THE CONTRIBUTION OF INFORMAL SETTLEMENT UPGRADING TO THE ECONOMIC INCLUSION OF THE POOR

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THE CONTRIBUTION OF INFORMAL SETTLEMENT UPGRADING TO THE ECONOMIC INCLUSION OF THE POOR

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Declaration

I, Elelwani Mmbadi, declare that the thesis that I herewith submit for the doctoral degree, *Doctor of Philosophy with specialisation in Development Studies*, at the University of the Free State, is my independent work and that I have not previously submitted it for a qualification at another institution of higher education.

E Mmbadi
Bloemfontein

January 2024

Dedication

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To my dad, **Matodzi**

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Acknowledgements

I would like to take this opportunity to express my heartfelt gratitude to all those who have been instrumental in the successful completion of my doctoral thesis.

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Abstract

This thesis investigated the contribution of informal settlement upgrading to asset-building, economic inclusion of the poor, and poverty alleviation in Freedom Square, Bloemfontein, South Africa. Employing a mixed method approach, the study combined quantitative data from a longitudinal research project spanning three decades and qualitative insights gathered through interviews with 19 households purposively selected. The quantitative data analysis investigated how informal settlement upgrading has facilitated asset-building and economic integration in Freedom Square. Moreover, the thesis investigated the dynamics of intergenerational asset transfers and the role of informal settlement upgrading in fostering economic integration over generations. Understanding the importance of asset-building through housing initiatives and how these contributed to improving the overall well-being of disadvantaged households received special attention. Through in-depth qualitative interviews, the study investigated how impoverished households viewed the upgraded houses and developed assets, shedding light on their strategies, challenges, and successes in asset accumulation. Some of the selected findings of the thesis are as follows:

- The upgrading of Freedom Square has resulted in significant intergenerational transfer of household assets.
- Upgrading Freedom Square also increased the productive, consumer and financial assets of the households, but not household income and labour market participation.
- Through employing the logistic regression model used in Chapter 6, the study found five significant key predictors contributing to households having a larger or a smaller house in Freedom Square.
- Lastly, the upgraded houses meant shelter, investment, and stability to residents of Freedom Square.

This thesis concluded that policy debates in South Africa need to consider a more nuanced classification of the welfare state theory characteristics. Furthermore, states need not overemphasise asset-based and income-based welfare as they have limitations. This research also showed that upgrading the Freedom Square informal settlement contributed to asset accumulation in ways different from those proposed by Moser. Furthermore, the intergenerational transfer of household assets from first-generation to second-generation settlers is an important creator of assets. Lastly, the study highlighted that asset integration is paramount for households to build assets and move out of poverty successfully.

Key terms: Informal settlement upgrading; welfare state theory; income-based welfare; asset-based welfare; asset-building; asset-accumulation; intergenerational asset transfer; longitudinal research; logistic regression model.

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List of Acronyms and Abbreviations

BNG	Breaking New Ground
DLUHC	Department for Levelling Up, Housing and Communities
DVD	Digital Video Disc
ePHP	Enhanced People’s Housing Process
GDP	Gross Domestic Product
IDA	Individual Development Account
IDT	Independent Development Trust
IRDP	Integrated Residential Development Programme
MDG	Millennium Development Goals
MID	Mortgage Interest Deduction
NUSP	National Upgrading Support Program
OECD	Organisation for Economic Co-operation and Development
PHP	People’s Housing Process
RDP	Reconstruction and Development Programme
SA DHS	South Africa. Department of Human Settlements
SDG	Sustainable Development Goals
Stats SA	Statistics South Africa
UBI	Universal Basic Income
UFS	University of the Free State
UISP	Upgrading of Informal Settlement Programme
USAID	United States Agency for International Development
VCR	Video Cassette Recorder

Chapter 1
Setting the Scene

1.1 Background and problem statement

The growth of informal settlements continues to be a worldwide challenge. Rapid urbanisation and economic growth, coupled with high levels of unemployment and poverty, have driven informal settlement growth across the globe. The earliest examples of slums developed in the inner cities of Europe in the 1800s (De Antuñano, 2021). In the early twentieth century, analysts associated informal settlements in South Africa with plagues, like the 1901 and 1904 bubonic plague in Cape Town and Johannesburg, respectively, and the influenza epidemic in 1918 in Langa (Phillips, 2012). Many colonial and postcolonial governments in Africa actively demolished informal settlements. In the 1960s, the thinking about demolishing informal settlements changed globally. Abrahams, Mangin, and Turner (cited by Harris, 1998) were instrumental in changing the paradigm from demolition to upgrading, despite widespread independent self-help in South America in the 1950s.

In the 1970s, the World Bank initiated funding for upgrading informal settlements (Pugh, 1994). It promoted sites and services (Pugh, 1995) and placed infrastructure at the core of the upgrading policies (Abbott, 2002). Turner (cited by Harris, 2003) criticised these measures because they needed large-scale contributions from residents and followed formal building codes. By the 1980s, international aid organisations had reduced funding for large-scale informal settlement upgrading programmes. According to Pugh (1994), the World Bank shifted its policy objectives to whole-sector housing development. In the early 1990s, the World Bank initiated a capital subsidy to address housing problems in developing countries. This capital subsidy would become a prominent feature of post-apartheid housing policy (Venter al., 2015).

Despite the government providing approximately 3.6 million poor households with housing since 1994, housing remains a significant challenge in South Africa. South Africa had 2.1 million households on the housing waiting list (Govender et al., 2011). According to the 2018 General Household Survey released in May 2019, 14% of South African households (2.3 million) live in shack houses in informal settlements (Stats SA, 2019).

Because the housing subsidy programme between 1994 and 2003 failed to address informal settlement upgrading (Huchzermeyer, 2003), the South African government sought to use the Upgrading of Informal Settlements Programme (UISP) to eradicate informal settlements by 2014 (Sisulu, 2006). The UISP used assets and poverty alleviation despite a limited understanding of how assets are accumulated and how they support poverty alleviation. For instance, we still do not understand much about the scale, nature, and meaning of this process or how people use their homes to accumulate other assets. How do residents trade their homes, generate income, or create other assets through them? Additionally, how does the provision of public infrastructure create individual assets? Part of our lack of understanding of these issues exists because relatively few studies on informal settlements are longitudinal.

Equitable economic growth depends on a functioning and comprehensive financial asset-based system (Figure 1.1) (Demirguc-Kunt and Klapper, 2012; Honohan, 2004). Evidence shows that owning a home is a significant asset base contributing to the national gross domestic product (GDP) and citizenry GDP per capita (Lerman and McKernan, 2008). However, sizeable numbers of households in the Global South live in informal homes with little security of tenure (Gilbert, 2002), making them economically and socially vulnerable (Huchzermeyer and Karam, 2006).

Breaking New Ground (BNG) is a policy statement emanating from South Africa's national Department of Human Settlements (SA DHS) released in 2004. It was called the *Comprehensive housing plan to develop integrated sustainable human settlements*. In South Africa, BNG emphasises the implementation of informal housing upgrading and anticipates that informal settlement upgrading should contribute to poverty alleviation and asset building (Figure 1.1). BNG suggests that upgrading programmes should achieve this by locating people close to work and prioritising upgrading over Greenfield development[1] (SA DHS, 2004). Despite being important, this represents a narrow spatial planning approach to asset-building.

The study investigates how upgrading the Freedom Square informal settlement since 1990 has contributed to asset-building, poverty alleviation and economic inclusion. This study adopts Caroline Moser's asset-accumulation framework that she applied in the upgrading of an informal settlement in Indio Guayas, Ecuador, to diagnose communities in terms of their asset

[1] A Greenfield development is a real estate construction project that takes place on previously undeveloped land. This stands in contrast to in situ upgrading where the development takes place on the land that people are already settling on.

measurements instead of income or expenditure (see Chapter 3). The discussions in this study's empirical chapters will closely follow this framework.

In this study, informal settlement upgrading refers to a process in which residents obtain secure land tenure, infrastructure like clinics, schools, and service centres, assistance with home improvements, and essential services like water, electricity and refuse collection. The study hypothesises that upgrading Freedom Square in 1990 has contributed to poverty reduction through the accumulation of assets.

The following research questions are critical, considering the broad approach to asset-accumulation in informal settlement upgrading:

- How does the South African informal settlement programme relate to the welfare state theory and asset-based development?
- How does informal settlement upgrading contribute to physical, financial, human, and social capital assets?
- What are the interrelationships between these forms of capital and informal settlement upgrading?
- How does the accumulation of assets contribute to poverty alleviation and the economic inclusion of the poor?

The core of these four questions is the relationship between what the state does (informal settlement upgrading and housing provision) and how the state's actions influence individual households to create assets. We still do not understand this relationship well enough. The policy guidelines largely emphasise not disrupting informal housing processes (in situ upgrading) and good location. What role do these two factors play, but what other factors play a role in accumulating assets?

1.2 Research aim and objectives

The study investigated how the upgrading of Freedom Square has contributed to asset-building, the economic inclusion of the poor, and poverty alleviation. The objectives of the study were:

- To determine how informal settlement upgrading has contributed to asset accumulation and poverty alleviation in Freedom Square.
- To examine intergenerational transfers of assets and the degree to which informal settlements upgrading has played a role in economic integration.

- To understand the role of asset-building through housing.
- To understand how poor households accumulate assets.

1.3 Conceptual framing

Figure 1.1 provides a conceptual framework for this study. The liberal welfare regime emphasises individual liberty, market mechanisms, and limited government interference. However, it recognises the need for social welfare programmes to provide a safety net for disadvantaged individuals and to address socio-economic disparities. Hence, asset-based welfare emerged as a complementary theory that emphasises homeownership as a means of welfare for people with low incomes. Moser (2007) used the term *asset accumulation* and focused on asset-based development in the Global South (Indio Guayas, Ecuador), where government interventions are limited. In South Africa, asset-based welfare was a policy directive in BNG that advocated for in-situ upgrading of informal settlements. Furthermore, BNG promoted asset accumulation and employment as strategies to alleviate poverty in low-income households.

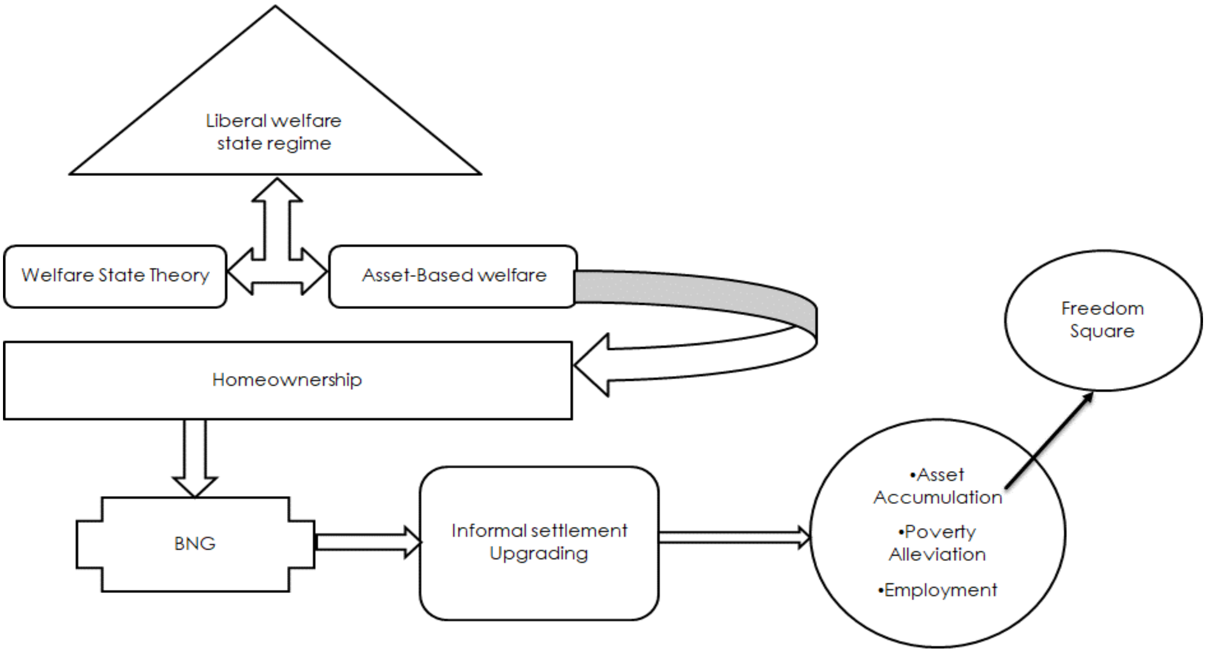

Figure 1.1 *Conceptual framework for the study*

Source: Author (2023)

1.4 Conceptualisation

This study uses six key concepts (i.e., informal settlements, upgrading, asset, welfare state, asset-building, and asset accumulation) that are defined below to avoid confusion and misinterpretation.

This thesis agrees with the UN-Habitat (2016) definition of **informal settlements** as areas that are deprived of access to drinking water and sanitation facilities, composed of nondurable structures, densely packed houses, and tenure insecurity that can lead to vulnerability to evictions.

Upgrading generally refers to improvement. In the context of this thesis, slum upgrading is the provision of basic services (clean water supply, adequate sewage disposal), secure tenure (title deeds), quality housing structures, and access to schools and health care centres, which leads to improvements in the quality of life of residents living in informal settlements (Abbot, 2002; El Menshawy et al., 2011).

An **asset** is a stock of resources that may be obtained, developed, enhanced, and passed across generations, including but not limited to financial, human, natural, and social resources (Ford Foundation, 2004).

A welfare state is a "state that modifies the impact of the market by providing some sort of minimum guarantee (mitigating poverty), covering a range of social risks (security), and providing certain services (health care, child and elder care, etc.)" (Andersen, 2012:4).

Asset-building emphasises the value of empowering individuals and families to learn and apply sound family budgeting and money management practices to address financial problems and plan for long-term success (Office of Childcare, 2022).

Asset accumulation is a progressive process of building wealth through assets. Asset accumulation is more suitable for a context of sustainable development in which the government's role is limited, and the process of acquiring and consolidating assets is lengthy and accomplished mainly from the bottom up by people, families, and societies themselves (Moser, 2007).

1.5 Research methodology and study area

1.5.1 Theoretical framing of the study

The project is rooted in critical realism which attempts to negotiate the paradigm space between positivism (fixed laws and explanation) and postmodernism (minimal fixed explanations). Bhaskar (2008) laid the foundation for critical realism. According to Sayer (1992:5), the theory of critical realism assumes that:

> *[t]he world exists independently of our knowledge of it. Our knowledge of the world is fallible and theory-laden. Concepts of truth and falsity fail to provide a coherent view of the relationship between knowledge and its object. Nevertheless, knowledge is not immune to empirical checks, and its effectiveness in informing and explaining successful material practice is not a mere accident.*

Critical realism is commonly used as a meta-theory for postgraduate studies. It distinguishes between the real world (ontology) and the observable world or interpretation of the world (epistemology). Therefore, this study seeks to distinguish between household assets (what exists and the relationships between what exists) and the different understandings of how assets are accumulated (the epistemological). Critical realism emphasises causation, which is central to the quantitative and qualitative approaches of this research.

Moser's (2007)is largely based on household economics and is highly quantitative. Absent from her work is qualitative work that provides an understanding of asset accumulation from the viewpoint of poor households. Consequently, this study used a mixed methods design to cover both aspects.

1.5.2 Research methods and the study area

1.5.2.1 Research approach

This study followed a sequential mixed methods approach. According to Johnson et al. (2007), such an approach provides a researcher with benefits like increased confidence in their findings, more significant data collection possibilities, and theory synthesis. Furthermore, it allows for a more thorough interpretation of data, resulting in more reliable results (Muskat et al., 2012).

1.5.2.2 Research design

This study used a case study design which focuses inquiry on an event or case to show and clarify an event (Bromley, 1990). This approach seeks to answer *why* and *how* questions. Maree (2010) thinks that through case studies, it is possible to grasp something that was previously unclear.

