

In some cases households operating HBEs were relocated to a number of different holding places more than once without being consulted or given enough time to prepare themselves for the relocation. The result of this was a stressful working environment for households operating HBEs, exacerbated by the growing uncertainty regarding the future location of the household, which caused a negative impact on the households' income generation strategy using the house. These events led to loss of income by households operating HBEs, which was not the intention of the upgrading policy.

The provision of services was a technically challenging and costly part of the informal settlements upgrading process as stated by the CCSCHP Project Manager, due to the steep topography. However, this process was a vital step toward achieving the municipality's mandate of creating sustainable human settlements out of the Cato Crest informal settlement. It was therefore unavoidable, that some households had to be moved in order to make way for these services. The households that operated HBEs in the informal settlement and were moved directly into the upgraded settlement suffered challenges of their own during this process. Most households' ability to generate an income using their house was disrupted by the relocation which caused a loss of income, or in some cases additional costs associated with the re-establishment of that HBE in the upgraded settlement. However, households operating HBEs were afforded some support structures



for the development of already established HBEs and not for the re-establishment or start-up of HBEs. In the Cato Crest upgraded settlement support came from institutions such as the eThekweni Municipality Business Support Unit, the Area Councillors' Office, the Cato Manor ABM LED Office, and other public organisations as well as private institutions. The support was offered in the form of the facilitation of the availing of micro-credit loans to households operating HBEs and entrepreneur skills development such as book keeping. In a widely reported case, by the interviewed households operating businesses from road-side containers, the soda drinks company Coca Cola, through the Cato Crest councillor's office, made available fridges for households on credit which households could use to store and sell only Coca Cola products. Therefore, in the Cato Crest upgraded settlement households operating HBEs had to move out of the house into a container in order to take advantage of these support structures. These support structures had cost implications for the households, as they were encouraged to trade using road-side containers which they had to rent or buy, financing the rent or purchase themselves. It was as if the municipality expected informal settlement households, once the informal settlement had been upgraded, to automatically have the financial capacity to upgrade their HBEs into whatever new economic amenities had been provided. These economic amenities included container parks, incubator shopping centres or road-side containers to name a few.

#### **4.2.3 Informal Settlement Upgrading Programme Phase 3: Housing development in Cato Crest**

The development of housing was the final phase of the informal settlements upgrading process and once a house was completed, a beneficiary household was selected from a housing waiting list or targeted beneficiaries and moved into their new house accordingly. Interviews conducted with the eThekweni Municipality officials revealed that this final phase of upgrading was the housing departments' main objective from the onset. Therefore, issues of the impact of upgrading on the use of the house for income generation were not given much consideration, as demonstrated by the following statement made by the Cato Crest Slum Clearance Housing Project Manager:

*"Our main focus/ goal as the eThekweni Housing Department is to provide informal settlement households with sound structures, the 'other things'<sup>11</sup> are secondary because we want to treat all the households in the same way when we upgrade them..."* (eThekweni Municipality Cato Crest Slum Clearance Housing Project Manager).

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<sup>11</sup> The 'other things' refers to issues such as the use of the house for income generation.

The only way that the use of the houses for income generation could be integrated into the upgrade, was for the Cato Manor ABM LED Office to intervene in the upgrading process, as it is the designated municipal office mandated with developing businesses in Cato Crest. The upgrading Project Manager stated that there had been one instance in Cato Crest where the Housing Department had to deal with accommodating a household operating an HBE into the departments upgrading plans. The reason was that the household members had approached municipal officials on-site to let them know that their HBE was their only source of income and therefore, the household needed to be allowed to continue to trade wherever they were relocated to. As a result of the plea made by the household, eThekweni Housing Officials referred the matter to the eThekweni Business Support Unit, as the housing department was not concern itself with such issues. It was therefore apparent that, unless the housing department was approached directly by households operating HBEs, the department did not actively link or refer households operating HBEs to the Business Support Unit. So, it is questionable if people knew of the existence of this important role of the department. Referrals were easy to conduct and were also a good way for the department to rid itself of the responsibility of having to accommodate households that use their house for income generation, into their upgrading plans.

When the Cato Manor ABM LED Manager was interviewed he raised issues around the eThekweni Municipality Housing Policy not catering for nor supporting households operating HBEs. He further stated that the eThekweni Municipality Housing Department did not, through its upgrading policy show an understanding of the fact that people use their homes as wealth creation assets. The main issue was that informal settlement upgrading in the Cato Crest Slum Clearance Housing Project was executed as if none of the households being upgraded are actually using their houses to generate incomes. The lack of collaboration, in upgrading, between the relevant departments across the municipality did not allow for integrated development. Households operating HBEs, that faced imminent upgrading, did not simultaneously have the eThekweni Municipality Business Support Unit on the ground providing assistance to them. One of the reasons for this was that the eThekweni Municipality Housing Department's upgrading plans were not in tune with those of the Business Support Unit.

The Cato Manor ABM LED Manager stated that there was a tendency within the municipality's various departments' to work separately from one another and not communicate their plans with any other related department. Unless it was required by the

powers that be, e.g. unless the National Minister of Human Settlements calls for the upgrading of informal settlements to accommodate HBEs, intergovernmental cooperation would not be done by the Local Government Officials. However, it is important that HBEs are accommodated into the upgrading plans. The Cato Manor LED Manager also stated that the eThekweni Business Support Unit hinders the growth of HBEs in Cato Crest by focusing too much on striving to get informal traders to comply with their by-laws, such as trading within designated zones, instead of affording them the relevant financial and other forms of support. By focusing on getting HBEs to comply, the Business Support Unit hindered the HBEs as they could not afford the rent associated with operating within the designated trade zones leading to a loss of income for the household operating the HBE. In the Cato Crest, the only time the eThekweni Municipality met with a group of households that were operating businesses was over the contestation of land reserved for commercial use. The purpose of the meeting was to negotiate whether the households operating businesses got to keep and use the land for trading, although it was prioritised for housing development by the municipality. The municipality's reservation of prime land for housing, further illustrated how the provision of upgraded housing units was treated by the state and its officials as the most important issue in informal settlement upgrading.