The study used Freedom Square ((formerly known as the Mangaung township in Bloemfontein) as the study area. Freedom Square developed following the release of Nelson Mandela from prison in 1990 because of the restrictive policy environment, which meant that the occupancy levels on formal sites were very high (Botes et al., 1991). The invasion of land towards the east of Mangaung challenged the racial planning framework of the city (Botes et al., 1991) because the city's master plan had earmarked this land for the expansion of the coloured suburb, Heidedal (Marais, 1994). In 1992, the Urban Foundation accessed the Independent Development Trust (IDT) funds to upgrade the area (Marais and Ntema, 2013). This was a typical site and service programme within the IDT framework without any housing structure. But it was an in situ upgrading project as the developer installed the services while people were on the stands (also called regularisation) (Marais and Ntema, 2013). With the advent of the democratic period in 1994, the South African government used consolidation subsidies to provide houses to these stands between 1996 and 1998 (Ntema et al., 2018).

Since 1990, there has been a steady volume of research work in Freedom Square that has used household surveys and qualitative interviews. For example, in 1990, the Urban Foundation and the University of the Free State (UFS) conducted a household survey in the area. The UFS followed this up with surveys in 1994, 1998, 2007, 2014, and 2020.

Table 1.1 provides an asset framework for Freedom Square. I adopted and modified this from Moser's study in Indio Guayas in Ecuador. This framework helped diagnose communities regarding their asset measurements rather than income or expenditure (Moser, 2007). The asset framework fits into the asset-based welfare branch in the conceptual framework of the study (Figure 1.2).

Table 1.1 Asset framework in the context of Freedom Square

Capital type	Asset-index categories	Indicators available for Freedom Square	Year for which data are available
Physical	Housing	Size (nature of expansion)	1992, 1994, 1998, 2008, 2014, 2020
		Building materials	1992, 1994, 1998, 2008, 2014, 2020
		Access to services	1992, 1994, 1998, 2008, 2014, 2020
		Location	Qualitative reflections on the importance of location
		Satisfaction levels with housing attributed	1992, 2008, 2014, 2020
	Consumer durables	List of 17 household goods	1992,* 1998,* 2008,* 2014, 2020
Financial	Employment security and income	Nature and scale of labour force participation of current residents	2020 with limited information for previous years Information for Generation 1
	Productive durables	Car, fridge, sewing machine	1992, 1998, 2008, 2014, 2020
	Transfer-rental income	Rental income from house	2020
	Access to credit and savings	Loan	1992, 1998, 2008, 2014, 2020
		Mortgage	1992, 1998, 2008, 2014, 2020
		Retail account	1992, 1998, 2008, 2014, 2020
Human	Education	Educational levels	Head of household, 1992, 1998, 2008, 2014 and 2020 All household members, 2020
	Health	Access to health facilities	Limited data available
Social	Household	Household characteristic changes	1992, 1998, 2008, 2014, 2020
	Community	Community participation and ratings	1992, 1998, 2008, 2014, 2020

*Only determined retrospectively since 2014.

Source: Author (2021).

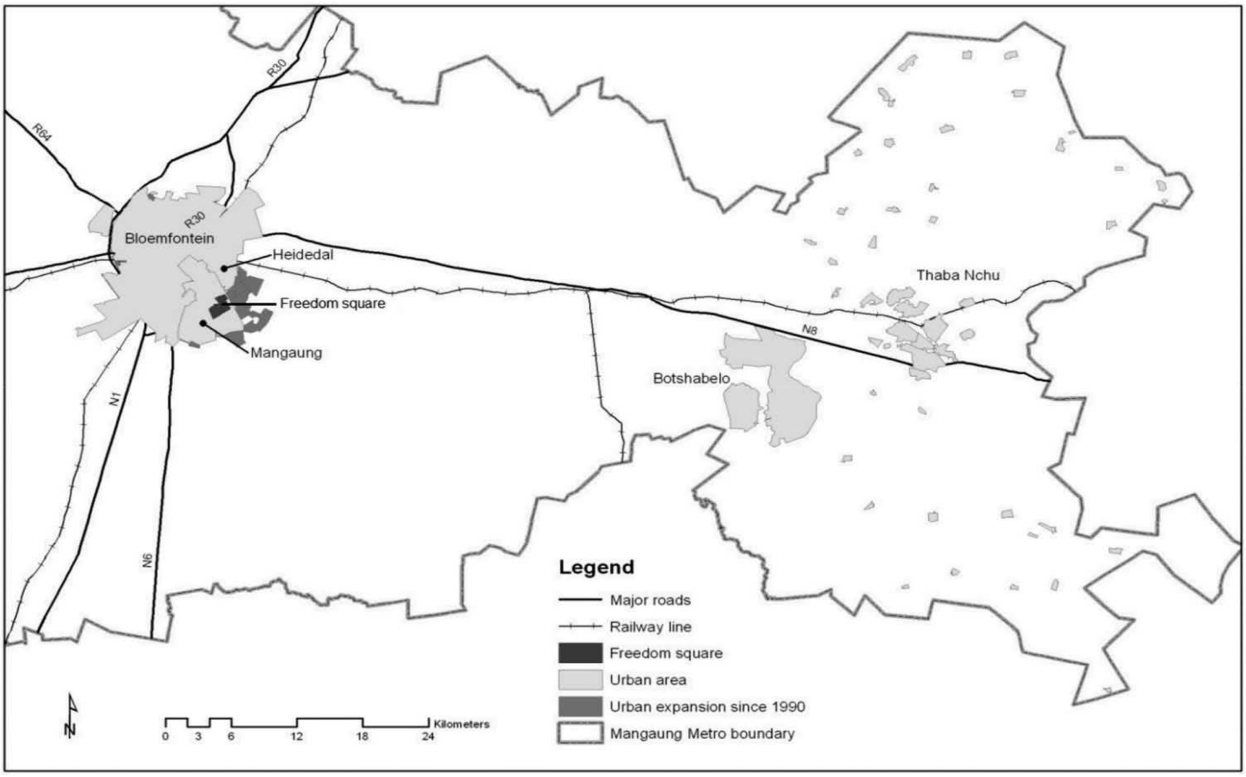

Figure 1.2 Map showing the location of Freedom Square

Source: Author (2021).

1.5.2.3 Data collection

I used both secondary and primary data for this study. Secondary data has several advantages, namely timesaving, accessibility, cost savings, study breadth, and fresh insights from prior investigations (Allen, 2017). In contrast, the disadvantages are an inappropriate use of data (i.e., the risk that a researcher not involved in the original collection of data uses it in a distorting way) and a lack of control over data quality (Allen, 2017). Extensive survey data from the study area since 1990 and panel survey data since 2014 allowed us to access secondary data for longitudinal assessment. Overall, these data have contributed to one master's degree, two doctoral degrees, and 20 papers in academic journals, which form a good foundation for assessing and interpreting the results. If collected carefully, primary data can produce detailed (in-depth) descriptions of respondents' feelings, viewpoints, experiences and can help them to understand the implications of their actions (Denzin, 1989). On the negative side, it is common to sacrifice contextual sensitivity and focus on meanings and experiences when collecting primary data (Silverman, 2010). In this study, I collected the primary data in Freedom Square through in-depth interviews with selected participants on the meaning of their homes and assets and how they have helped them to alleviate poverty.

1.5.2.4 Sampling

Non-probability sampling involves performing a non-random selection that considers convenience and allows the investigator to acquire data with ease (Creswell, 2003). This study made use of a non-probability sampling technique based on purposive sampling. Purposive sampling is based on the researcher's discretion in deciding who to invite to participate. Thus, researchers may sample to meet their goals or deliberately pursue individuals with specified qualities (Kumar, 2011).

The following criteria helped to select the sample for interviews through purposive sampling: seven households with the highest assets which were there from the beginning (original settlers); seven households with the lowest assets who were there from the beginning (original settlers); seven households with the highest assets who inherited; seven households with the lowest assets who inherited; seven households with the highest assets who bought; and seven households with the lowest assets who bought their assets.

These 42 households were selected purposively, with seven respondents for each of the following subgroups: respondents from originally settled households who bought the property, households who inherited the property and households currently renting. However, only 19 respondents eventually participated. A fieldworker completed the following interviews in the dominant local language, Sesotho: six(6) respondents from households who bought; six (6) respondents from the original households; five (5) interviews with respondents from households who inherited and two (2) with households who were renting. The interviews were transcribed and translated into English[2]. The demographic profile of the participating respondents is provided in Appendix 1.

Appendix 1 provides a summary of the interviewed respondents in Freedom Square. There were more female (14) participants than males (5). Of those interviewed, 11 were in the age group 50–69, while four were in the age group 20–49. The other four refused to provide their ages. Significantly, the highest level of education was only Grade 12. There were more unemployed families (14), with only two households having informal employment, while others were domestic workers. The data analyses took place by using ATLAS-ti software. ATLAS-ti is a qualitative research tool that can encode and analyse transcripts and field notes,

[2] A fieldworker was appointed to assist the candidate in interviewing the respondents in their local language of Sesotho, to ensure raw and unfiltered opinions and views collected without an outside stimulus. From the 42-household selected, only 19 households were willing to participate in the study.

conduct literature reviews, create network diagrams, and data visualisation (NYU|LIBRARIES, 2022).

1.5.2.5 Data analysis

1.5.2.5.1 Quantitative

The study used descriptive and inferential statistics for the analysis of data for the following objectives:

1. To determine how informal settlement upgrading has contributed to asset accumulation and poverty alleviation in Freedom Square.
2. To examine intergenerational transfers of assets and the degree to which informal settlement upgrading plays a role in economic integration.
3. To understand the role of asset-building through housing.

1.5.2.5.2 Qualitative

The analysis entailed two main aspects: profiling and providing reasons for the changing housing conditions in Freedom Square and investigating whether informal settlement upgrading alleviated poverty and the contributing reasons. The inferential statistics explained the changing housing landscape and how informal settlement upgrading contributed to poverty alleviation. The data was analysed using IBM SPSS Statistics (Version 26). SPSS was further used to analyse the secondary data collected in past surveys. Qualitative

The data collected through interviews on how poor households develop assets (Objective 3), were analysed using Atlas.ti software (Version 22). This qualitative data focused on meaning of people’s homes in Freedom Square and how they contributed to poverty alleviation. Table 1.2 provides an overview of the study’s data analysis methods.

Table 1.2 Overview of the data analysis for the study

Method	Data collection	Data analysis	Objectives
Quantitative	Data from the 2020 survey are used and compared to the data from previous surveys (1994, 1998, 2007, 2014)	• Profiling and providing reasons for the changing housing conditions in Freedom Square and how and why informal settlement upgrading alleviated poverty. • Inferential statistics on changing housing landscape and the degree to which informal settlement upgrading contributed to poverty alleviation. • Inferential and the associated descriptive statistics were calculated using IBM SPSS	• To determine how informal settlement upgrading has contributed to asset accumulation and poverty alleviation in Freedom Square. • To examine inter-generational transfers of assets and the degree to which informal settlement upgrading has played a role in economic integration • To understand the role of asset-building through housing
Qualitative	Key Question: What meaning do people give to their homes in Freedom Square, and how do they think it contributes to poverty alleviation?	Atlas-ti for analysis	To understand how poor households develop assets

Source: Author (2021).

1.6 Study's Contribution to development studies

This section breaks down how different theories and approaches have contributed to development studies overtime (1950s to 21st Century) and ends by highlighting how this study attempts to contribute to development studies (i.e., The modernisation theory, dependency theory, market-orientated approach, capabilities approach, asset accumulation theory, Millenium Development Goals (MDG) and Sustainable Development Goals (SDG) (Figure 1.3).

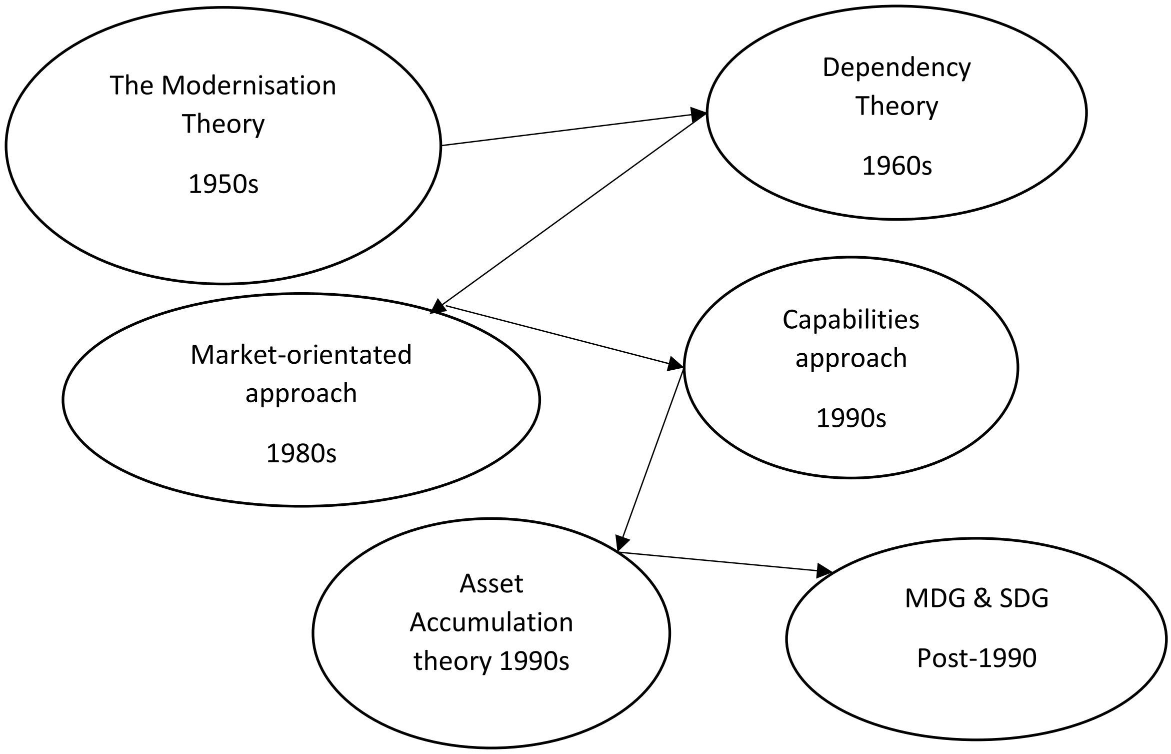

Figure 1.3 Study's contribution to a conceptual framework for development studies.

Source: Author (2023).

The modernisation theory emerged in the early 1950s to explain the economic and social progress of countries. The modernisation theory developed during the Cold War, with the United States and the Soviet Union competing for influence in the developing world (Baber, 2001). The modernisation theory holds that developing countries can achieve economic growth and social progress by adopting the same methods of industrialisation and political organisation that have worked in Western Europe and the United States (Rostow, 1959). Its policy emphasis was therefore on transferring technology, capital, and knowledge from developed to developing countries (Dunford, 2009) without due regard to the social, political, and historical factors that influence development (Tipps, 1973).

In the 1960s, the dependency theory emerged as a critique of modernisation theory by arguing that the developed world did not merely overtake developing countries on the road to modernitybut it systematically exploited developing countries (Namkoong, 1999). Dependency theorists contended that developing countries are deprived of trade, investment, and technology unless they rely on developed countries to remain prosperous (Shrum, 2001).

In the 1970s, there was an expansion and introduction of new ideas and criticism of historical development theories, primarily the modernisation theory (Namkoong, 1999). The dependency theory stressed the need to break free of this dependence and create more self-sufficient economies. As poverty and underdevelopment in the Global South became more prominent, a significant shift in theories occurred.

A more market-orientated approach, which emphasised private sector development and economic liberalisation, replaced the dominant paradigm of the 1960s and 1970s and the development theory in the 1980s (neoliberalism). The neoliberal economic model emphasised the importance of markets and individual freedom (Steger and Roy, 2010). Neoliberal policies included privatising state-owned enterprises, deregulating markets, and reducing government spending (Venugopal, 2015). Examples of neoliberal policies in action include privatising public utilities in the United Kingdom under Margaret Thatcher (Burton, 1987) and the economic reforms in Chile under Augusto Pinochet (Richards, 1997).

The capabilities approach by Sen developed in the late 1980s and early 1990s. The capabilities approach is a framework for understanding development that emphasises the importance of human agency and the freedom to pursue one’s goals and aspirations (Sen, 1985). Sen argued that traditional development measures, like GDP, do not recognise central elements of human well-being and freedom and instead suggests focusing on people’s capabilities – “their ability to do and be what they value” (Sen, 1985). He further defined capabilities as “the alternative combinations of functioning (beings and doings) feasible for a person to achieve”, in other words, capabilities represent people’s opportunities of leading lives they value, and people’s capabilities should be central to this debate (often referred to as freedom) as opposed to focusing on economic growth (Sen, 1985).

Following the foundation laid by Sen, asset accumulation became prominent in the 1990s. Moser’s asset accumulation theory (1996) is a theoretical framework that explains how households and individuals accumulate and manage their assets over time. The theory emphasises the importance of savings, investment, and other financial behaviours that enable people to build wealth and achieve financial security (Moser, 2008). In line with Sen’s thinking, the overall approach is critical of only using economic indicators to understand or explain development outcomes.

Moser’s theory (2007) is based on the idea that households and individuals accumulate assets by saving a portion of their income and investing it in various assets, like stocks, bonds, and real estate. Over time, these assets generate returns, which can be reinvested or used to finance consumption. Moser (2007) further argued that the ability of individuals to accumulate assets is influenced by various factors, including their income level, age, educational level, and access to financial markets and institutions.

The 2000s saw the introduction of the Millennium Development Goals (MDGs). The United Nations initiated the MDGs in 2000 to address poverty, hunger, health, education, gender equality, and environmental sustainability in developing countries (United Nations, 2015a). The MDGs provided a roadmap for governments, organisations, and individuals to work together to achieve common goals and create positive change. The eight MDGs focused on eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality, reducing child mortality, improving maternal health, combating HIV/Aids, malaria, and other diseases, ensuring environmental sustainability, and developing a global partnership for development (United Nations, 2015a). A total of 189 countries adopted the MDGs, and there was significant progress towards achieving them by the 2015 deadline. The Sustainable Development Goals (SDGs) succeeded the MDGs in 2015.

The SDGs had to address the limitations of the MDGs. The SDGs provide a comprehensive framework encompassing 17 interrelated goals, ranging from poverty reduction, health, education, gender equality, and environmental sustainability to inclusive economic growth, infrastructure, and institutional strengthening (United Nations, 2022). Unlike the MDGs, which focused primarily on developing countries, the SDGs apply to all countries and are based on the principle of leaving no one behind (United Nations, 2015a).

The SDGs also aimed at integrating economic, social, and environmental dimensions of sustainable development, recognising that these three pillars are interconnected and essential to achieving sustainable development (United Nations, 2015a). The SDGs are guided by the principle of “partnerships for the goals”, which encourages collaboration and cooperation among governments, civil society, the private sector, and other stakeholders to achieve the goals.

Therefore, this study contributes to the development studies by providing a practical understanding of how households and individuals accumulate assets over time in Freedom Square, an upgraded area. It further provides a valuable framework for studying the factors that influence asset accumulation and have been applied in various settings and contexts across the globe. The focus on assets represents an attempt to look at development beyond income and economic growth.

1.7 Research agenda

This section provides an overview of the study layout.

Chapter 2 **(Welfare state theories)** examines the welfare state's evolution and demonstrates how welfare state theories have been applied to housing research. The chapter emphasises the importance of assets as a strategy for poverty reduction in this context. The chapter also links welfare state theory with assets.

Chapter 3 **(Income-based welfare and asset-based welfare)** examines the income-based welfare theory, particularly emphasising its historical development. The chapter also distinguishes between asset accumulation and asset-building as they have similar yet different meanings. This chapter also covers land titles and asset accumulation in the Global South and concludes with a discussion of Caroline Moser's asset accumulation (case study: Indio Guayas, Ecuador) in action.

Chapter 4 **(Housing and informal settlement upgrading)** examines the historical approaches to informal settlement upgrading and the recent policy approach in South Africa. This chapter covers Turner's approach and policies of the World Bank to informal settlements, followed by the global history of informal settlement demolitions in the colonial and postcolonial periods. The chapter explains how the South African housing and informal settlement upgrading policy links to asset-building.

Chapter 5 **(Settlement and asset change over three decades)** uses a longitudinal assessment to analyse how Freedom Square has changed over thirty years by comparing it to literature emerging from Latin America. The essence is to provide valuable insights into factors contributing to households having larger or smaller houses in upgraded settlements.

Chapter 6 **(Housing extension as asset-building: Contributing factors)** shows how households have accumulated household and financial assets in Freedom Square. It highlights how households have used these assets to alleviate poverty. It also shows that economic factors (financial assets) alone cannot promote asset accumulation and move people out of poverty. A combination of social, human, physical and financial capital asset types are paramount in assisting low-income households to accumulate assets and escape poverty.

Chapter 7 **(Households' views and perceptions towards asset accumulation and poverty alleviation in Freedom Square)** uses qualitative interviews to gauge the meaning households attach to their homes. Furthermore, these qualitative interviews show the views and perceptions of households concerning the role of assets in moving households in and out of poverty.

Chapter 8 **(Conclusions and recommendations)** discusses the primary findings of the work in a logical way, establishing a framework that can guide future informal settlement upgrading practices and further policy developments.

Chapter 2
Welfare State Theories

2.1 Introduction

Since social insurance started in the late 1800s, the modern welfare state has received much research attention. Because politics shape welfare, welfare has continued to change (Goodin, 1988). These changes highlight that the welfare state is complex (Goodin, 1988). Generally, it is a mixture of unrelated programmes that are poorly integrated (Goodin, 1988). Welfare state theories have three welfare regimes: liberal, corporatist and social democratic (Esping-Andersen, 1990). Housing researchers have recently applied these welfare regimes to European housing policies (Hoekstra, 2010) and South Africa (Venter et al., 2015). The development of a welfare state theory and its different typologies was critical for understanding assets and asset-building. Asset-building is often associated with liberal welfare state typologies (Venter et al., 2015).

This chapter analyses the development of the welfare state and highlights how researchers have applied welfare state theories in housing research. The chapter highlights the debates about assets alleviating poverty. Finally, the chapter analyses the South African housing policy regarding its welfare state characteristics. The evidence from South Africa suggests that although there are liberal elements associated with the South African housing policy, the South African policy has several characteristics not typically associated with liberal welfare regimes.

The main argument in this chapter is that proponents of the welfare state theory often confine these characteristics of specific regimes into neatly demarcated frameworks (Hoekstra, 2010). The evidence from analysing the South African context shows that a far more nuanced framework is required. Such a framework should provide multiple characteristics across the regimes and asset-building could be intertwined with income-based welfare aspects. Asset-based welfare and income-based welfare should not be mutually exclusive. Furthermore, the pro-poor nature of policies in the Global South requires a more nuanced understanding of programmes.

2.2 Defining the welfare state

There is no universal definition of a welfare state. A potential definition requires scrutiny of the term *welfare*. Several definitions of welfare state are provided:

Briggs (1961:228) viewed a welfare state as a state that uses organised power to change the play of markets in at least three ways:

- By ensuring that people and households receive a minimum income, regardless of their income or the value of their property.
- By narrowing the scope of vulnerability by allowing people and households to deal with such "social contingencies", for example, illness, old age and joblessness, that would otherwise result in personal and family crises.
- By guaranteeing that all residents, regardless of rank or class, receive the highest welfare standards available.

According to Tobin (1970), the welfare state can help restrict but not eradicate inequality. The welfare state provides a social safety net (a national minimum) (Beveridge, 1942). Andersen (2012:4) defined a welfare state as the "state that modifies the impact of the market, by providing some sort of minimum guarantee (mitigating poverty); covering a range of social risks (security), and providing certain services (health care, child and elder care, etc.) – at the best standards available". The common feature of welfare state definitions is relieving economic and social distress (Goodin, 1988).

There are two broad types of welfare provisions: cash benefits and benefits-in-kind (Barr, 2004; Lindbeck, 2006). Barr (2004) said that there are two approaches to cash benefits. The first approach includes social insurance without an income or means test.[3] A typical example is where people contribute to such insurance and a specific problem like unemployment arises. The insurance then buffers those who have contributed against the consequences of unemployment. The second option has universal benefits and does not require a contribution to benefit (Barr, 2004). Barr (2004) described a universal benefit as the last option in assisting impoverished people and households. Education, medical care, and different forms of childcare

[3] Means test means that participants whose current income or assets surpass certain limits would have their benefit payments reduced or eliminated.

for the disabled or senior citizens are examples of benefits-in-kind (Barr, 2004; Lindbeck, 2006) (see Table 2.1).

Table 2.1 Summary of public welfare provisions

Public welfare provisions/criteria	Cash benefits	Benefits-in-kind
Primary components	Social insurance	Education, health care, and other forms of child care, people with disabilities, and senior people are all available.
	Universal benefits	
Means-test	None	Yes

Source: Barr (2004)

2.3 Origin of the welfare state

Contemporary welfare state thinking originated in the 1930s and 1940s (Sandmo, 1998). However, the precise origin is not clear or easily distinguishable (Goodin, 1988). Social assistance programmes (general assistance) laid the foundation, followed by social insurance (contributory programmes) and non-contributory programmes, for example old age pension, children's allowances (Goodin, 1988). Otto von Bismarck (German chancellor) introduced the first compulsory social insurance in the 1880s (Palier, 2010). Workers and their employers made contributions to this first insurance programme.

Political economists emphasise different aspects of welfare states (Goodin, 1988). They distinguish between residualists, liberals and socialists. The residualists emphasise that welfare has to relieve distress and highlight the social assistance (in-kind assistance) role of the welfare state (Goodin, 1988). In contrast, the liberals emphasise that the state has addressed market failures. In a liberal frame, the welfare state's core function is to provide *social insurance* (Goodin, 1988). Socialists emphasise *social equality* and *community solidarity*. For socialists, the welfare state must focus on redistribution (cash transfers) and provide universal social services (for example, state education) (Goodin, 1988).

Four approaches dominate the current debate on the development of the welfare state: the theory of industrialism approach, the power resources approach, the state-centric approach and the institutional approach (Pierson, 1998). For Wilensky (1974), industrialisation is the primary reason for developing the welfare state. Two ideas support his view. First, supporters of the industrialism approach focus on the rapid change from an agrarian to an urban and industrial society. Large-scale urbanisation disrupts the traditional social protection in agrarian societies (see Esping-Andersen, 1990:18). Consequently, the state becomes the supplier of social welfare. Industrialisation also increased state income and public welfare expenditure (Wilensky and Lebeaux, 1968). Second, compensation for work accidents became a trigger for other welfare approaches. As industrial production increased, work accidents became a common problem (Schustereder, 2010). Compensating the workforce for accidents became common by the 1940s. Consequently, the first welfare scheme was social insurance for industrial accidents. Several other workplace-related insurances followed, including social insurance for being sick, incapacitated, getting old and unemployed (Flora and Alber, 1981).

This *power resource approach* uses class to explain transformation, and views societal policies as a mechanism of balancing power between classes. Creating the balance depends on the number of votes during elections, the proportion of parliamentary seats and collective bargaining (Esping-Andersen, 1990). Supporters of the power resources approach view "welfare states as outcomes of, and arenas for, conflicts between class-related, socio-economic interest groups and that in these distributive conflicts partisan politics is likely to matter" (Korpi and Palme, 2003:425). These authors argued that social democratic governments have supported the development of the welfare state, while conservative parties have curtailed public social spending (Castles, 1982; Korpi, 1989). In social democratic political economies, political parties ensure that labour action and capital are balanced, consolidating the power of labour parties in many countries (Esping-Andersen, 1990). Consequently, the critical power resource approach depends "on the resources of contending forces, the historical durability of its mobilisation, and patterns of power alliances" (Esping-Andersen, 1990:16).

Third, in the *state-centric approach* public servants are central to developing the welfare state (Schustereder, 2010). Proponents of this approach argued that bureaucracies developed because of industrial development to manage the growing state and develop policies (Wilensky and Lebeaux, 1968). Heclo (1975:306) stated that "a great deal of policy development – its creation, alteration, or redirection – has been settled before or outside of substantial exercises of power". Political actors frequently lack understanding of addressing complex issues and ask public servants for advice. In this way, public officials are then assigned to "the task of gathering, coding, storing, and interpreting policy experience" (Heclo, 1975:303). The interests of the state officials, their interests, and career goals promote the direction of the welfare state (Skocpol, 1992).

The *institutional approach* emphasises the integrated role of economic, social and political organisations. To thrive, the economy must be integrated into social communities[4] (Polanyi, 1944). Two perspectives characterise the *institutional approach*. First, the welfare state development reacts to international economic pressures (Cameron, 1978; Katzenstein, 1985; Ruggie, 1982). Following Polanyi's (1944) work *The great transformation,* Ruggie (1982) has observed the foundational role of liberalism in the world's economic and social order after the Second World War as communities embraced the changes associated with liberalisation (Ruggi, 1982). In addition, governments promised to mitigate the adverse effects associated with liberalism. The reimbursement of citizens for risks related to liberalism reduced potential resistance to them (see Ruggie, 2003:93-94). A positive relationship arose between the level of globalisation and the size of the public economy in small open economies (Cameron, 1978). Small countries found it difficult to protect their economies from international liberal pressures (Schustereder, 2010). Consequently, they have developed public corporatist arrangements to buffer themselves against the negative consequences of fluctuating global markets (Cameron, 1978). Katzenstein (2003:11) concluded that this "perceived vulnerability generated an ideology of social partnership that had acted as a glue for the corporatist politics of the small European states".

Second, theories link democracy and the development of the welfare state. Esping-Andersen (1990) noted that the majority of democrats are consistently in favour of the welfare state. Consequently, the expansion of the welfare state is the inevitable result of democracy, and political parties use it to attract votes (Esping-Andersen, 1990). Persson and Tabellini (2000:130), for example, developed a voting model based on pensions that "predicts that [the higher the] pensions per retiree will be higher, the higher the weight on old voters …, [and that] this shifts the median-voter equilibrium toward a more generous pension system".

This section has highlighted how welfare originated in the 1800s. Although most countries have a welfare programme in place, its focus, nature, and coverage depends on the politics of each country. All welfare systems seek to assist the poor to address life challenges.

[4] A process through which a new member of a social system becomes acquainted with its culture, organisation, and ideals.

2.4 Welfare state classification

There was a boom in welfare state research after the Second World War. The research focused on the differences among various welfare states. Wilensky and Lebeaux (1968) introduced the welfare state theories. They distinguished two social welfare theories: the residual and the institutional (see also Schustereder, 2010). The residual welfare state emphasises temporary support when existing support fails (i.e., the family and the market) (Wilensky and Lebeaux, 1968). Residual welfare states require individuals themselves to address most of their welfare needs with the state offering a safety net for the impoverished when the family and the market economy fail to meet their needs.

In contrast, the institutional welfare states view welfare services as standard in the modern industrial society (Wilensky and Lebeaux, 1968). Therefore, the institutional welfare state aids people and groups to attain satisfying standards of living. There is a focus on personal and social relationships with individuals developing their capacities and promoting their well-being in harmony with community needs (Wilensky and Lebeaux, 1968).

Titmuss (1974) extended the framework for the welfare state by adding a third idea, the industrial achievement–performance model of social policy. Titmuss (1974) integrated social welfare institutions into the economy, arguing that societal requirements should be provided on the basis of merit, success at work, and productivity. However, Pierson (1998) critisised Titmus's addition because most welfare states hold origins from all three models, namely residual, institutional, and the industrial achievement–performance model.