#### **4.3 Officials versus beneficiaries understanding of how upgrading impacts HBEs in Cato Crest**

The Informal Settlement Upgrading Programme is a progressive housing policy approach, towards the development of sustainable human settlements, to ensure that the poorest South Africans gain access to adequate housing. Informal settlement households in Cato Crest practice livelihood strategies daily which are a vital step towards ensuring their survival and their escape out of poverty. Some people living in informal settlements are employed by the households operating HBEs. This research also highlights the important, common understandings between officials and beneficiaries of upgrading, of the types of HBEs operated in Cato Crest, and how upgrading impacts these HBEs. These common understandings are then compared to any points of divergence between interviewed municipal officials and beneficiaries of upgrading, regarding the process of upgrading and how it impacts HBEs.

##### **4.3.1 Common understandings between officials and households in Cato Crest of how upgrading impacts HBEs**

There were common understandings between officials and households in Cato Crest of the different types of businesses that were operated by households in the Cato Crest informal

settlement. The Cato Manor ABM LED Manager stated that a study conducted by his office revealed that in the Cato Crest informal settlement there were four different types of businesses. These were namely:

- street traders (which were those people that traded goods on pavements),
- businesses operated within the house or within the site boundaries, which were categorized as home-based enterprises (HBEs),
- Small to Medium Enterprises (SMMEs) that trade in the areas reserved for SMMEs like the Cato Crest Container Park and the Bellair Market,
- Co-operatives which are usually run by a group of community members with a single businesses interest, such as the agricultural farming of foods or chickens for sale within site boundaries or plots of farming land designated by the municipality.

The eThekweni Business Support Unit and the Cato Manor ABM LED Offices, both have development support links to the various businesses in Cato Crest. However, only the ABM supports HBEs in Cato Crest directly. These two municipal divisions therefore, had the most knowledge within the eThekweni Municipality concerning households that operate HBEs in the Cato Crest informal settlement, as they from time to time record the HBE functions into a database. However, general information about the types of businesses that exist in Cato Crest informal settlement was known by all the interviewed officials, thus revealing the fact that officials did know that there were households who operated HBEs, within Cato Crest informal settlement, which would be disturbed by the upgrading of the informal settlement.

There was common understanding between interviewed officials and surveyed households regarding the fact that households that operated HBEs tended to lose a majority of their customers in the upgraded settlements, which they had in the informal settlements. The reason for this is that in the informal settlement housing densities were high and therefore, there was a larger customer base. The upgraded settlements had fewer houses per hectare due to the formal township planning layout which promoted freehold sites for each individual household. As the housing density numbers shrunk so did the customer numbers shrink, resulting in businesses closing down or business models changing to accommodate the 'new market'. An example of the latter in Cato Crest was that in the upgraded settlement, people now had electricity so they purchased refrigerators. As a result, for the households operating tuck shop HBEs which sold daily meat portions and other daily

necessities, this meant they could no longer continue to trade as people now bought meat in bulk from supermarkets, which they stored in home refrigerators. All the municipal officials interviewed understood the impact of increased competition in the upgraded settlement and the households operating HBEs felt the impact of this increase in competition. However, as far as common understanding goes, the impact of the increased competition led to a point of divergence between the views of the interviewed officials and those of the households operating HBEs.

#### **4.3.2 Points of divergence concerning the impact of upgrading on HBEs in Cato Crest**

A point of divergence between the interviewed municipal officials and surveyed households is that, the municipal officials regarded informal settlements as urban blight and they stated that it was the aim of the state to do away with these informal settlements through upgrading. This was a very different view from the households, who regarded informal settlements not only as a home, but a home where they could practise HBEs to survive. The CCSCHP Project Manager, for example, stated that informal settlement households had no tenure rights, which meant that they did not own the land they were settled on in Cato Crest. Therefore, these households would not have been allowed to oppose upgrading, even if they had concerns regarding the impact of upgrading on the uses of the house for income generation. As a result, HBEs were impacted negatively by the upgrade and the concerns raised by households operating HBEs were disregarded or passed on to the eThekweni Municipality Business Support Unit to deal with, whilst the eThekweni Housing Department continued with its upgrading plans regardless of the impact on HBEs. The Cato Crest Slum Clearance Housing Project Manager, explained (quoted below) why he felt that the Municipality's Housing Department need not concern itself with HBEs, as this may slow down their efforts to upgrade informal settlements, and in any case, these households operating HBEs were not important in the upgrade.

*"To my knowledge, everyone who has built shacks in Cato Crest is an invader of that land, because they have built shacks on land that does not belong to them. So when we as eThekweni Municipality Housing Department implement the upgrading of these informal settlements, everyone is tuned into the understanding that no one should refuse relocation..."*

Another point of divergence between the eThekweni Municipality Housing Officials and the upgrading beneficiaries is, that the officials had documented knowledge detailing how the

upgrading process would unfold in the Cato Crest Slum Clearance Housing Project which the beneficiaries did not have access to. The eThekweni Housing Support Unit Manager stated that informal settlements in Cato Crest were populated by a majority of foreigners who were not eligible to receive housing in upgraded settlement and related support. However, this statement made by the Housing Support Unit was not supported by any evidence, and as observed by the researcher, an overwhelming majority of the Cato Crest informal settlement was populated by black South Africans. These divergences between municipal housing officials and the beneficiaries of housing illustrated a lack of consultation between the two parties and lack of research by the Municipality Housing Support Unit in order to understand the demographics of Cato Crest. As a result, the implication of these points of divergence was the lack of 'a meeting of the minds' between the officials and beneficiaries in respect of upgrading and HBEs, leading to upgrading impacting HBEs negatively.