2.4.1 **Dimensions of Esping-Andersen's welfare state classification**

Building on the material reviewed above in 2.4, Esping-Andersen's (1990) seminal work on *The three worlds of welfare capitalism* substantially influenced policy research by identifying three key features of modern welfare states: the level of decommodification, modes of stratification, and the degree of defamiliarisation. These are explained below.

2.4.1.1 Decommodification

Decommodification refers to the point at which people or households can attain an adequate level of living without participating in the market. Decommodifying the individual from the market is a key pillar of the new welfare state (Esping-Andersen, 1990). Decommodification depends on the notion of social citizenship by Marshall (1950). At the beginning of the industrial period, the emergence of capitalism converged with the commercialisation of the working class (Schustereder, 2010). Societies were mainly decommodified during the precapitalist and pre-industrialist periods, with families, the church, and feudal systems acting as the primary welfare providers (Esping-Andersen, 1990). However, labour, markets, and commodification increased in importance (Esping-Andersen, 1990). The market has become a central driving force. It includes social welfare, thus creating safety nets for families failing to get assistance via the market, concentrating mainly on the aged, sick, and jobless (Venter et al., 2015).

2.4.1.2 Modes of stratification of welfare provision

The welfare state minimises adverse market outcomes and encourage equality. Despite this intention, the welfare state is a stratification system and arranges social relations (Esping-Andersen, 1990). Welfare may reinforce inequality as it promotes social dualism and stigmatisation. Most welfare programmes have separate programmes for various classes and status groups. Each has special privileges, emphasising the individual’s status in life (Esping-Andersen, 1990).

There are three central systems of social stratification (Esping-Andersen, 1990). First, the liberal system where the lowest public insurance is done in a universal way. Second, a conservative system providing large-scale benefits, depending on the class of the beneficiary (Esping-Andersen, 1990). Lastly, the social democratic system provides an income-related, worldwide comprehensive social welfare programme (Esping-Andersen, 1990).

2.4.1.3 Defamiliarisation

Esping-Andersen (1999) added the role of the family in the broader welfare context. For Esping-Andersen (1999:45), “a familistic welfare regime is … one that assigns a maximum of welfare obligations to the household”. Consequently, the word *defamiliarisation* is utilised to reduce individuals’ dependency on the family and freely maximises their control of economic assets of the family or household. The defamiliarisation process has two operational channels (Esping-Andersen, 1999). First, one needs to consider providing services (e.g., child and elderly care and public education) and aid to households by the welfare state. Second, it is possible to offer child centres or nursing homes by the market (Esping-Andersen, 1999). Nonetheless, this is only effective if a low-income service industry exists; if not, the majority of households would not choose to use these services due to financial restrictions (Esping-

Andersen, 1999). Therefore, Esping-Andersen (1999) used the following defamiliarisation indicators: government spending on family services and child-care coverage, familial aspects like women's average weekly unpaid work, the proportion of elderly individuals cohabiting with children and market-related aspects like, the spread of public child care rates of private daycare for the under-three-year olds.

Esping-Anderson (1999) identified three welfare systems: First, the social democratic system has elevated levels of defamiliarisation, and the state is the main provider of household services. Second, the conservative system depends on the male breadwinner model. The state and the market provide limited family-orientated services, while the family remains the primary source of social security. Consequently, labour force participation rates of females in social democratic states will likely be lower than in conservative states. Lastly, in the liberal system, the market provides social care instead of the state or the family (Esping-Andersen, 1999).

2.4.2 **Esping-Andersen's welfare state regimes**

Various activities between the government, market and family underlie welfare–state stratification. According to Esping-Andersen (1990), such variations are not linear. He clustered them into three regime types: liberal, corporatist and social democratic (Table 2.2).

Countries characterised as liberal welfare regimes are the United States, Canada, and Australia. The liberal welfare state regime uses a means test and has modest universal transfers or social insurance (Esping-Andersen, 1990). There is limited state involvement, depending on the market for welfare solutions (Esping-Andersen, 1999). The benefits go to low-income individuals, usually working-class families who cannot provide for themselves through the market (Esping-Andersen, 1990). The state intervenes only as a final means. state interventions promote a swift return to the market (Venter et al., 2015). Liberal philosophies also prevent the state from interfering in private household issues. In these states, there are significant economic inequalities and poverty. Welfare provision exclusively to poor households highlights class differences and may stigmatise (Esping-Andersen, 1990).

Nations like Austria, France, Germany, and Italy are good examples of corporatist regimes. In the ***Corporatist welfare state regime***, rights depend on class and status (Esping-Andersen, 1990). The church often shapes the corporatist states, as corporatist states rely on traditional family-hood conservation (Esping-Andersen, 1990). These organisations (churches), usually organised by faith, class, race, and gender, perpetuate or restore pre-existing class distinctions

(Esping-Andersen, 1990). The corporatist welfare systems is where a powerful central government promotes the conventional family. According to Andersen (2012), eligibility in a corporatist state depends on contributions the beneficiaries makeGramm. Thus, entitlements depend on contributions. Andersen (2012) referred to this as the achievement–performance principle. The conservative nature results from a system that does not intend equal security, namely following people's social hierarchy (Andersen, 2012). Assistance is only available when the family have exhausted their resources (Esping-Andersen, 1990).

Sweden, Denmark, and Finland exemplified the social democratic welfare state regime. The ***social democratic welfare state regime*** depends on social democracies that have been the central force behind social reform (Esping-Andersen, 1990). Rather than allowing a state–market duality, social democrats argued for a welfare state that promotes the highest levels of equality (Esping-Andersen, 1990). The implications are twofold. First, services and benefits must increase to levels that match the needs of the emerging middle class. Second, equal rights are provided by ensuring full participation in all available welfare rights (Esping-Andersen, 1990). The social democratic welfare state regime has a blend of highly decommodifying and universalistic programmes tailor-made to meet different expectations (Esping-Andersen, 1990; Korpi, 1980). Blue-collar workers have the same rights as paid white-collar workers or civil employees. In practice, all levels of work are covered by a single universal insurance scheme. Benefits, however, depend on family incomes (Esping-Andersen, 1990). As a result of this regime crowding out the market, the construction of a basic universal solidarity emerges (Esping-Andersen, 1990). In the social democratic welfare regime, everyone relies on everyone's benefits, and everyone thus feels indebted to pay.

Unlike the corporatist model that delays assistance until a family's capability to aid is depleted, the social democratic welfare regimes speak to the market and the nuclear family by actively sharing the costs (Esping-Andersen, 1990). The focus is on individual independence instead of family dependence. Thus, this model has an odd mixture of liberalism and socialism. This mixture results in a welfare state granting direct payments to children, while accepting direct accountability for looking after kids, the elderly and the defenceless (Esping-Andersen, 1990). For that reason, it has a heavy social service burden. It meets family requirements and allows women to decide between work and domestic duties (Esping-Andersen, 1999). It allows for individuals to have a right to full employment and a right to income security.

The right to work is equal to income protection. However, the cost of preserving a solidaristic, welfare state leads to increased taxes (Esping-Andersen, 1990). This is possible when most people are employed and are not reliant on social handouts. The conservative paradigm discourages females from working, while the liberal philosophy, the market sanctity, matters the most, while it is less critical with concerns of gender (Esping-Andersen, 1990).

Table 2.2 Esping-Andersen's three-tiered typology of welfare regimes

Regime type	Liberal regime	Corporatist regime	Social democratic regime
Role in welfare provision	The market is crucial in the provision of social services	Families/conservative organisations play a crucial role in social services	The government has a critical role in the provision of welfare
	In terms of welfare provision, the government and the household are neglected	In terms of welfare provision, the government is secondary, and the market is insignificant	In terms of welfare provision, the market and household are insignificant
Welfare provision	The residual customised welfare system	A conservative model of fragmented social welfare	A welfare system that is decommodified and all-inclusive
Commodification	High	Medium	Low
Stratification	Strengthen class differences	Reproduce stratification of the current class	Enhance equal rights Widespread access to social welfare regardless of class
Income distribution	Significant inequalities in salary and comparatively high levels of poverty	Adequate salary variations, variable occurrences of poverty	Salary disparities are small, and poverty levels are low
Western Europe examples	United States, Canada, Australia	France, Austria, Germany, Italy	Sweden, Denmark, Finland

Source**:** Adopted from Esping-Andersen (1990) and Hoekstra (2010).

2.5 Housing and the welfare state

Housing researchers have used various metaphors to describe the link between housing and welfare programmes. Malpass (2004) described how housing drifts clumsily on the social service threshold. Cole and Furbey (1994, in Malpass, 2004) referred to housing as a miscarried social provision stuck inside a neoliberal property ownership framework. The most famous way of describing housing as a welfare service was Torgersen's description of housing as a "wobbly pillar under the welfare state". The "wobbly pillar" analogy refers to how welfare divisions, for example, social security, education, and health, exhibited common characteristics that the housing sector does not share (Torgersen, 1987).

On the other hand, housing appeared to have more similarities with capitalist development. Harloe (1995) stated that housing’s property ownership and individual ownership rights are critical components of a capitalist society. Unlike welfare services, governments do not always view housing as a universal human right, and it is not always provided as a free welfare service. In its place, housing distribution has been defined by a mix of public, sponsored, and private services (Harloe, 1995; Kemeny, 2001; Kemeny et al., 2005).

Even though housing may not be a noteworthy aspect of the welfare state, a relationship exists. According to Stephens et al. (2010), the link among welfare state regimes and housing structures is reciprocal instead of autonomous. In contrast, the welfare state regime affects the housing structures by establishing the boundaries within which housing structures and policies work (Stephens et al., 2010). In contrast, the housing structure is not a passive actor of the welfare state regime since it wields sovereign power (Stephens et al., 2010). Furthermore, the housing system operations moderately overlay other welfare state regimes (Stephens et al., 2010). Henceforth, the housing system may further heighten or soothe these different areas (Hoekstra, 2010).

2.5.1 **Hoekstra’s components of the housing structure**

Following Esping-Andersen’s (1990) typology of welfare states, Hoekstra (2010) generated a typology of housing structures and created three criteria, namely, corporatist, liberal and social democratic (Table 2.3). Furthermore, he created four components of the housing structure that linked with Esping-Andersen’s (1990) three criteria as follows:

2.5.1.1 Decommodification

In housing, decommodification refers to the level to which households can purchase houses regardless of their income from employment (Hoekstra, 2010). The state only interferes through the pricing of houses and household incomes. According to Lundqvist (1991), the decommodification of housing takes place through price caps, production incentives affecting house prices, and subject state subsidies influencing household income. The last mentioned can include essential income support like retirement and unemployment insurance, and housing-specific payments (Hoekstra, 2010).

2.5.1.2 Stratification

Esping-Anderson (1990) saw the welfare state as a stratified structure. Economic stratification relates to salary distribution and social stratification refers to social status differences within the community (Hoekstra, 2010). Social inequality relates to financial (income) and non-economic variables like race or employment (Hoekstra, 2010). Stratification becomes evident in the housing field throughout the housing allocation phase. Because of the lack of state intervention, housing distribution may create economic stratification: the most affluent households would buy the best and most expensive residences (Hoekstra, 2010).

The state can manage the housing distribution process, by prioritiseing a minority (Hoekstra, 2010). Such interferences by the state may have altered objectives. They attempt to increase options for low-income populations, while reserving status disparities (Hoekstra, 2010).

2.5.1.3 State, market, and family mix

Government (or state sector) and markets or the household (or domestic sector) can deliver welfare services through housing (Hoekstra, 2010). The variations among government, markets, and families are linked to the supposed decision units and how choices are made (North, 1977). Government institutions make decisions for the state, whereas small groups, like households, families, friends, and associations, make decisions for market providers, purchasers, and the household sector (Hoekstra, 2010). A particular kind of coordination of judgements characterises every sector (public or private). Civic bodies are accountable for the choices taken in the government sector reinforced by-laws or rules. In contrast, the organisation of options in the marketplace depends on the market-mechanism, using pricing as a primary guiding factor (Hoekstra, 2010). The organisation of choices occurs in the absence of money transfers and prices in the household sector, often based on mutual benefit (Hoekstra, 2010).

The blend among government, markets, and households are crucial for the decommodification and stratification of a state (Hoekstra, 2010). While Esping-Andersen did not discuss this issue, Hoeksra (2010) argued that the blend between government, markets, and households is important (Hoekstra, 2010). The particular alignment among government, markets, and households in a specific society signify the welfare state’s ethos. The most direct effect is visible in newly built dwellings and how actors from the community, marketplace and domestic sectors partake in this process (Hoekstra, 2010).

Table 2.3 Hoekstra's housing system typologies

Criteria	Social democratic	Corporatist	Liberal
Decommodification	High	Medium	Low
Stratification	Low	Moderately high, primarily based on societal status	High, primarily grounded on income
Role of state, market and family	The government is central	The government is secondary; the household is essential Private non-organisations wield a significant amount of power	The marketplace is central
State regulation	The strong central state effect	Functional decentralised Policies are incremental and problem-solving	There is little national and local government regulations
Housing policy objectives	Ensure that all citizens have access to high-quality housing.	Preserve social stratification. Preference is given to the traditional family. Encourage individuals and private players to get more involved in the housing market.	Maintain the market's dominant position. State Assistance is designated for marginalised populations
Subsidisation	Large-scale production subsidies; subject subsidies for large target groups	Segmented subsidies: specific arrangements for specific groups	Subject subsidies are means-tested Few production subsidies
Price setting and price regulation	The government has a significant effect on price-fixing and regulation	Moderate government effect The government regulates prices to counteract the market's negative impacts	Market forces dictate house values
Housing allocation	Provision on a needs basis	Government intervenes to regulate the market Specific groups may be given preferential treatment throughout the allocation process	In a substantial percentage of the housing stock, housing allocation is determined by the market A minor portion of the housing stock is subject to regulated allocation (set aside for poor households)
Organisation of housing provision	Tight spatial planning The government takes the lead in the manufacturing of newly constructed dwellings	Moderately rigorous spatial planning Private entities (households, small businesses) lead the creation of newly constructed houses	No strict spatial planning Private entities (primarily big companies) take the initiative for the production of recently constructed houses

Source**:** Adopted from Hoekstra (2003:63).

2.5.2 **Relationship of South Africa's housing policy to other welfare services**

Most research points to the neoliberal undertones in South African housing policy. Venter et al. (2015) argued that mot only neo-liberal polices shape the housing policy in South African. State housing programmes in South Africa are essential as a welfare service. However, the government views housing policy separately from the overall welfare approach. This happens with housing falling in the *social cluster* of the South African government's economic administration framework (Venter et al., 2015). Consequently, scholars have not contextualised and compared the South African housing policy with other welfare programmes like grants (social security), employment, and health care (Venter et al., 2015), but an array of other welfare functions exist. According to Pieterse (2009), welfare subsidy systems have increased since 1994, introducing child maintenance grants, foster homes grants, handicapped awards, and other subsidies. While municipalities give equity funds, they select the households qualifying for free essential aid and electricity (Pieterse, 2009). Parnell and Robinson (2013) have argued that such welfare provision does not indicate a neoliberal regime, with the elderly, child care, foster care, and handicapped grants diligently resembling welfare support of the corporatist political regimes. Furthermore, equity endowments and complementary water and electricity are similar to the social democratic welfare state regime (Parnell and Robinson, 2013).

The South African housing policies are a hybrid comprising liberal, corporatist, and social-democratic typologies (Venter et al., 2015). Hence, rather than understanding the South African housing policy solely through the lens of neoliberalism, it is beneficial to recognise the essential impact of welfare state ideas (Venter et al., 2015). Examining the South African housing policy rooted on Hoekstra's concept of a hybrid model provides a more complete picture of South Africa's housing system than an analysis based exclusively on political-economic frameworks (Venter et al., 2015).

2.5.3 **Welfare state and housing policy typologies**

It is not always possible to fit Esping-Andersen's (1990) and Hoekstra's (2010) policy typologies for all countries (Venter et al., 2015). Housing in South Africa is a human right entrenched in The Constitution of the Republic of South Africa (South Africa, 1996). In addition, the post-apartheid housing policy had commodification features familiar to the liberal state, for example, emphasising the freehold nature of housing. Furthermore, BNG stressed the importance of housing assets and the secondary housing market, strengthening liberal aspects

(SA DHS, 2004). Nonetheless, restrictions of sales on subsidised houses in the first eight years, and approximately 50% of housing units who did not have title deeds, indicated that all did not automatically recognise the original policy directive on ownership (Centre for Affordable Housing Finance in Africa, 2015).

Furthermore, the focus on the secondary housing market in BNG did not enforce this in practice. There is still no clarity on whether the nonexistence of title deeds results from policy directions, an absence of a political will, or the government's abandonment of its obligation (Venter et al., 2015). However, the government's incompetency to act decisively to impose the policy guideline, undoubtedly suggests accepting that many housing projects are essentially still listed as assets in the government's asset registry. Moreover, the eight-year time limit on sales applications, likewise means amending the free market's principles and is linked with the corporatist-type regime (Table 2.4).

Table 2.4 Neoliberal elements of the South African housing policy

1	The historical ties with the Urban Foundation, as well as the World Bank's influence, assured business-orientated housing construction procedures.
2	The early reliance on the private market as a means of delivering housing.
3	A focus on breadth (small incentives are provided to a significant number of households) and extensive (a substantial proportion of families get considerable subsidies).
4	Housing is essential to financial stability; nevertheless, there is a widespread assumption that the programme is underfunded, resulting in low-quality housing goods.
5	A targeted subsidy is a one-time event that may be accounted for.
6	Because of the small amount of the subsidy, low-income households are concentrated on the outskirts of cities.
7	The focus is on ownership.
8	A specified housing result (on what can be supplied in terms of business rather than household needs).
9	There is not much space for community engagement or society development.
10	Arguments that housing subsidies have resulted in the commercialisation of poverty.
11	The technical complexity of the home development process.

Source**:** Adopted from Venter et al. (2015).

According to Venter et al. (2015), the central actors in nonsubsidised new housing projects are income and the market, resulting in housing stratification consistent with liberal regimes. However, since the subsidy depends on income, critics argued that the housing subsidy system further strengthens the market-based housing stratification in urban South Africa (Bond, 2000; Huchzermeyer, 2004). Bond (2000) stated that the funding system produces a new ghetto township. Huchzermeyer (2004) argued that many cities have subsidised houses on the outskirts due to the fixed funding amount. This location problem associated with the subsidy mechanism encourages market-based segregation (Huchzermeyer, 2004). The role of many stakeholders in the South African housing environment (government, market, organisations, and households) also speaks to a hybrid structure. According to Ntema (2011), policies and practices show that the state is getting more influential; contrastingly to the early focus on the markets and private sector development. Despite many endeavours to expand the role of charity organisations via public housing or the People's Housing Process [PHP], the impact of charity organisations in the housing sphere is still severely limited. The rising part of local government, due to laws permitting local governments to be accredited in the housing construction process, indicates that the original agreement regarding private sector development has weakened (Venter et al., 2015).

According to Charlton and Kihato (2006) and Marais and Krige (2000), even though the original regulations leaned toward self-help, the delivery of a modest house meant that recipients would have to upgrade it through self-help methods. However, they argued that the focus shifted to expanding the size of residences, which negated self-help. Other evidence of strong central government regulation included the eight-year restriction on selling the houses in the subsidised housing sector, extensive building rules, the creation of National Home Builders Registration Council to enhance the standard of the dwelling unit for the recipient, and the focus on rules and expectations for supplying bigger, higher quality housing (Charlton and Kihato, 2006). Moreover, the possible accreditation of municipalities as developers was a move towards decentralisation. According to Venter et al. (2015), the South African housing policy is social democratic and corporatist in nature. The broad policy objectives demonstrate the policy's hybrid structure. Even though South Africa does not have inclusive, luxurious housing like some social democratic welfare states do, obtaining this is the main objective (Venter et al., 2015). BNG, and increasing pressure to uphold norms and standards, are ways to achieve this goal. This goal is pronounced as follows by the BNG: "The Department will undertake an audit of and develop a programme to address the poor quality of houses built before introducing national norms and standards and the NHBRC [National Home Business Registration Council] Warranty Scheme" (SA DHS, 2004:12). Currently, the supply of subsidised housing primarily to families tends to be analogous to corporatist regimes (Venter et al., 2015).

Gaining access to the home mortgage is only available to households, not individuals or single-person homes. First, individual homeownership was prominent, implying a more liberal type against community land tenure structures, and the private sector (Venter et al., 2015).

Furthermore, the importance of housing subsidies as a safety net for those that are impoverished may reflect liberal regimes. Conversely, social democratic welfare subsidy systems like subsidised power and water are supplied to everyone and do not rely on a benefit cap (Venter et al., 2015). In contrast, the focus in Breaking New Ground on the real estate market and "climbing the housing ladder" as critical features is typical of liberal regimes.

Venter et al. (2015:360) stated that "[a]s for subsidies, the large-scale production subsidies (capital subsidy) in South Africa (a supply-side mechanism) are common in social democratic welfare states". Nonetheless, as previously stated, the directed form of the subsidy shows a liberal impact. The income-based stratification connected with these incentives is also a neoliberal component. Nonetheless, there is little question that the lowering income ranges may represent a social democratic policy preference (decreased categorisation over time). Furthermore, the fact that the incentive covered more than three million disadvantaged households and that about half of the households qualified for it, resulted in the view that the subsidy system largely follows the social democratic approach. According to Marais and Krige (2000), the funding for the housing structure directly opposed to World Bank principles.

BNG focuses on housing driven by demand and therefore exhibits an excessively liberal viewpoint. The extensive subsidies and settlement-related grants (free energy and water) are consistent with a social democratic paradigm. These other social services cannot be isolated from the housing subsidy (Venter et al., 2015). In the meantime, focusing on households (nuclear families) has become more narrowly associated with corporatist regimes. Respecting the cost setting and price controls, various insights are possible. Generally, the market determines house prices in a liberal ideology (Hoekstra, 2010). Nevertheless, some regulations corrected the market, including the eight-year prohibition on the sale of subsidised houses, which is more corporatist – along with a sizable informal market (Roux, 2013) that exists outside any government controls or limitations that have been labelled as corporatist.

The procedures of distributing houses use a means test to determine need. Venter et al. (2015) classified this aspect as social democratic due to the large subsidies allocated. Nevertheless, subsidies from the state have also been aimed at creating a secondary real estate market, improving participation in that market, and enabling people to move up the property ladder

(Venter et al., 2015); thus, resembling a corporatist or liberal regime. For an overview of South Africa's housing policy concerning different welfare-state typologies, see Table 2.5.

Table 2.5 Plotting South Africa's housing policy within the welfare state theory

Criteria	Social democratic	Corporatist	Liberal/Neoliberal
Decommodification	Fifty percent of subsidised housing units lack title deeds; homes are essentially built on state property and legally belong to the government	• Eight-year time limit on sales • Concentrate on self-help	• The focus of BNG on the property ladder and the secondary real estate market assets • Focus on ownership stratification
Stratification			• Location of housing on the outskirts of cities fosters racial and economic inequality • Market is central • Income-based classification
Mix of state, market and institutions like the family	The state's expanding involvement – the early role of the private sector in building houses has been supplanted by an expanding involvement of local government	• Private non-profit organisations have some, but limited, impact • Since BNG, the emphasis has been on municipal certification – decentralisation of functions	The private sector was first prioritised
State regulation	Building rules and standards are becoming more strictly regulated	• Also amplified decentralisation	
General housing policy objectives	• Intention to offer high-quality housing; growing demand to build larger houses • Delivery of housing grants • Some welfare benefits are offered to the entire population (e.g., water and electricity)	• Subsidies are only available to households-individuals are not eligible • Eight-year time limit on sales	• Focus on homeownership • Promotion of the real estate market – housing is seen as a valuable asset; ascension up the property ladder
Subsidisation	• Massive-scale subsidies roll-out • Subsidies for a broad target population – a large proportion of the population meets the means test • Because income ranges are collapsing, there is less segregation	Focus on traditional families	BNG intends to shift from production incentives to demand-driven housing, with much less emphasis on subsidies and more focus on markets

Criteria	Social democratic	Corporatist	Liberal/Neoliberal
Price setting and price regulation		• Price fixing can be viewed as a type of sales control • There is a sizable informal market	Overall, market principles are in effect
Housing allocation	Distribution based on need – a large-scaled strategy centred on the poor		
Organisation of housing provision	The government takes the lead in the construction of newly built households through its provision of grants	• Spatial planning that is relatively rigid • Households and small businesses take the initiative to build many freshly constructed unsubsidised dwellings • Some focus on self-construction and self-help through non-governmental organisations	Initial focus on large companies

Source: Adopted from Venter et al. (2015).

2.6 Conclusion

Since the late 1800s, states have assisted struggling households with social welfare grants, mainly in the form of cash benefits or benefits-in-kind. Over time, the role played by the state in the provision of such welfare services has evolved. This has been primarily due to political forces driving the state that led to the rise of three types of welfare states: liberal, corporatist, and social democratic. Each of the three types of welfare state regimes provides its welfare format that has shaped modern welfare.

Internationally, housing scholars have begun to use these theories in housing research to understand how the state allocates housing to its people. However, most states have not always viewed housing as a universal human right compared to other welfare services. Instead, housing distribution has been defined by a mix of public, sponsored, and private services. Even if that is the case, welfare state regimes still influence the housing system, setting restrictions on housing systems and housing policies.

Linking welfare state theories to the South African housing policy, South Africa's welfare system exhibits features of liberal, corporatist and social democratic regimes. The South African housing policy is, therefore, a hybrid system. Most states have begun advocating for housing as part of welfare services to help the poor in informal settlements to address poverty. Significantly, the South African government has introduced a BNG policy aiming at promoting the upgrading of informal settlements, which over time is expected to contribute to asset accumulation to move people out of poverty. But several elements in the housing policy represent social democratic and corporatist regimes. Therefore, the assessment of the South African policy calls for a more nuanced understanding of welfare state regimes in the Global South and for an integration of assets and income-based welfare as opposed to thinking about these two systems in isolation.

Chapter 3
Income-Based and Asset-Based Welfare

3.1 Introduction

The previous chapter discussed the welfare state typologies and how researchers applied the welfare state theory to housing. The liberal welfare framework's view on owning a home as a significant asset contributing to the national GDP and individual growth and development. Chapter 2 also analysed the South African housing policy against the welfare state regimes and concluded that it has characteristics of all three welfare regimes. Asset-based development is closely associated with liberal welfare states. This chapter turns into an analysis of asset-based development. Asset-based welfare has become a state response to reduce dependency on the state. It initially sparked much interest in the United States and the United Kingdom and many other countries have followed suit. Housing is a central concept in asset-based development policies.

There have been several attempts to apply asset-based welfare to the Global South. Most of the work followed De Soto's (2000) emphasis on land titling, but Caroline Moser's (2006) work involving asset-based development in low-income countries provided a good conceptual framework. Moser applied her work to low-income areas and within the context of informal settlement upgrading (Moser, 2007; Moser and Felton, 2006, 2007). Moser's work varies from the work in the United States and the United Kingdom by focusing on the lower end of incomes. Moser (2007) viewed asset-building as a slow process and emphasised the intergenerational nature of asset-building. Moser specifically used the term *asset-accumulation* rather than asset-building.

This chapter starts by discussing the income-based welfare theory with a specific focus on the historical development of the concept. This discussion on income-based welfare lays the foundation for analysing the rise of asset-based approaches. Attention is paid to outlining the differences between asset accumulation and asset-building. Furthermore, asset-based policies tend to overemphasise one or two main characteristics. For example, focusing on land titling as an asset-based strategy has had mixed success in the Global South. Furthermore, the chapter references the asset and housing policy agenda, while criticising asset-based development. The chapter ends with a discussion of asset accumulation by Caroline Moser. Chapter 3 lays the foundation for discussing asset-based development in the South African policy in Chapter 4.

3.2 Income-based welfare

3.2.1 Overview

Policymakers and researchers view income as a proxy for consumption or a measure of consumption and hardship. Consequently, many countries use income support to address poverty. Government income support includes social insurance, universal grants, and social welfare, which account for 80–90% of the social expenditure of economically developed countries (Perkiö, 2014).

There has been much academic discussion about the role of income-based policies as strategies to address poverty (Danziger and Plotnick, 1986; Djao, 1983; Duncan and Yeung, 1995; Whitworth and Noble, 2008; Wood and Gough, 2006). These policies seldom achieved their intended goals (Danziger and Plotnick, 1986) or reduced the inequalities (Danziger and Plotnick, 1986). Although income support has alleviated poverty among the elderly in the United States, it has not helped to get people out of poverty (Danziger and Plotnick, 1986).

There has been a global drive to establish a universal basic income (UBI) in the last decade. The UBI should guarantee a minimum income for all citizens, with no benefit cap or requirements (Perkiö, 2014). A UBI system ensures that every person regularly receives a fixed amount of money. This income will be irrespective of the beneficiary's employment status, family associations, or socio-economic position (Basic Income Earth Network, 2021). The main goal of UBI is the eradication of poverty. There are several differences between income-based schemes and the UBI (Yanes, 2012):

First, the administrative cost of the targeted income-based programme is substantially more than that of UBIs. Income-based targets require constant evaluation of the recipients' eligibility, leading to complicated and costly administration. Furthermore, selective means-testing becomes complicated once the recipient's salary exceeds a certain threshold (Perkiö, 2014). UBIs can reduce administrative costs, minimise bureaucracy and make the public expenditure system more transparent (Hirsch, 2015; Perkiö, 2014).

Using income to target recipients usually leads to errors where people who are supposed to benefit are excluded from the programme, or people who should not benefit end up benefiting

(Perkiö, 2014). Furthermore, people may be excluded from the programme when a programme anticipates covering only a specific group by the scheme. For example, suppose a programme exclusively supports low-income families with children who are in school. In that case, it will disqualify households with just infants and orphaned children (Perkiö, 2014). Because in the UBI, everyone is entitled to the grant, testing eligibility is unnecessary, excluding on an inclusive basis, like legal residents in the nation, nor are there any inaccurate exclusions of intended beneficiaries (Perkiö, 2014).

Second, targeted income-based programmes can contribute to poverty traps. The lack of incentives in targeted income-based programmes can lead to poverty traps. This poverty trap develops when income is irregular and greatly varies over time (Perkiö, 2014). In contrast, UBI is an employment-friendly model trying to work towards meaningful contributions to all (Hirsch, 2015). If recipients lose their jobs, they will still get their regular payment from UBI. Furthermore, implementing a basic income will empower marginalised groups, enhancing their ability to reject employment in poor environments (Perkiö, 2014).

Third, programmes with targeted income can lead to paternalism and stigmatisation. The eligibility valuation systems regularly encompass paternalistic control over the recipients and heighten the authorities' available power (Perkiö, 2014). Participating in a welfare programme leads to stigmatisation. It undermines identity and self-confidence and instils emotions of shame among recipients (Perkiö, 2014). Furthermore, paternalism has a passivating effect causing citizens and governments to become alienated and distrustful. Participating in UBI prevents stigmatisation as everyone is receiving benefits. Moreover, UBI treats people as accountable, autonomous, equal citizens rather than objects of welfare schemes (Perkiö, 2014).

Fourth, a targeted income-based programme can hamper labour flexibility. Income-based programmes offer social security support to temporary or permanently excluded workers, with employment as the primary household income source (Perkiö, 2014). In contrast, the UBI grant offers a continuous income stream. UBI is more suitable for erratic work than the predominant social insurance schemes. It enables a larger view of work and labour, covering non-market employment in families and communities and highly innovative methods of merging diverse forms of work, recreation, and other activities (Perkiö, 2014).