#### **4.3.3 Implications of common understandings and points of divergence between officials and households of upgrading and its impact on HBEs**

The 16 surveyed households that operated HBEs in Cato Crest made a comment on how HBEs in informal settlements enjoyed more customers than presently in their upgraded settlement. However, none of these households wanted to ever live in an informal settlement again. Of the 16 surveyed households, the 11 that had operated home-based tuck shops in the informal settlement stated that they would like to re-open a tuck shop in the informal settlement to take advantage of the large number of customers. This was mainly because these households were struggling to sell their goods in the upgraded settlement. The upgraded housing settlement trading environment required most of the surviving HBEs to adapt their businesses to the upgraded trading scenario such as e.g. from selling candles to selling light bulbs. The reason behind this sudden change in the type of product sold was that the upgraded settlement had electrically connected houses, which the informal settlement did not have unless people had illegally connected electricity. The issue with the underperforming HBEs in the upgraded settlement was the lack of support for these HBEs, from the municipality officials implementing upgrading. The municipality created this new living environment in which households operating HBEs were subject to change requiring new ways of doing business. However, the municipality did not provide the households operating HBEs any support to be able to re-establish their HBEs, without any financial implications, in order for the households to adapt to the new settlement.

For households operating HBEs in the upgraded settlement business success tended to rely on the location of the business. As a result, households that previously operated HBEs

moved their businesses road-side containers in order to continue trading successfully. The costs of a road-side container, which households either rented or bought, was a minimum fee of R30 000 (Rainbow Nation, 2011). The physical township layout of the upgraded settlements played a big role in this change where, the road-side became the ideal location for businesses, in order to take advantage of the customers using the new roads and pavements to move around Cato Crest. In the informal settlements, the flow of people was through small paths that passed in between informal settlement houses, which made it easier for people to trade from within the house. Of the 16 surveyed households, only four still operated their HBE from within the home in the upgraded settlement, meaning that upgrading in Cato Crest left only 25% of the HBEs that survived the upgrade able to continue trading from within the home. The reason was that three of these houses were built close to the site boundary on the edge of the pavement and were therefore, able to sell their HBE goods through the house window. Another of these HBEs was located next to many informal settlements which provided a lot of customers for the HBE and therefore, there was no need for the household to trade on the road-side. The other 75% had converted to street traders, as they traded from road-side containers and incurred additional costs of doing so, which explained why some HBEs were unable to survive the upgrade.

The Cato Crest Slum Clearance Housing Project was welcomed by both municipal officials and informal settlement household beneficiaries as it was viewed as a desirable developmental housing project. However, the flow of information from beneficiaries to municipal officials implementing the upgrade, surrounding issues of upgrading remained unsatisfactory to the beneficiaries as they were mostly uncertain about issues surrounding the upgrade such as, where they would be moved and when the move would take place. The implications of the lack of communication left households fearing that they would be moved far away from their current location, leading to a loss of their employment or income generation activities using their current informal settlement house. Upgrading was biased and in favour of the eThekweni Municipality Housing Departments' housing delivery targets, thus the points of divergence emerged out of the drive to rapidly build housing units. This excluded the needs of households that operated HBEs as they received no assistance from the eThekweni Municipality Housing Department. This issue was further exacerbated by the municipal officials' perceptions of HBEs that were not in line with the needs of households operating HBEs in Cato Crest.

#### **4.4 Officials' perceptions and the realities of HBEs in Cato Crest**

In identifying the different uses of shelter for income generation purposes in the Cato Crest Housing Project, the researcher went into the settlement to identify, through observations, the different types of businesses that existed there. A household survey was conducted with the households operating HBEs which had survived the upgrade. EThekwini Municipality Officials were interviewed on their knowledge of the different types of HBEs that existed in the Cato Crest area. The reason this was done, was because the officials' knowledge of the different types of HBEs operated by households in Cato Crest informed the perceived importance of HBEs to households by officials. This revealed why officials disregarded HBEs when they implemented upgrading. Therefore, the survival of HBEs in the upgrade was largely dependent on the officials' perceptions of them, which had implications for whether such HBEs received support or not.

##### **4.4.1 EThekwini Municipality Officials' Perceptions of the different types of HBEs in Cato Crest**

In understanding the municipality officials' perceptions surrounding the households use of the house for income generation, officials were asked to list the type of businesses they were aware of in Cato Crest, as listed in table 2 below. In addition to this, the officials were asked questions about how they dealt with HBEs in the Cato Crest informal settlement upgrade. The result of this was that some of the officials treated HBEs as a non-vital component of upgrading and were rather viewed as being either 'illegal' or too small to matter.

Table (2) below illustrates the type of businesses that each interviewed eThekwini Municipal Official admitted to having observed in Cato Crest. Down the left hand column is a list of 19 different types of income generation activities undertaken by households in Cato Crest upgraded settlement according to interviewed municipal officials. Listed across the first row are the different designations, within the eThekwini Municipality, of each interviewed municipal official involved in the Cato Crest upgrade, as well as the Cato Crest Councillor and Community Liaison Officer. Linking each official to their acknowledged type of HBE practiced by households in the Cato Crest upgraded settlement, is a box with a tick under the officials' designation corresponding with the HBE type listed in the left hand column.



**Table 2:** Table illustrating municipal officials' knowledge of the types of businesses in Cato Manor

TYPE OF BUSINESS	PROJECT MANAGER	MANAGER HOUSING SUPPORT UNIT	MANAGER RESEARCH AND POLICY	COMMUNITY LIAISON OFFICER	COUNCILLOR	CATO MANOR ABM LED OFFICER
Shack-lords	✓	✓	✓			✓
Spaza-Shop/ Tuck-Shop	✓	✓	✓	✓	✓	✓
Mr Phone/ Pay Phones	✓					✓
Breweries/ Shebeens	✓				✓	✓
Fruit and Vegetable Markets	✓	✓	✓			✓
Welders		✓	✓			
Woodworkers			✓			
Plumbers			✓			
Bricklayers/ Builders		✓	✓			
Block makers			✓			
Home-based cooking		✓	✓	✓	✓	✓
Sowing			✓		✓	
Savings clubs			✓			
Street trading			✓			✓
Taxi-lords		✓	✓			
Mechanics		✓	✓			
Water collectors			✓			
Panel beaters			✓			
Electronic repairs			✓			
Car washers		✓	✓			

Source: Own construct (2011).

From the interviews conducted with the officials, the top four known businesses in Cato Crest upgraded settlement are listed below in the order of the number of times they were mentioned by the officials. This information is used below to explain why HBEs are not accommodated into the upgrading plans of the municipality as a result of the officials' knowledge of the types of HBEs.