Fifth, UBI systems are gender-sensitive. The conventional targeted income-based policy uses the male breadwinner family model to distribute welfare, while women are responsible for child care and housework (Perkiö, 2014). Such cash payments given to females can lead to intra-family tensions instead of creating gender equality. UBI grants go to the individual and do not follow specific family structures or gender norms (Perkiö, 2014). Grants for both males and females are equal, while children grants are usually lower. Furthermore, UBI can back gender equality in the job market and families more effectively than policies focused on specific gender-related tasks.

Except for Mongolia and the Islamic Republic of Iran, no other country has a UBI in place (Gentilini et al., 2019). However, several small-scale pilots are underway. The UBI grant highlights a favourable alternative that, if supplemented with inclusive social welfare and education, will nurture gender parity, new socio-economic activity, and people’s sovereignty over their own lives (Perkiö, 2014). Furthermore, the government spending system may be more transparent and less vulnerable to exploitation through UBI. Nevertheless, there is still a need for more research and testing of diverse basic income models (Perkiö, 2014). To obtain accurate evidence on all possible impacts of basic income, extensive and systematic studies encompassing multiple rural and urban regions in various nations are critical. Income-based welfare has four main problems: economic and moral concerns, as well as philosophical and political concerns, which are discussed in the following subsections.

3.2.1.1 Economic concerns

The economic concerns centre on the harmful effects of welfare (Balcerowicz and Radzikowski, 2018). The tax burden can potentially limit private savings, employment, and prolonged financial instability or economic meltdown (Balcerowicz and Radzikowski, 2018). Income-based welfare can lead to social entitlement where individuals passively receive public benefits and services (Sherraden, 2003b). Income-based welfare may make people incapable of looking after themselves without support from the government (Gilbert and Gilbert, 1989). Blau and Robins (1986) found that people receiving welfare are less likely to look for work and more likely to quit their jobs than non-welfare recipients. Also, post-industrial economies require an active social policy that encourages individual development and motivates people to develop their knowledge, skills, and abilities (Laurinavicius, 2012).

3.2.1.2 Moral concerns

Lindbeck et al. (1999) questioned the appropriateness of income-based welfare systems as it creates unacceptable social behaviours. Beneficiaries can misuse different social benefits as it corrodes social norms like integrity, a good work ethic and conservative values (Lindbeck et al., 1999). Research showed that income-support programmes contribute to specific behavioural changes (Moore and Driscoll, 1996; National Research Council, 1997). For example, income benefits may weaken families and increase criminality, particularly in young men who grow up without fathers (Balcerowicz and Radzikowski, 2018). Duncan and Yeung (1995) found that children who start to see welfare as a viable future life path in their early stages may participate in behaviours like early sexual activity and disengage from school. Other scholars argued that income support programmes affect marriage, childbearing timing, and the reliability and compassion of parenting in a manner that exposes children to unsafe situations (Mead, 1986; National Research Council, 1997). Researchers also found lower cognitive attainment and outcomes among children of families receiving welfare (Moore and Driscoll, 1996; Santiago, 1995). For example, Moore and Driscoll (1996) discovered that white kids from welfare families had the worst reading, mathematics and behaviour problem scores. Black children from families receiving aid had the worst reading scores. This study used data from the National Longitudinal Survey of Youth–Child Supplement in the United States. The sample comprised 850 white and 554 African American children aged 14 years in 1992 (Moore and Driscoll, 1996). Furthermore, children growing up in families with a history of irregular or no work have a lower aspiration for employment, schooling, and childbearing (Santiago, 1995). These factors may constrain the economic options in young adulthood (National Research Council, 1997). Despite these findings, causality is not always clear. The question is whether the income grant or the original poverty of a household is the primary mechanism at play. Nevertheless, it shows that income grants do not necessarily address household poverty concerns.

3.2.1.3 Philosophical and political concerns

The philosophical and political concerns are that welfare takes away people's freedom through increased taxes by funding the welfare state (Balcerowicz and Radzikowski, 2018). Simply put, individuals are being "forced to contribute toward the costs of some activity which does not further his interests or may even be entirely opposed to them" (Wicksell 1958:89).

3.2.2 **Summary**

In the past 40 to 50 years, income-based welfare has succeeded in countries like the United States in enabling low-income, ill, and aged people to meet their needs (Sherraden and Page-Adams, 1995). However, the welfare state in its current structure will not move people out of poverty. These authors also showed concerns that income-based welfare systems do not always reach people with low incomes. Simultaneously, some governments are curtailing expenditure, resulting in a reconsideration of income-based grants. For example, in America, most states have begun cutting down on expenses and placing restrictions on recipients (Sherraden and Page-Adams, 1995). According to Sherraden (2005), income support programmes have limitations as public policy and create a range of unintended consequences. In most cases, these programmes cannot get people out of poverty. Consequently, Sherraden (2005) argued that there is a need to move into asset-based welfare as a complementary policy.

3.3 History of asset-based welfare

3.3.1 **United States**

3.3.1.1 1980s to 2000s

The accumulation and ownership of assets are a by-product of complex social arrangements developed by various societies at different times (Sherraden, 2005). On the extreme side, slavery was an example (Sherraden, 2005), but it generally included savings, property, and education. The election of Ronald Reagan of the United States in 1980 brought significant changes in the United States economy and social policy. The United States faced high inflation, low economic growth, rapidly escalating state expenditures and insufficient defence budgets (Palmer and Sawhill, 1982). To address these issues, Reagan proposed a plan to strengthen the nation’s economy and toughen its defence while reducing the government’s role (Palmer and Sawhill, 1982). The Reagan administration reduced income security programmes by promoting reliance by individuals on their resources through work and asset accumulation (Palmer and Sawhill, 1982). These ideas led the American social welfare policy to shift from the statist entitlement method to the self-sufficiency and social responsibility programmes. Sherraden (1988) proposed a development strategy that included tangible and financial assets and argued that asset holding increases a person’s attitude about the future, confidence, and civic involvement, and improves children’s welfare. Furthermore, assets may provide individuals with positive psychological, economic, social, and civic benefits (Sherraden, 1991). As a technique to transcend the nation’s traditional remedial child welfare system, Lindsey (1994) introduced a different approach to individual development accounts (IDAs), namely child savings accounts. This idea attracted political support, resulting in the former Senator Bob Kerrey of Nebraska suggesting a legislative proposal to create an account for each child. The federal government would make deposits until the recipient reaches the age of 18 years (Sherraden, 2001). Individuals who participated could make withdrawals for education and retirement.

Over time, asset-building programmes had different components. In 1988, Robert Haveman (1988) encouraged establishing publicly subsidised human capital accounts of $10 000 (R165 519,00) used for educational purposes by each qualifying individual who reached 18 years. Later, Ackerman and Alstott (1999) reiterated this idea by proposing that young adults who completed high school receive a capital sum of $80 000 (R1 323 808,00). This amount should enable them a range of possibilities: access higher education, fund homeownership, start a business, or serve as an investment. During President George W Bush’s administration (1989–1993), Michael Sherraden (1991) introduced the idea of IDAs. According to Sherraden (1991), individual preferences and institutional frameworks influence savings and asset-building, namely, what people view as important to them and the purpose of a particular structure.

In 1999, President Bill Clinton’s administration suggested creating universal savings accounts (Sherraden, 2005). These accounts were like 401(k)[5] for employees with cash payments and matching incomes for employees with the least income. However, the proposal never made it to congress (Sherraden, 2005). Furthermore, medical savings accounts (1999) had to help people to save for medical expenditures by permitting tax-deferred contributions (Sherraden, 2005).

3.3.1.2 Post-2000s

By 2000, the United States had one of the most vibrant housing markets globally, and most families saw their homes as financial assets; for example, housing accounted for about one-fifth of the gross domestic product (GDP). Housing construction in the United States bolstered 3.5 million jobs and generated $166 billion in income taxes in 2001. In 2003, the cumulative valuation of the country's housing assets reached $13.4 trillion, constituting 39% of all fixed assets and durable goods (Schwartz, 2006). In 2004, housing construction and renovation accounted for 6% of the GDP, while monthly repayments and the equivalent payments made by mortgage holders accounted for 11% of the GDP (Schwartz, 2006). Expenditure on home

[5] A 401(k) plan is a cash or delayed plan where a qualified employee can contribute a part of his or her income (which would otherwise be due in cash) to a qualifying retirement savings plan as a pre-tax deduction in remuneration. Nonetheless, certain plans also permitted after-tax payments from workers.

furnishings, electronics, utilities, and other household operations increased GDP by 7%. The Bipartisan Millennial Housing Commission report highlighted the significant contribution of housing to a country's economy and the residents' well-being (U.S. Department of Housing and Urban Development, 2002).

In the United States, purchasing a home has long been regarded as a sign of achievement, indicating that one has achieved middle-class status (Miller-Adams, 2004). As such, homeownership has been significantly associated with the American dream. However, in 2007–2009, the global financial crisis disrupted this dream. From the peak of homeownership in 2007, house prices fell by about 30% in the following two years (Hilber and Schöni, 2016). Many homeowners lost their homes. Negative equity meant they could not sell their homes or have access to refinancing mortgages (Hilber and Schöni, 2016).

The real estate boom-bust due to the global financial crisis, accompanied by rising unemployment rates, resulted in several households in the United States losing their homes, resulting in a sharp decline of about 5% in the country's homeownership rate (Hilber and Schöni, 2016). This reduction in the property ownership rate led the U.S. Government to adopt several new policies. The federal government provided much of the United States housing subsidies for the wealthiest through subsidies for homeowners (Hilber and Schöni, 2016). However, it provided subsidies to low-income households by assisting in the building and operating of housing projects (Schwartz, 2006). The United States promoted homeownership policies to promote housing attainment through the following key policies and acts:

The **Mortgage Interest Deduction** (MID) allows homeowners to assert interest deductions on mortgages that fund either their primary or secondary residences, provided they itemise their taxes (Keightley, 2020). For three reasons, the homeowner deduction value usually increases with taxpayers' income. First, higher-income households are more inclined to itemise their tax deductions, a requirement for potentially benefiting from the proposed interest deduction. Second, with revenues, marginal tax rates increase (Keightley, 2020). A person with a 35% tax bracket who pays ten thousand dollars in mortgage interest would cut taxes by $3 500, compared to the previous example of a 24% bracket person who has reduced taxes by $2 400 (Keightley, 2020). Third, higher-income people usually buy more expensive houses, leading to more significant mortgage interest payments and higher deductions (Keightley, 2020); thus, explaining why the mortgage interest allowance mainly increased for households with higher incomes.

In the United States, interest on home equity loans is deductible under the following conditions. First, the loan should be utilised for expenses associated with the home, like renovating a kitchen. This stipulation is irrespective of the timing of the original mortgage or home equity loan acquisition (Keightley, 2020). Second, the cumulative mortgage debt on both the primary and secondary residences and the balance of the residential equity loan must not surpass a loan threshold of either one million or 750,000 USD (Keightley, 2020).

However, the MID in the United States has been found to have no significant impact on homeownership attainment (Bourassa and Ming, 2008; Gervais and Manish, 2008; Glaeser and Shapiro, 2003; Hilber and Turner, 2014). For example, Glaeser and Shapiro (2003) found that households on the margins between ownership and rent do not usually reduce their taxable income using the amount deducted. Consequently, the Mortgage Interest Deduction (MID) does not contribute to the creation of new homes. Instead, it enhances housing consumption among more affluent households (Glaeser and Shapiro, 2003). Furthermore, the MID reduces the home buying rate among young families because of price capitalisation effects (Bourassa and Ming, 2008). Gervais and Manish (2008) found that wealthy families may use equity financing without MID, which further supports the hypothesis that the deductions will not affect these households' ownership. Arguably, the most significant finding was that of Hilber and Turner (2014), who found strong evidence that the discount only encourages households of higher income to attain homeownership where housing stock is stable. The effects of the higher-income groups overturned the property market with strict regulatory restrictions (Hilber and Turner, 2014).

The **Housing Assistance Tax Act** provides a refundable tax credit of less than \$7 500 or 10% of a principal residence's purchase price (\$3 750 for married individuals filing separately) (Mills, 2008). The taxpayer receives credit for the tax year in which the taxpayer purchases the home. For taxpayers with a modified adjusted gross income between \$75 000 and \$95 000 (\$150 000 to \$170 000 for joint returns), the credit phases out and is not available for a related party's purchases (Mills, 2008). A taxpayer would be a first-time homebuyer if the individual and their spouse had no ownership interest (Mills, 2008). Nonetheless, a taxpayer will not be eligible for credit if:

- the taxpayer was entitled to the Washington D.C. homebuyer's credit for any previous year;
- home financing by the taxpayer depends on tax-exempt mortgage income bonds;

- the taxpayer is a foreigner or a non-resident; or
- The taxpayer sells the residence before the conclusion of the tax year in which the credit would normally apply (or no longer uses it as their main residence).

However, the effects of tax credits in the United States were temporary. According to Baker (2012), when it started in June 2009, this programme significantly boosted home sales, but there was a marked decline by July 2010. In this respect, the programme shifted the homeownership decision in time instead of sustaining demand in the long run, thus not affecting the long-term homeownership rate (Baker, 2012). Interestingly, the programme has only impacted purchasing low-cost properties in lower-cost markets (Baker, 1990).

The US government launched the **Home Affordable Modification Program** in 2009 to reach more troubled borrowers to help them avoid foreclosure (MacDonald, 2013). The government had to liaise with mortgage companies to decrease monthly loan repayments by lowering interest rates for homeowners at risk of foreclosure, lengthening loan terms to 40 years, and defining a maturity balloon payment (Hilber and Schöni, 2016). This programme was also ineffective in the long run (Agarwal et al., 2012; Mulligan, 2010).

Mulligan (2010) noted that renegotiations do not generally reduce households' lending mortgage and uncertainty. As such, he emphasised how the programme only prevented some repossessions in the immediate term but essentially altered the efforts to avoid others over time (Mulligan, 2010). At the same time, Agarwal et al. (2012) found that supported mortgage renegotiations had a minor impact on the foreclosure rate and almost no impact on other financial factors like house price decline or job loss.

3.3.2 **United Kingdom**

3.3.2.1 1980s to 2000s

In the early 1980s, former British Prime Minister Margaret Thatcher started to privatise state industries in mining, transportation, steel manufacturing and utilities (Sherraden, 2005). She viewed asset holding by ordinary people as a way of spreading the financial benefits of asset ownership as a necessary and indispensable goal for capitalist society (Sherraden, 2005). Many people who had never participated in the stock market secured ownership in the newly privatised state industries (Sherraden, 2005). Furthermore, the United Kingdom announced policies that allowed public housing to transfer to private ownership at reduced prices (Sherraden, 2005). Government encouraged occupants to purchase the homes they rented.

During Tony Blair's government (1997–2007), stockholding asset ownership ideas continued to form part of the policy (Sherraden, 2005). In 2000, the asset-based policy movement gained motivation (Institute for Public Policy Research, 2001; Kelly and Lissauer, 2000), establishing the Child Trust Fund, where every child in the United Kingdom is eligible for a progressive subsidy (Blair, 2001).

3.3.2.2 Post-2000s

According to the Global Property Guide (2021) rankings, housing in the United Kingdom is among the costliest and most overcrowded globally, notably in London and Southeast England. Housing prices in the United Kingdom are extraordinarily high and exceptionally volatile. The United Kingdom has been experiencing a housing affordability crisis (Hilber and Schöni, 2016). Compared to the rest of the Organisation for Economic Co-operation and Development (OECD) countries, the United Kingdom's house price growth has been faster. Despite this, there has been a dramatic decline in the construction of new permanent dwellings since the late 1960s, leading to an extensive housing shortfall (Hilber and Schöni, 2016).

In the 1969 financial year, when statistics began, The United Kingdom built nearly 380 000 new homes (Department of Community and Local Government, 2021). However, house construction declined until it fell significantly below 200 000 from 1990 to 1991 and onwards (Department for Levelling Up, Housing and Communities [DLUHC], 2021). In 2012, the government set a new record with approximately 135 510 newly constructed homes. In 2013, with numbers at 140 930, the numbers were only marginally higher, mirroring the classic increase in property construction associated with economic recovery (DLUHC, 2021).

The too-high house prices led to the drop in homeownership realisation. In the early 1980s, the United Kingdom's property boom existed primarily due to the right-to-buy scheme introduced by Prime Minister Margaret Thatcher (Hilber and Schöni, 2016). Following its implementation, approximately 55.4% were homeowners, 33.1% by social renters, and 11.4% by private renters (Hilber and Schöni, 2016). In 2002, homeownership was at its highest, 69.6%, while 20.9% and 9.8% of residences were socially and privately leased; however, the homeownership rate has declined since 2002, reaching a low of 63.6% in 2013. While there was a substantial increase in the private rental rate to 18.6%, the social rental rate fell to 18% (DLUHC, 2021).

As a result, the U.K. government adopted the following policies to help tackle the housing crisis:

Social rental housing originated in 1919 and is carried out by local councils (also known as council estates) with the primary goal of providing decent homes for army recruits. However, in 2008, housing associations outstripped local councils to offer the most social homes (Hilber and Schöni, 2016). In the United Kingdom, social housing has enabled low-income households, particularly the most helpless, to attain adequate housing that would otherwise have been impossible (Hilber and Schöni, 2016). Social housing in the United Kingdom has been linked to issues leading to adverse peer effects, like harmfully disturbing student performance.

Weinhardt (2014) studied the consequences of living in a disadvantaged neighbourhood (as evidenced by a high concentration of social housing) on 14-year-olds' educational attainment in England. Weinhardt (2014) highlighted a high jobless rate and a low qualification rate in districts with significant social housing concentrations and high construction density, typically mid- or high-rise buildings. However, he argued that the movement's timing into colonial homes may have affected pupils' educational attainment due to the long waiting lists associated with social housing (Weinhardt, 2014). Thus, this approach did not adversely affect social housing and educational attainment. The right-to-buy replaced social housing.

Prime Minister Margaret Thatcher introduced **the right-to-buy** policy in the 1980s. It aimed to support social workers in buying their homes at a substantially subsidised cost so that some of the best social housing stocks would move from social housing to private housing (Hilber and Schöni, 2016). This policy resulted in the housing boom in the United Kingdom between 1980 and 2002 to the extent that the Conservative Party proposed extending it. However, it received little support because the policy levied a substantial cost on the taxpayer. The reason was that housing associations received public funding; their losses most likely had to be compensated for (Hilber and Schöni, 2016). If not, the right-to-buy would severely damage housing associations and threaten their capacity to finance new homes, effectively reducing their housing supplies (Hilber and Schöni, 2016).

In 2013, the U.K. Government introduced the **help-to-buy policy** to stimulate the demand for housing. This policy had four instruments: equity loans, mortgage assurances, joint ownership, and a *new buy* scheme that allowed buyers to purchase a newly built home with only a 5% deposit of the purchase amount (Hilber and Schöni, 2016). However, the policy's goal of increasing homeownership did not materialise. According to Nationwide (2015), between the

2013 Quarter 2 and 2014 Quarter 2, there was an increase of 25.8% in London’s housing prices (i.e., from £318 200 to £400 400). Furthermore, this policy had more negative impacts than positive ones. First, financing aid schemes requires taxes, which has a deadweight loss, a purely social welfare loss (Hilber and Schöni, 2016). Second, the system created systemic risk. The government took up most of the threats linked with the guaranteed schemes (or perhaps more accurately, the taxpayer) (Hilber and Schöni, 2016). Simultaneously, the marginal homebuyers assumed the remaining risks and failed to acquire loans without help to buy. Third, the help-to-buy policy may have had unwanted distributional effects. Current property owners who benefited from investment incomes were the beneficiaries of this scheme. People buying a home for the first time using the scheme may not be better off unless the price spike offsets the existing benefit of the subsidy they earned (Hilber and Schöni, 2016).

3.4 Progressive asset-building policy

3.4.1 Individual development account

Wealth concentration is one of America’s persistent social inequality issues (Han and Sherraden, 2009). Spilerman (2000) argued that the ownership and accumulation of assets are essential. It acts as a buffer to economic crises, breaks the intergenerational poverty cycle, and builds individuals’ and societies’ long-term ability to live better lives (Han and Sherraden, 2009). However, the poor have less access to support structures for asset accumulation due to the nature of the existing asset-based policies that benefit middle or higher-income households (Han and Sherraden, 2009).

Han and Sherraden (2009) argued that asset-based policies should focus on inclusion and allow low-income households to access asset accumulation structures; low-income households may save regardless of their economic insufficiency. An example of such a policy is the IDA, proposed by Sherraden (1991).

IDAs resulted from discussions in the 1980s with mothers dependent on welfare (Sherraden, 2008). They indicated that due to a lack of resource accumulation, they struggled to have long-term investments and plans like high-quality housing, education, establishing a smaller business, or relocating to a safer neighbourhood (Sherraden, 2008). The discussions led to the IDA programme (Sherraden, 2008). IDAs are matched saving accounts for the low-income individual with subsidies matching funds upon withdrawal (Sherraden, 1991). According to

Sherraden (1991), IDAs must accommodate every individual, offer better support for the poor, and begin at childbirth.

Furthermore, households had to use IDAs for critical development and social protection goals across an individual's lifetime. It expressly referred to educational goals, homeownership, business capitalisation, and retirement security (Sherraden, 1991). Implementation is confined to pilot projects and is still far from an all-inclusive asset-based policy (Sherraden, 2008). Initially, philanthropic foundations funded IDAs. However, most funds come from the state and federal governments, while there were also resources from NGOs (Sherraden, 2008). The matching saving rates for IDAs were usually [6]1:1, 2:1, or 3:1 (e.g., the federal Assets for Independence Act provided a match of 3:1). It was also possible to use IDAs to buy cars or computers (Sherraden, 1991, 2008).

3.4.2 **Child Trust Fund**

In 2001, the UK Prime Minister, Tony Blair, suggested the establishment of a Child Trust Fund for every child in the United Kingdom (Sherraden, 2005). He further presented a Saving Gateway, in which the government matched the savings of the poor. Blair (2001) said, "As a Government, we are committed to extending power, wealth, and opportunity to the many, not just a few." The principle of progressive universalism would be used as the foundation for the Child Trust Fund. Every baby received an endowment, with low-income families receiving a more significant amount (Sherraden, 2005).

Starting in 2005 and backdated to September 2002, an account with a deposit of £250 was available to each newborn child (Sherraden, 2005). Children from the bottom third of the income circulation received an initial deposit of £500. Parents, relatives, or friends could contribute to the fund (Sherraden, 2005). Furthermore, parents could invest in a vast range of investment options in the private sector under the Child Trust Fund (House of Commons, 2003).

3.4.3 **Saving Gateway**

The Blair administration proposed a second Saving Gateway programme to encourage adults to save (Sherraden, 2005). This programme targeted lower-income households and helped "develop a saving habit", similar to IDAs in America. The state provides a 1:1 deposit for every

[6] The state was responsible for the first, while individuals were responsible for the second match.

pound saved up to a certain amount (Sherraden, 2005). The investment in the Saving Gateway was for a minimum of three years. At maturity, it can either be redeemed or moved into pre-existing investment tools like an individual savings account, a pension plan, or the Child Trust Fund of a person's choice (HM Treasury, 2001).

3.5 Land titling and asset-building in the South

3.5.1 Background

Various studies have highlighted the value of tenure security. It enables an individual to collect the profit on any investments, convert the property into cash and utilise the land as security for loans (Alchian and Demsetz, 1973; Demsetz, 1967; Feder and Nishio, 1999). Higher tenure stability stimulates investment, improves production, and enhances financing availability (Griffith-Charles, 2004). Property and tenure theories contend that land ownership, commercialisation of land, property laws, and the formation of cadastres all contribute to an improvement in land occupiers' tenure security (Griffith-Charles, 2004).

Land titling is the first process formally recognising land rights (Griffith-Charles, 2004). However, titling often takes place in the land registration system, simultaneously with the initial registration. Security of tenure is described as property owners' trust that their entitlement to their land will be protected by society, local communities or the government (Griffith-Charles, 2004). Land titling increases tenure security, leading to assurance, realisability and collateralisation effects.

Brasselle et al. (2002) defined land titling as assuring the owner of land will get lasting benefits from the property, the capacity to gain instant fungibility from the land, and the opportunity to utilise the land as security to access loans. The landowner is incentivised to invest in the property and maximise production and development (Griffith-Charles, 2004).

In the Global South, land titling is used to formalise informal settlements by providing legal titles (Deinlnger and Binswanger, 1999; Payne et al., 2009). The policy gained prominence in the 1990s and early 2000s because of the publication of *The mystery of capital* by De Soto (2000). De Soto claimed that titling is the cornerstone to decreasing poverty. The policy also asserted a clear relationship between land ownership and wealth in the Global North. It attempted to explain why low and middle-income nations remained impoverished due to their underdeveloped property laws (De Soto, 2000). Although the poor already had assets, De Soto contended that they were not assets, resulting in "dead capital", which implied that they lacked property titles that might be used as insurance for lending to invest in a business (Payne et al., 2008). The poor could "enliven" their "dead capital" by having access to titles for their land and using their properties as a guarantee on lending to extend their homes or establish businesses to get out of poverty (De Soto, 2000). De Soto's ideas have inspired international development agencies to adopt them, resulting in the launch of land titling programmes in emerging and transitioning countries as a part of poverty reduction initiatives (Galiani and Schargrodsky, 2010).

3.5.2 **Evaluation**

The rationale for the land titling initiative is that they lead to increased tenure security. Nevertheless, tenure security is not all about lawful or unlawful, formal or informal status. *Security* is a relative notion and a matter of perceptions and legislation (Payne et al., 2008). According to Galiani and Schargrodsky (2010), land titling has promoted poor households to increase their home investments and their children's human capital, which should alleviate poverty in future generations. Titling also guarantees access to formal markets (Panaritis, 2007). According to Panaritis (2007), by rigorously observing the financial markets, property rights formally institute increased credit supply and liquidity because the more secure property information is, the less uncertainty exists. Titling contributes to gender equity, as women's tenure rights can now be recognised (Payne et al., 2008). There have been significant strides in cubing the discrimination against women's tenure rights in the titling programmes; for example, Colombia has made joint ownership titles available (UN-Habitat, 2005). In India, female entrepreneurs can now issue land titles (Banerjee, 2004). In comparison, the land titling programme in Peru has granted 56% of the formalisation of informal property titles to women, with males only being granted 44% to increase women's participation in the formal sector (Angel et al., 2006).

In some cases, land titling programmes also led to increased property values compared to untitled ones. According to Lanjouw and Levy (2002), land titling resulted in a substantial increase in the projected market value of properties (on average, 23.5% of untitled property values) in Urban Ecuador. In comparison, Angel et al. (2006) highlighted that studies in Peru have discovered about a 25% increase in property market values after granting titles. Bromley (2005) said that holding a title to land may allow individuals to access official credit sources (financial institutions, credit unions, and lending organisations), utilising their title as insurance for lending. Title owners can use loans to start a business, upgrade their homes and invest in specific stocks (Bromley, 2005).

Furthermore, titling contributes to increased household income, labour mobility, and employment. Field (2007) found that households who recently acquired titles worked 17% more hours than squatter households waiting for titles. According to Mitchell (2007), the failure by owners of newly titled properties to use it as collateral, contributed to them working harder outside their homes, with a 40% increase in hours worked. He claimed that acquiring property rights has relieved homeowners of the obligation to remain at home and protect their property against potential removals, freeing them to seek additional jobs in the market.

Titling programmes also contributed to an increase in local governments' tax revenues. Yearly earnings have increased from US$150 m to US$1 200 between 1985 and 1996, since the land titling initiative in Thailand in 1984 (Burns, 2006). In comparison, the Ukraine also reported that the land titling programme resulted in more than $100 million in social programmes, economic growth, and municipal infrastructure upgrades (Payne et al., 2008). Lastly, Banerjee (2004) claimed that titling helped households to establish and grow home-based activities; thus, fewer people ended up being employed.

Various studies had negative findings on land titling (Johnson, 1987; Payne, 2001; Peattie, 1982; Roy, 2003; Ward, 1989). In a study by Roy (2003), land titling programmes strengthened gender inequalities and divides, bolstering vulnerable social constructs for females. According to Ward (1989), titling has also been found to create unanticipated financial obligations for inhabitants, like property taxes; thus, prompting forced house sales (Johnson, 1987; Peattie, 1982). Furthermore, titling has contributed to renters who escalated rents and potential dislocation (Peattie, 1982; Johnson, 1987; Payne, 2001). While some studies have argued that titles transform properties into tradable commodities, market fluctuations may increase gentrification and owner displacement (Payne et al., 2008; Silva and Mautner, 2016; Varley, 2002).

According to Varley (2017), titling may turn informal settlements in high-density areas (e.g., nearby rich neighbourhoods or stannic landscapes) into susceptible regions, allowing foreign investors to profit from tenure regularisation. Other researchers argued that titling does not meet the demands of informal settlements, because legal titles are not a requirement for basic infrastructure and tenure security (Aristizabal and Gomez, 2002; Fernandes and Varley, 1998; Hylton and Charles, 2018; Varley, 1987). Many families were secure enough to invest in a home without formal ownership safeguards (Briggs, 2011; De Souza, 2001; Durand-Lasserve, 2006; Gulyani and Bassett, 2007).

Titling has been proven to restrict labour mobility in Bhopal and other Indian towns (Banerjee, 2004). Also, titling displaced informal economic activities, with some relocating to nearby informal settlements (Payne et al., 2008). According to the International Institute for Environment and Development (2006), titling is costly, not often tailored to local settings, and beyond the reach for low-income people. Moreover, even after acquiring and registering titles, the households become obligated to pay rates and servicing fees (Cousins et al., 2005). Consequently, most households cannot afford to pay these fees as they are poor.

3.6 Criticism of asset-based welfare

According to Sherraden (2005), asset-based policies function predominantly through tax deductions that do not help the poor as they have a low or no tax liability. It would seem that the rich are getting richer through public policies for asset-building, while the poor are left as they are (Sherraden, 2005). The perception is that funds are distributed from the wealthy to the poor and are concealed under asset-based policies. Because the poor have little or no tax responsibility, tax expenditures help them little or not at all (Sherraden, 2005).

One significant criticism against asset-based welfare is the *asset-effect* claim that the destitute can save, as most people find this counter-intuitive (Gamble and Prabhakar, 2005), inviting the response: “If they can save, can they be lacking?” The statement may also shock half of the single parents on income assistance who do not have enough money to provide for their children (Barnes, 2002:14). Analysts in the United Kingdom questioned whether the Child Trust Fund policy is the best instrument to help the poor save (Emmerson and Wakefield, 2001). These concerns have resulted in the Liberal Democratic Party in Britain declaring their support for eliminating the Child Trust Fund policy (Gamble and Prabhakar, 2005). The existing belief is that asset-based welfare is complementary to income-based welfare. However, advocates for asset-based welfare believed that conventional welfare programmes and cash transfers have failed (Barnes, 2002). Furthermore, Barnes (2002) believed that asset-based welfare is used as a Trojan horse to weaken existing welfare provisions.

In conclusion, asset-based welfare policies may not be able to reduce poverty independently. Hence, if implemented alongside traditional income policies, they can play a valuable role in alleviating poverty. Thus, it suggests that assets are not necessarily a substitute for existing welfare assistance, but reasonably as a supplement to income replacement measures (Gamble and Prabhakar, 2005).