- i) Spaza/ tuck shops
- ii) Home-based cooking
- iii) Shack-lords
- iv) Fruit and vegetable markets

All of the above mentioned businesses were operated using the house in informal settlements, which places them under the category of HBEs. However, when all the officials were asked whether they would encourage these types of HBEs, the upgrading Project Manager and Housing Support Unit Manager both stated that they did not want to see people renting out the housing units as shack-lords rented out informal settlements (number iii in the list). These two officials went as far as to state that they did not encourage the use of the upgraded house for income generation as they were trying to avoid shack-lords re-emerging in formalized settlements.

As a result, any home-based enterprise which the municipality was unable to exercise any form of control over was discouraged. The discouragement of HBEs, by the municipality was countered by an encouragement of households operating HBEs, by the municipality, to obtain road-side containers. However, road-side containers were expensive to purchase and this expense and other related expenses could have been avoided through the continued use of the house for income generation. In the upgraded settlement the households used their houses as storage space for the trading goods, and for safety reasons. The moving of these goods from the house to the container required unnecessary additional work by the households, which would have otherwise been avoided had they been using the house for trading space. Trading from within the house also enabled the household to the safety of their goods, where as in the road-side containers the risk of theft was high when the household retired to their house after closing up the shop. Informal settlement upgrading placed a heavy burden of operational expenses for households operating HBEs in Cato Crest, which if they could have avoided had they been able to carry on trading from within the house.

Below is an analysis of how households that run HBEs were treated by officials in the Cato Crest informal settlement upgrade.

#### **4.4.2 The treatment of households that run HBEs by eThekweni Municipality officials in the Cato Crest Informal Settlement Upgrade**

When the Cato Crest informal settlement upgrading Project Manager was asked how households that operated HBEs were accommodated into the upgrade, his response was that all households, whether they operated HBEs or not were treated in the same manner by the eThekweni Municipality Housing Department. This implied that no special effort or attention was paid to existing HBEs and how they could be accommodated into the informal settlement upgrade. The Project Manager for upgrading in Cato Crest stated that the eThekweni Municipality Housing Department had been mandated to eradicate informal settlements by speedily delivering housing and HBEs were, to him, one of the issues the Municipality's Housing Department could not afford to be distracted by, in their upgrading plans.

##### **4.4.2.1 Realities in respect of the types of HBEs that exist in Cato Crest**

The researcher conducted household surveys with a total of 16 households that had operated HBEs in the Informal settlement, survived upgrading and now ran HBEs in the Cato Crest upgraded settlement. The targeted households that operate HBEs were originally 20-25, but as the household survey commenced it was difficult to find the desired number of households that practiced HBEs who had survived the upgrade, because many HBEs had not survived the upgrade. Table 3 is a summary of the research findings in terms of the household survey, illustrating the different types of HBEs that were surveyed, as well as the change in the types of goods sold, that some of the HBEs underwent after the upgrade in order to remain competitive in the upgraded settlement.

One household operating a HBE changed its business from a shebeen trading South African Breweries (SAB) Beer to a tuck shop, due to the household suffering a countless number of raids from the local police, because the police were clamping down on unlicensed liquor traders. The Councillor's office intervened in this matter and negotiated for a relaxation of laws in order to permit households living in temporary shelter, who were engaged in the unlicensed trade of liquor to continue doing so for a number of reasons. Firstly, although some of the households qualified for liquor trading licenses, these would only be awarded by SAB to the households once the households had a formal house. Secondly, it was not the households' fault that they did not have a formal structure yet, as they were waiting for the

municipality to deliver their houses to them, which is why the Councillor's office was arguing that the unlawfulness was merely an interim arrangement and could be overlooked as the households concerned would soon be relocated to the formal housing settlement. The police agreed initially. However, one of the surveyed owners of an HBE running a shebeen in the Cato Crest transit camp stated that local policeman kept harassing him at the shebeen and demanding bribes. This led to the household eventually shutting down their operation and opening a tuck shop instead. In this case, informal settlement upgrading relocated a household operating an HBE dependant on a formal housing structure, but the delivery of that formal house was delayed for so long that a household's home-based enterprise suffered and was eventually shut down.

As illustrated in Table 3 on the next page, it is apparent that of the 16 surveyed households operating HBEs in the upgraded Cato Crest settlement, there was one highly common type of HBE namely, tuck shops, followed in popularity by a few shebeens, and one mechanic. A total of 7 tuck shops were survivalist enterprises that traded a small portion of daily necessities such as bread, milk, meat and other essentials. Of the 16 surveyed households operating HBEs 5 owners reported difficulties in re-establishing their businesses. The difficulties were linked to barriers of re-entering the market such as having to change the type of business they had originally, affording the containers that they had to trade out of and overcoming competition from the formal sector business enterprises trading in similar goods.

Of the 16 surveyed households operating HBEs 3 tuck shops that also sold alcohol, which according to the households selling alcohol was a lucrative business in the area although they had no trading licences, were able to adapt to informal settlement upgrading as their customer base was larger in both the informal and upgraded settlement. This was only because the households constantly accumulated income from their operations and eventually accumulated enough financial capacity to re-establish their businesses in the upgraded settlement. For this reason, and perhaps others, the alcohol trade was popular in Cato Crest upgraded settlement and tuck shops were also popular amongst other households in the Cato Crest upgraded settlement. The households operating tuck shops stated that it was cheap for them to re-establish the tuck shop business. The impact of the Cato Crest informal settlement upgrade on HBEs was largely negative because of the impact the officials attitude had on HBEs. In the absence of support for households operating HBEs,

households were faced with new costly requirements for running a business in the upgraded settlement.

**Table 3:** The surveyed home-based enterprises in Cato Crest.

TYPE OF HOME-BASED ENTERPRISE	OPERATIONAL/ OTHER CHANGES TO HBES	SURVIVED UPGRADING	DID NOT SURVIVE UPGRADING
TUCKSHOP	Owner operated tuck shop from informal house; now operating tuck shop from road-side container in upgraded settlement.	✓	
TUCKSHOP	Owner still located close to informal settlement, HBE built in informal shelter attached to formal home.	✓	
TUCKSHOP	Owner extended the new home using building blocks in order to create space for HBE.	✓	
TUCKSHOP	No operational or other changes, besides the fact that the household has been relocated into an upgraded settlement.	✓	
BUSINESS SPACE RENTALS, PANEL BEATER, SHEBEEN	Owner has moved from running a tuck shop in informal settlements to operating 3 different business entities over and above, but inclusive of HBE.	✓	
TUCKSHOP	Owner sells tuck shop goods from a road-side container.	✓	
TUCKSHOP	Owner's business changed from tuck shop in informal settlement to vegetable store in transit camp and road-side container tuck shop again in upgraded settlement.	✓	
BUTCHERY	Owner changed business from home-based tuck shop to road-side butchery.	✓	
SHEBEEN	Owner changed business due to lack of space in formal house from selling live chickens to road-side tuck shop/ shebeen.	✓	
TUCKSHOP	Owner changed business after upgrading e.g. from selling candles to selling light bulbs in a road-side tuck shop/ mini market.	✓	
TUCKSHOP	Owner renting operational space inside transit camp in order to operate tuck shop.	✓	
SHEBEEN	Owner changed business to tuck shop inside transit camp, due to police raids on the illegal sale of beer.		✓
TUCKSHOP	Owner lost formal employment used provident fund to finance their tuck shop in transit camp, whilst awaiting formal house.	✓	
TUCKSHOP	Owner rebuilt tuck shop, using their own savings in the transit camp as they awaited formal housing.	✓	
SHEBEEN	Owner underwent free Cato Manor ABM 3 year business training, awaiting formal SAB Trading Licence as they trade liquor illegally.	✓	
MECHANIC	Continues to run mechanic business, although upgraded house has less space to park customers' vehicles.	✓	

Source: Own construct (2011)

#### **4.5 Support systems for home-based enterprises in Cato Crest**

The eThekweni Municipality Housing Department upgrading officials mainly reserved most of the land in Cato Crest for housing and businesses were accommodated on separate plots of land, or businesses nodes such as the Cato Crest container park. Therefore, support was predominantly focused on moving businesses to these economic nodes. Households operating HBEs that approached the housing department officials were, in some instances, encouraged by the municipality to seek development assistance from the eThekweni Municipality Business Support Unit or the Cato Manor ABM LED Office. These municipal divisions had programmes designated for households using the house for income generation. These programmes facilitated by the Cato Manor ABM LED office involved the development of the business skills, of the operators of home-based enterprises. The Municipality Business Support Unit had businesses courses which business operators could enrol in. Once a course was completed the student received a certificate which made it easier to get trading licences e.g. from SAB. Another support system, implemented by the Cato Manor ABM, was the collection of data detailing the number of households operating HBEs in the Cato Crest informal settlement and the different types of HBEs. Such information could have been used by the housing department to plan how they could accommodate these HBEs. However, these support structures of the two departments, among other support initiatives, were not taken advantage of by the housing department. The uncoordinated planning resulted in a loss of income that did irreversible damage to the poor households' financial status.

#### **4.6 Illustrations of surviving HBEs that have transferred from the informal settlements to upgraded settlements in Cato Crest**

In all the illustrations below, none of the home-based enterprises are operated from within the original government subsidized house. Either the house was extended to accommodate the HBE or the HBE was relocated from the house into a road-side container. One of the reasons for moving was that the upgraded house was too small to accommodate the functions of an HBE and living space under one roof. The size of the upgraded house hindered the households' ability to operate their HBEs from within the house, thus impacted the use of the house for income generation negatively, by not having adequate space to accommodate the operation of an HBE. The municipality did not, in the Cato Crest upgrade, make any effort to increase the standard size, which was 40 square meters, of the upgraded house and instead households operating HBEs had to purchase or rent road-side containers in order to continue trading, or extend their house.



Plate 1: A tuck shop built using wood placed next to the upgraded house. There is a foot path from the road to the front of the house. Behind the house are informal settlements that are yet to be upgraded.



Plate 2: Upgraded house extended To the left to accommodate a tuck shop using concrete blocks.



Plate 3: A road-facing tuck shop container in the same yard as the upgraded house. The container is within the site boundary And has an electrical connection.



Plate 4: Upgraded house extended over two plots. Extra rooms rented out to clothing manufacturers and a tuck shop.



Plate 5: A tuck shop operated from inside A road-facing container that sells a variety of goods.



Plate 6: An upgraded house extended using bricks to accommodate a tuck shop and butchery.

## **4.7 Chapter summary**

The purpose of this chapter was to present and analyse primary data collected from interviews conducted with eThekweni Municipality Officials involved in the Cato Crest Slum Clearance Housing Project, as well as household surveys conducted with household beneficiaries of the housing project. In order for to qualify for the survey, households would have been operating home-based enterprises (HBEs) prior to upgrading, and continued to do so in the upgraded settlement. The reason for conducting the interviews and household surveys was to find out how the Cato Crest upgrading project had impacted the use of the house for income generation. In presenting the relevant data to help achieve this, the chapter began by analysing the process of informal settlement upgrading in Cato Crest. Upgrading in Cato Crest was implemented under the guidelines of the Breaking New Ground (BNG) Informal Settlement Upgrading Programme (ISUP) of 2004.

The upgrading therefore followed the three phases of upgrading approach, with the first phase focusing on a housing needs community survey and how it unfolded in Cato Crest. The Cato Crest community communicated with the municipality officials conducting upgrading, through the elected community representatives. This resulted in the needs of households operating HBEs being misrepresented or not presented at all to the officials. This was the beginning of a negative impact on HBEs for households operating HBEs in the informal settlement, as their issues were not taken seriously. Phase two of the upgrade involved the provision of basic services, social amenities and secure tenure in Cato Crest with many households relocated to un-serviced transit camps, which were meant to be three month holding places for households as they awaited allocation of housing units. The wait for about a quarter of the Cato Crest households was extended from 3 months to 5 or more years, leaving the households that had operated HBEs in the informal settlement desperate to move, as re-establishing their business in the transit camp proved to be difficult. This was because the households operating HBEs were uncertain about when they would be moved into a formal house and when this move would take place, this uncertainty eventually resulting in a loss of income.

The households also faced the problem of virtually no space in the transit camp to carry on their income generation strategy using the camp housing unit, which was too small to accommodate both living and trading space. The third phase of upgrading was the housing development phase in Cato Crest, where housing was finally constructed and households were moved into their units as they were picked off the waiting list. The local council officials



cited corruption in housing allocation which extended the stay of some households in the transit camps, further impacting the HBE income which they could potentially have been earning.

For households operating HBEs the upgraded settlement impacted their ability to generate an income because the housing densities were now less than the informal settlement, which meant customer numbers decreased. These households also faced heavier competition from formal sector enterprises which the people now had cheap public transportation access to and some of which had moved into Cato Crest to take advantage of the new market. As a result, of the 16 surveyed households 4 that had previously operated HBEs had to shift their business operations and move into a road-side container in order to continue trading. Another 10 households that were surveyed, whose only income came from their HBEs could not afford the additional costs associated with the new market and they reported a drastic drop in income from their HBEs.

EThekweni Municipality officials were the main implementers of the Cato Crest informal settlement upgrade. As a result, the fate of HBEs in upgrading was largely dependent on the officials' understanding of their importance as a livelihood strategy for the Cato Crest households operating them. The chapter explored the common understandings between officials and households in Cato Crest of with regards to the different types of HBEs, which revealed that the officials had some knowledge of the types of HBEs in Cato Crest, as well as the fact that such HBEs tend to lose their customers in with the upgrade. The chapter then explored the points of divergence concerning the impact of upgrading on HBEs in Cato Crest, where it became evident that the officials did not have a clear understanding of the importance of HBEs as a poverty alleviation strategy, and the officials' main and arguably only focus of the upgrade in Cato Crest was the delivery of services and housing. HBEs therefore tended to be an unimportant issue, which brought the chapter to a discussion of the implications of the common understandings and points of divergence between officials and beneficiaries of upgrading and its impact on HBEs.

The odds of the impact of upgrading on HBEs tended to weigh heavily against households that operated HBEs and led to the negative impact of upgrading on these HBEs, with some of the damage causing households to forfeit their income generation strategy using the house. The chapter then explored the officials' perceptions and the realities of HBEs in Cato Crest as a way of explaining their unresponsive attitude towards HBEs in the upgrade. It became apparent that officials' did not believe HBEs to be a big enough issue for them to bother with

over and above service and housing provision. Indeed, the eThekweni Municipality Housing Department Officials tended to misinterpret policy as they believed they were not mandated to deal with the issues of HBEs and their incorporation into the upgraded settlement. This function was thought to belong solely to the eThekweni Municipality Business Support Unit. The chapter then presented the different types of HBEs that exist in Cato Crest and their importance as an economic livelihood strategy for the urban poor. It was found that, in 10 of the 16 surveyed households, HBEs are the only source of income for these households. As a result of limited support shown by the municipality the chapter showed the support institution in charge of providing support for HBEs in Cato Crest that were mainly facilitated by the Cato Manor ABM LED Office, in the form of training, and which rarely facilitated access to micro finance. The chapter ended with illustrations of the surveyed surviving HBEs that had been transferred from the informal settlements to upgraded settlements in Cato Crest successfully.

## **Chapter 5: Conclusion and recommendations**

The upgrading of informal settlements impacts Home-based enterprises (HBEs), practiced by households, negatively because the households have to inevitably relocate in order for their housing sites to accommodate bulk services, such as roads and storm water drains, as well as new housing. In investigating this phenomenon the researcher used secondary and primary sources of data. The secondary sources of data included theoretical underpinnings to informal settlements upgrading, such as Hernando De Soto's (2000) *Mystery of Capital* Theory which is used as a lens through which the use of the house for income generation in informal settlements, in South African urban areas, and the governments Informal Settlement Upgrading Programme (ISUP) are looked at. De Soto (2000) advocates the formalisation of informal housing assets by providing secure tenure to informal settlement households. As a result, this formalisation of tenure will then enable households to use their title deeds as collateral against loans. The households could then use these loans as capital for the operation of their home-based enterprises (HBEs).

Informal settlement households engage in a number of livelihood strategies in order to survive every day, such as engaging in the operation of a day care centre for the neighbourhood children, operating a tuck shop and sewing clothing, which are all home-based activities. Rust (2006) conceptualized the "Housing Asset Triangle" where she states that the three corners of the triangle are representative of the three assets of housing namely; the economic asset, the social asset as well as the financial asset of housing. The 'Housing Asset Triangle' was used in this dissertation to reveal the importance of HBEs in the lives of informal settlement households. Cases from South Africa as well as other developing countries were used to concretise the view that HBEs are practised widely and are therefore, a critical source of income for informal settlement households globally.

The ISUP is implemented by South African municipalities in the following three phases: Phase one involves a community housing needs survey, phase two involves the installation of bulk services and the relocation of households that are located in the way of these services to transit camps whilst these households wait for their upgraded housing units, phase three is the housing construction phase. One of the negative impacts of upgrading on HBEs stems from a lack of understanding, by the municipal officials implementing the upgrade, of the importance of HBEs as a source of income in the lives of informal settlement households that operate them. This misunderstanding is viewed through Samuel P Huntington's (1996) "Clash of Civilisations" theory, where he states that when government

attempts to implement change into the lives of its citizens through policies, a difference in cultures between the state officials and the citizens would be the cause of future disagreements between these two parties. The attitude of municipal officials implementing upgrading, towards HBEs, has had a predominantly negative impact on the way HBEs are treated in the informal settlement upgrading process. There is a lack of understanding and support for HBEs in the informal settlement upgrading process. However, not all cases of upgrading impact HBEs negatively, as revealed in the cases where the community is actively involved in the informal settlement upgrading process, from planning to implementation of upgrading and the provision of the correct and fitting support to informal households operating HBEs.

The primary sources of data for this dissertation came from interviews that were conducted with eThekweni Municipality officials who were involved in the implementation of informal settlement upgrading the Cato Crest area. A household survey was conducted with households that operated HBEs in Cato Crest upgraded settlement and transit camps. To set the scene for the data analysis the researcher discussed the background to the Cato Crest area, the history of informal settlements and upgrading in Cato Crest, and how HBEs have played an important role as an economic livelihood strategy practiced by Cato Crest households since they first settled up to the present day. The data was presented thematically in this study, the themes were: *The process of informal settlement upgrading* which was discussed through explaining the implementation of the three phases of the ISUP and the impact of each phase on households operating HBEs in Cato Crest. The data revealed that the implementation of the ISUP in Cato Crest did not realise the 'Breaking New Ground' (BNG) Housing Policy of 2004 advocacy for the promotion of the use of the upgraded house for income generation purposes. The second theme was *the impact of informal settlement upgrading on income generation activities* which was used to reveal how integrating HBEs into the upgrade was lost in the implementation process of upgrading in Cato Crest. This is because the upgrade was mainly focused on the provision of bulk service infrastructure and housing and HBEs were not a part of that focus. The final two themes were *eThekweni Municipality Officials' perceptions versus the realities in respect of income generation activities of households running HBEs in Cato Crest*, and the last theme focused on the *Support systems for income generation activities*. There data revealed the existence of some support systems for HBEs, which are provided by the eThekweni Municipality's Cato Manor Area Based Management Office and eThekweni Municipality's Business Support Unit in the form of recording HBE activities in informal settlements into a

database. Once the HBEs are recorded, the ABM facilitates the provision of funding and skills development of the household members operating these HBEs. However, the ability for Cato Crest households to continue operating their HBEs, once their informal settlement was upgraded became an unsuccessful exercise for the following reasons: Unless the household relocated their business into a road-facing container they were unable to take advantage of customers using the roads and pavements which are a feature of the upgraded settlement. This is different to the dense housing setup, as well as foot paths passing close to houses, found in the informal settlement. The problem with road-facing containers was that they were expensive costing from R30 000 upwards (Rainbow Nation, 2011). For informal settlement households operating HBEs, these costs were too high and could have been avoided by the household if they continued using their house to trade in. Households practicing HBEs in Cato Crest needed to be involved more in the upgrading of their informal settlement, in order to ensure that upgrading boosted their existing economic livelihood strategies and did not financially burden HBEs in order to rapidly deliver housing units in Cato Crest.

## **5.1 Recommendations**

Drawing from this study in its entirety, the recommendations for informal settlement upgrading that impacts HBEs in a positive way are as follows:

There is a need for Housing Department officials in South African municipalities to use their knowledge management structures to engage in collecting, sharing and understanding information related to the importance of HBEs as an income generation strategy for informal settlement households. Thereafter, these Housing officials should, when implementing informal settlement upgrading, begin to put the new knowledge of HBEs to good use by accommodating HBEs into the Department's upgrading plans. When the municipality is drafting an application for funding for informal settlement upgrading using an interim business plan, this process should be conducted by a planning forum. This forum should consist of officials from municipality's Housing Policy and Research Unit, Housing Support Unit, the Housing Project Manager for informal settlements upgrading, development professionals and community representatives.

The forum should meet once prior to submitting the application for funding to discuss recorded information about HBEs in the area, among other issues. The forum should discuss issues such as the best solution for HBEs that ensures more space for the operation of HBEs in upgraded houses, the provision of foot paths close to HBEs as they rely heavily on the foot

paths which customers use, as well as the application of additional funding by the Municipal Housing Department to ensure capacity for the implementation of these needs. Once finance is secured, the implementation of a fitting intervention strategy for HBEs, in the upgrade can begin. The new plans and support systems should not burden households operating HBEs with additional costs associated with operating in an upgraded settlement. Regular interaction between members of the forum, if the need arises, should be encouraged throughout the upgrade so as to ensure that the implementation of upgrading achieves exactly what was envisioned by the forum.

Informal settlements in urban areas are representative of the levels of poverty faced by developing countries today, and as this crisis deepens, so will informal settlements increase. HBEs on the other hand are the good side of informal settlements, as they are a symbol of the informal settlement households' willingness to generate an income without the assistance of the government. When government upgrades these informal settlements, the officials need to acknowledge HBEs and accommodate them into the upgrading plans.

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## **Appendix A**

### **INTERVIEWS WITH MUNICIPAL OFFICIALS**

**Interview 1: Conducted with the eThekweni Municipality's Project Manager, for the Cato Crest Slum Clearance Housing Project.**

1. What is the Municipality's view of home-based enterprises?
2. What do you see as such enterprises' negatives?
3. What do you see as such enterprises' positives?
4. Are these activities you would encourage and therefore preserve when upgrading?
5. Are there some forms/ types of HBEs that you would not want to preserve and 'take' into the new settlement?
6. What do you do to ensure that home-based enterprises in informal settlements are not disrupted by upgrading?
7. Under what circumstances is disruption of home-based enterprises, by upgrading, unavoidable?
8. In such circumstances how do you ensure that disruption is minimized?
9. Do you provide any form of support for home-based enterprises in newly upgraded schemes? If yes what form of support, and how?
10. If no support systems for home-based enterprises are provided for, please state why it is so?
11. Who are the different stakeholders involved throughout the upgrading process?
12. Please explain the process involved and purpose when taking stock of the informal settlement households that run home-based enterprises?
13. To what extent is a smooth transition in home-based enterprises an indication of success in informal settlement upgrading projects?

**Interview 2: Conducted with the eThekweni Municipality's Housing Department, Research and Policy Manager**

Housing policy based questions

1. In the context of housing policy, do you consider it your mandate to concern yourself with home-based enterprises in your housing projects?
2. If yes, give reasons why?
3. If no, give reasons as to why it is so?
4. If yes, how would you describe your mandate in this regard, and how do you strive to achieve it in an upgrading context?
5. What difficulties are experienced in achieving such mandate?
6. Does the EThekweni Municipality make any provision for home-based entrepreneurship when upgrading informal settlements?
7. If yes how?
8. If no why?
9. How does the municipality assess the extent to which it implements elements of housing policy that support home-based enterprises in the following:
  - (i) Generally in all low income housing projects?
  - (ii) Specifically in informal settlement upgrading projects?
10. How would you assess the extent of success of home-based entrepreneurship in the Cato Crest Informal Settlement Upgrading Project?
11. What common problems impede households' ability to 'carry' their home-based enterprises from informal into upgraded projects?
12. What common problems impede the use of the house for income generation in an upgraded project?
13. Do you consider it your responsibility to address these common problems? If so, how do you address them?

- 14.** Do upgraded settlements generally lend themselves to the use of the house for income generation?

**Interview 3: Conducted with the eThekweni Municipality's Community Liaison Officer for Cato Crest**

1. What is your 'brief' or terms of reference in an upgrading project?
2. How do you interact with the households that run home-based enterprises before informal settlement upgrading is undertaken?
3. What is the purpose of such interaction?
4. What is the outcome of your interaction with these households?
5. In your experience are the households businesses accommodated by the municipality in the upgrading projects?
6. What is your role in ensuring that such accommodation occurs?
7. During interaction with the households, what are the issues surrounding home-based enterprises raised by them?
8. How do you address these issues?
9. Would you consider the accommodation of 'old' businesses in new upgraded projects generally successful or not? Why?
10. If unsuccessful, what could be done to ensure successful accommodation?

#### **Interview 4: Conducted with the eThekweni Municipality's Housing Support Unit Manager**

1. Could you please explain the nature of the mandate the housing support unit has been tasked with?
2. How is this mandate translated/ interpreted in dealing with home-based enterprises in informal settlements?
3. What difficulties are experienced in achieving such mandate?
4. Would you say it is your concern to ensure that home-based enterprises survive the informal settlement upgrading process?
5. If yes, how?
6. If no, why?
7. How does the housing support unit assess the extent to which it succeeds in implementing elements of housing policy that support home-based enterprises in the following:
  - (iii) Generally in all low income housing projects?
  - (iv) Specifically in informal settlement upgrading projects?
8. What were the problems experienced in transferring home-based enterprises from the informal to the upgraded settlement in Cato Crest?
9. How were these addressed?
10. How would you rate your success in addressing them?
11. How would you assess the extent of success of home-based entrepreneurship in the Cato Crest Informal Settlement Upgrading Project?
12. What common problems impede households' ability to 'carry' their home-based enterprises from informal into upgraded projects?
13. To what extent were these home-based enterprises a feature of the Cato Crest upgrading scene?
14. Do you consider it your responsibility to address these common problems? If so, how do you address them?

- 15.** Do upgraded settlements generally lend themselves to the use of the house for income generation?
- 16.** If yes, how?
- 17.** If no, why?
- 18.** What lessons have you learned that you would apply in future upgrading scenarios, in respect of retaining home-enterprises in the new settlements?

#### **Interview 5: Conducted with the eThekweni Municipality's Ward 101 Councillor**

- 1.** Does the councillor accommodate households running home-based enterprises into the new upgraded settlements?
- 2.** If yes, why?
- 3.** If no why not?
- 4.** Do you think it is important that HBEs existing in an informal settlement are preserved when upgrading takes place, and incorporated into the upgrading project?
- 5.** Would you say this has been successful in the Cato Crest Informal Settlement Upgrading Project?
- 6.** When households learnt of the upgrading of their settlement, did they raise any concerns with you about how such upgrading would affect their business?
- 7.** What were their main concerns?
- 8.** Were their concerns addressed to the municipality?
- 9.** If so, what is your opinion of how the municipality responded to the concerns?
- 10.** How do you go about assisting them with these issues?
- 11.** What in your opinion would be the best way of accommodating home-based enterprises into the new upgraded settlements?
- 12.** If none, why not?



**Interview 6: conducted with the eThekweni Municipality's Cato Manor Area Based Management, Local Economic Development Office Manager**

1. Could you please explain the nature of the mandate the Business Support Unit has been tasked with?
2. How is this mandate translated/ interpreted in dealing with home-based enterprises in informal settlements?
3. What difficulties are experienced in achieving (the programme dealing with home-based enterprises)?
4. Would you say it is your concern to ensure that home-based enterprises survive the informal settlement upgrading process?
5. If yes, how?
6. How does the Business Support Unit together with Cato Manor ABM LED assess the extent to which it succeeds in implementing elements of housing policy that support home-based enterprises in the following:
  - (v) Generally in all low income housing projects?
  - (vi) Specifically in informal settlement upgrading projects?
7. What were the problems experienced in transferring home-based enterprises from the informal to the upgraded settlement in Cato Crest?
8. How were these addressed?
9. How would you rate your success in addressing them?
10. How would you assess the extent of success of home-based entrepreneurship in the Cato Crest Informal Settlement Upgrading Project?
11. What common problems impede households' ability to 'carry' their home-based enterprises from informal into upgraded projects?
12. To what extent were these home-based enterprises a feature of the Cato Crest upgrading scene?

13. Do you consider it your responsibility to address these common problems? If so, how do you address them?
14. Do upgraded settlements generally lend themselves to the use of the house for income generation?
15. If yes, how?
16. If no, why?
17. What lessons have you learned that you would apply in future upgrading scenarios, in respect of retaining home-enterprises in the new settlements?

### **HOUSEHOLD SURVEY**

1. What was the nature of the business you operated from your informal settlement home?
2. What other businesses are run from people's homes in this area?
3. When your settlement was upgraded did you move your business into your new house successfully?
4. If you do not consider the move to have been successful, what about it was unsuccessful?
5. How could you have been assisted to move your business more successfully?
6. Is the running of your business better now than before your settlement was upgraded?
7. If yes, state why it is so?
8. If no, what problems are you facing now that you did not have before?

### Impacts of upgrading on home-based enterprises

1. Did the upgrading of your settlement help your business in any way?
2. If yes, state how this was achieved?
3. If no, state why it is so?
4. Did the upgrading hinder your business in any way?
5. If yes, state why it is so?
6. If no, are you able to continue running your business in the same way as prior to upgrading?
7. If you had the opportunity to go back to your old house, under the old conditions so that you can run your business would you take it?
8. If yes, state why it is so?
9. If no, state why it is so?
10. Since you can't go back, how can you be assisted to replicate the 'old' conditions in your 'new' house and settlement?
11. Do you think that the upgrading project has done a good job of ensuring that your business is preserved and continues to operate?
12. If yes, state why it is so?
13. If no, state why it is so?