3.7 Assets and housing policy

3.7.1 **Assets**

An asset symbolises monetary value to its owner and can include a home or car tradeable for money, a savings account, a stock market investment, or shares in a firm (Miller-Adams, 2004). Furthermore, assets generate flows or consumption and additional stock (Ford Foundation, 2004). Four different types of assets have been identified:

- Economic or financial assets include equity in a home or business, retirement savings, insurance policy value, and an extensive range of other financial and actual holdings (Miller-Adams, 2004).
- Human assets comprise education, knowledge, marketable skills, and talents, enabling low-income people to support themselves and their families while playing a crucial role in national productivity (Ford Foundation, 2004; Miller-Adams, 2004).
- Social assets entail trust and reciprocity networks, binding communities together and allowing people to work collectively to improve their quality of life (Miller-Adams, 2004). Furthermore, it offers networks of social and intergenerational relationships that people need to build security and support (Ford Foundation, 2004).
- Natural assets like forests, animals, land, and poultry can offer communities inclusive growth and environmental services, like a forest's involvement in the cleansing, recycling, and rejuvenating of the air and water that sustain life (Ford Foundation, 2004).

Assets have several benefits. Assets safeguard asset-owners against unforeseen shocks, reducing vulnerabilities (Solimano, 2006). An asset can also be used as collateral to borrow or to sustain consumption when a person has suffered a temporary loss of income (Solimano, 2006). Once a person has permanently lost their income, they can sell the asset (Solimano, 2006). Controlling assets give low-income people the freedom they require to fight tyranny, pursue productive livelihoods, and combat inequality (Ford Foundation, 2004).

From a psychological perspective, assets offer a sense of stability, authority, confidence, and the notion that a person can take full advantage of opportunities (Ford Foundation, 2004). They also give incentives for people to behave in less precarious ways. They also encourage people to think about the future, develop goals, and take more significant steps towards independence (Ford Foundation, 2004). At the same time, they advocate for action for themselves and future generations.

From a political economy viewpoint, the ownership of assets spread across a diversity of individuals, with varying socio-economic statuses and income levels that can have significant consequences by giving a stake to more prominent parts of the population's fortunes, economic system fortunes, and stability (Ford Foundation, 2004). In the long run, elitist and oligarchic capitalism would become unstable compared to a variety of capitalism where the ownership of productive assets is more extensively shared among the population (Ford Foundation, 2004).

3.7.2 **Housing policy**

A home is more than just a shelter. It serves as the focal point for family and domestic life as it provides sanctuary and tranquillity from work and school schedules and serves as a private space (Schwartz, 2006). A home is the most significant asset for homeowners and the most common type of accumulated wealth (Buckley and Schwartz, 2011). A home can function as a private asset that brings value to the household (rented or owned). It provides a social value through being situated in a neighbourhood, serving as a place of fellowship for friends and family to commemorate and share life milestones, and as a location for the household to find or otherwise engage in the community affairs (Centre for Affordable Housing Finance in Africa, 2020). Furthermore, the location of the house is an essential component of housing value. It affects the quality of life regarding access to schools, clinics, community centres, water, sanitation, power, and trash collection.

A house as a private asset has financial value as it has monetary value and the owner can trade it for cash. It can also be used to get a bank loan – the homeowner can use the house as collateral to acquire a mortgage loan (Solimano, 2006). This money is available to buy a property, invest more in it gradually, start a business, pay for college or make other investments (Centre for Affordable Housing Finance in Africa, 2020). The property can also be inherited by offspring (Miller-Adams, 2004) or other relatives, create savings and contribute to intergenerational household wealth.

Again, a house can function as an economic asset for the household by serving as the foundation for a family to start a small business, lease out space or other income (Moser, 2007). Considering high levels of unemployment, the house provides a foundation for households to create sustainable livelihoods. Home-based enterprises can diversify land uses and the development of environmentally human settlements (Centre for Affordable Housing Finance in Africa, 2020).

Housing policy covers more than just housing. Housing policies introduced since the nineteenth century have been inspired by fears of failing to deliver decent and reasonably priced housing. For instance, in the late nineteenth and early twentieth centuries in the United States, controlling reforms forbidding basic requirements for light, vents, fire safety, and hygiene stemmed from a wish to halt the transmission of infections and reduce violent behaviour from a desire to better living standards for their personal benefit (Lubove, 1962; Marcuse, 1986). According to SA DEA&DP (2022), recent housing policies seek to maintain and increase the provision of luxurious housing units; enhance affordability and ease of access to current housing options; promote inclusivity of different races and economic backgrounds within residential neighbourhoods; assist families accumulate wealth; reinforce family bonds; connect housing to critical supportive services; encourage balanced metropolitan development.

The government dramatically influences housing policies through indirect subsidies or tax incentives, thus helping to shape housing policies (Schwartz, 2006). Governments have the ability to shape the availability of housing loans, regulate estate agent practices and determine the specifics of housing type, quantity, and cost permissible (Schwartz, 2006). Direct subsidies include public housing or block grants (federal categorical programmes), giving local governments more independence to develop their programmes. Furthermore, housing policies stimulate homeownership, rental housing, or other tenure forms, including cooperatives and mutual housing (Schwartz, 2006). Besides, policies appear to differ in how they rely upon government agency programme implementations. Some depend almost entirely on government agencies; others encompass collaborations with for-profit or non-profit developers (Schwartz, 2006).

The next section discusses the asset accumulation framework by Caroline Moser in more detail, highlighting what asset accumulation entails, its principles, Moser’s asset index and asset accumulation in practice in Indio Guayas, Ecuador.

3.8 Asset accumulation by Caroline Moser

3.8.1 **Introduction**

Moser (2007) defined assets as stocks of financial, human, natural, or social resources that have the potential for growth, enhancement and passing down through generations. The idea behind asset-based welfare rests on two similar, yet distinctive approaches to poverty alleviation and community development: asset accumulation and asset-building. According to Moser (2007), asset accumulation is more suitable for a context of sustainable development in which the government's role is minimal, and the acquisition and solidification of assets occur gradually and primarily through efforts of individuals, families and communities. In contrast, asset-building is linked to the debate in the United States about increasing support and funding for assisting the poor in acquiring assets (Boshara and Sherraden, 2004). According to the OECD (2003), asset-building enables poverty-stricken people and their families to save small sums of cash, gather modest wealth assets, and use those savings for specific purposes.

The success of asset accumulation by low and middle-income groups necessitated a well-thought-out policy. The policy should focus on creating fresh avenues for impoverished individuals to progressively gather and integrate their assets (Moser, 2007). Furthermore, identifying asset accumulation as a prerequisite for empowerment, specifically financial independence.

3.8.2 **General principles of assets**

Much of the asset accumulation research has focused on countries in the North. Moser (2007) has been the first to apply these approaches and their implications to low-income families in the South. For Moser (2007), asset-based approaches emphasise how the poor utilise their limited resources to cultivate strategies for acquiring, gathering, growing, and maintaining their assets (Moser, 2007). The asset accumulation approach emphasises how poor people accumulate resources in the face of adversity. This focus on accumulating resources or assets contrasts with income- or consumption-focused poverty reduction policies (Moser, 2007). Over time, this resource base is available to generate income, produce supplementary assets and enable the transfer of resources across generations to broaden their children's prospects (Moser, 2007). Owning and utilising assets assists the poor in creating personal or family stability and encourages taking calculated risks and diversifying profitable and social endeavours (Moser, 2007). By focusing on the resources and capabilities of the poor, asset-based approaches address the disparity in resource benefactions and access to prospects, providing a concrete way of measuring empowerment and, eventually, sustainable poverty reduction. Nonetheless, international asset accumulation significance remains relatively understudied, predominantly in regions like Africa, Asia, and Latin America.

Asset accumulation seeks to diagnose poor communities based on their asset measurements instead of their income or expenditure (Moser, 2007). This is possible through the use of longitudinal research with the help of an asset index diagnostic tool that is fourfold (see Section 3.8.3) and assists in understanding poverty dynamics and mobility (Moser and Felton, 2006). The asset index provides a pathway for accumulating human, social, financial-productive, and physical assets (Moser, 2007). Even though longitudinal analysis often neglects the fundamental role of asset accumulation in poverty reduction, such analysis of shifting household income levels of poverty pinpoints who remain in poverty, rise out of poverty, and fall deeper into poverty (Moser, 2007). Moser understands well-being by identifying how people cope with short-term and long-term shocks by assembling their income or assets. People with more assets are less vulnerable to shocks and insecurities; the more their assets erode, the more susceptible they become (Moser, 1998). Thus, combating poverty requires that all asset categories work together, and the significant capital assets to the poor are human, natural, physical, social, and financial (Carney, 1998; Chambers and Conway, 1992).

3.8.3 **Asset index**

The asset index involves a combination of physical, human, social, and financial capital assets (Moser and Felton, 2006). The physical capital comprises process plant stock, infrastructural facilities, and other productive assets owned by individuals, businesses, or public sectors (Moser and Felton, 2007). A house is an example of physical capital. The materials used on housing, walls, floors, toilets, and lighting contributed to housing quality and housing stocks, ultimately paving the households’ way to accumulate other assets. Consumer items are the second type of physical capital. The less consumer durables households owned, the more impoverished the household (Moser and Felton, 2006). Computers, videocassette recorders (VCRs), or digital video disc (DVD) players are the asset index’s best wealth indicators (Moser and Felton, 2006). However, not having a television set meant that such a household was unlikely to have other consumer durables because a television was the first item households would buy once they had the means (Moser and Felton, 2007).

Financial-productive capital includes financial assets available to households. According to Moser and Felton (2007), the asset index has three categories: employment security, which measures the level of security individuals have in using their labour potential as an asset; transfer rental income as unearned monetary resources; productive durables that have the capability of to generate an income.

Employment security has been viewed as the most challenging category of the index, representing labour as an asset (absent so far in work on asset indexes) and focusing on employment vulnerability associated with job status stability (Moser and Felton, 2007).

Thus, this category is a combination of employer type and work status (two commonly used employment survey categories), and its components are classified in terms of vulnerability, from the most secure government worker to secure permanent sector employee to self-employed to the least secure contract or temporary worker (Moser and Felton, 2007).

Regarding transfer rental income, the primary sources of non-employment earnings are remittances, government transfers, and rent (Moser, 2007). The initial two constitute intra-societal income streams, whereas the third represents a capital return, analogous to earnings generated from tangible assets (as previously discussed) (Moser and Felton, 2007). Unearned income plays a critical role in the expansion of household income. In terms of productive durables to generate income, items like cars, sewing machines, and refrigerators were primary durables in Guayaquil (Moser and Felton, 2007). However, it is essential to note that every area, country, or state will have different durables with the potential to generate income.

Human capital assets refer to investments made by individuals towards healthcare, schooling and nourishment. Such investments determine the capacity of individuals to work and the earnings from their labour (Moser and Felton, 2007). Furthermore, it is calculated by approximating its value in terms of income. Unlike physical capital, human capital measures one item's accumulation (i.e., education) rather than different items (Moser and Felton, 2007). Moreover, human educational capital acts as a transitional asset rather than an end that helps households climb out of poverty. Educational capital stems from the labour market value, linked with attaining each extra qualification (Moser, 2007). The efforts of the first-generation settlers were to acquire tenure stability, a foundation for developing more assets. Thus, the second-generation settlers benefit from that stability by improving their education and access (Moser, 2007). Social capital encompasses the regulations, norms, obligations, mutual exchange and confidence that stem from social connections, societal frameworks, and institutional structures (Moser and Felton, 2007). It empowers people to achieve both personal and communal objectives (Moser and Felton, 2007).

3.8.4 **Asset accumulation in practice**

To understand how poor people in more impoverished communities accumulate assets, Moser (2007) conducted a longitudinal study in 1978, 1992, and 2004 in Indio Guayas, a poor urban community in Guayaquil, Ecuador. The study made use of the panel data sets and asset index methodology from Carter and May (2001) and Filmer and Pritchett (2001), together with earlier works on asset vulnerability (Moser, 1998). Quantitative measurable composite asset indexes associated with each capital asset were then constructed (Table 3.1).

Table 3.1 Asset types by index categories and components

Capital type	Asset index categories	Index components
Physical	Housing	Roof material, wall material, floor material, lighting source, toilet type
	Consumer durables	Television (none, black and white, colour, or both), radio, washing machine, bike, motorcycle, VCR, DVD player, record player, computer
Financial productive	Employment security	State employee, private sector permanent worker, self-employed, contract or temporary worker
	Productive durables	Refrigerator, car, sewing machine
	Transfer rental income	Remittances, rental income
Human	Education	Level of education: illiterate, some primary school, completed primary school, secondary school or technical degree, some tertiary education
Social	Household	Jointly headed households, other households on the plot, “hidden” female-headed households
	Community	Whether someone on the plot: attends church, plays in sports, groups, participate in community groups

Source: Moser (2007)

Moser and Felton (2007) found that when people first settled in Indio Guayas, Ecuador, they heavily invested in housing capital. At the time of settling, households lacked any legal deeds. A physical housing structure was the only way to show ownership (Moser and Felton, 2007), leading to most households investing in housing. However, people invaded the unoccupied stands overnight. To avoid this, households built wooden pillars and slowly built houses with bamboo walls, wooden floors, and corrugated iron roofs (Moser and Felton, 2007). As a result, the houses were unstable because the materials quickly deteriorated, leading to households upgrading their houses as soon as cement blocks and floors were available (Moser and Felton, 2007).

Residents prioritised shelter and security in the newly established settlements of Indio Guayas. There was an increase in households that reached the maximum measured housing level, based on the asset index. There was an increase from 0% in 1978 to 24% in 1992, and 47% in 2004 (Moser and Felton, 2007). There was an increase in the housing stock average level and equality between 1978 and 1992 and 2004. This highlights the prominence households placed on increasing their housing stock (Moser and Felton, 2007).

Once people had settled, the pressure to acquire houses levelled off, and there was a rise in the accumulation of consumption capital. This was visible in consumer durables, and if a household did not possess any of these, it indicated poverty (Moser, 2007). Electronic items suh as computers, VCRs, or DVD players, were the best indicators of wealth, and households in Indio Guayas only started having these in 2004, and even then, only wealthy households had these electronic items (Moser and Felton, 2007). Between 1978 and 1992, accumulation of consumer durables did not grow as households were upgrading their housing structures, and it was only after that that there was an increase in consumer durables (Moser and Felton, 2006).

Between 1978 and 2004, there was a steady increase in financial-productive capital for households above the poverty line, while remaining low for households below the poverty line. These included monetary resources available to households (Moser, 2007). For example, an increase in remittance income resulted from the rise in Ecuadorian emigrants in the late 1990s after dollarisation and the banking crisis (Moser, 2007). This resulted in some households having income remittances constituting more than half of their income (Moser and Felton, 2007). Households used sewing machines, refrigerators, and cars (productive durables) to generate income (Moser and Felton, 2007). Refrigerators enabled ice, frozen lollies, and cold drinks (Moser and Felton, 2007). Local men used their cars as taxis to generate income. It was a full-time job for some, while others used it to supplement existing jobs, mainly on weekends when there was a high demand (Moser and Felton, 2007).

The increase in human capital from 1978 to 1992 (Figure 3.1) was due to education becoming an expensive household cost as households had to pay tuition fees and private transportation because of the increased number of years spent acquiring education (Moser and Felton, 2007). There was a decline in human capital between 1992 and 2004 (Figure 3.1) because children moved out of the plots after completing their education (Moser and Felton, 2007).

Furthermore, there was a decline in community social capital between 1992 and 2004, but increased household social capital (Figure 3.1). Community social capital was higher in 1978 because households experienced common living conditions in an insecure physical environment (Moser and Felton, 2007). In contrast, household capital increased due to many people staying on the plots (Moser and Felton, 2007). The early settlers' children had kids out of wedlock and remained in their parents' homes, increasing household social capital (Moser and Felton, 2007).

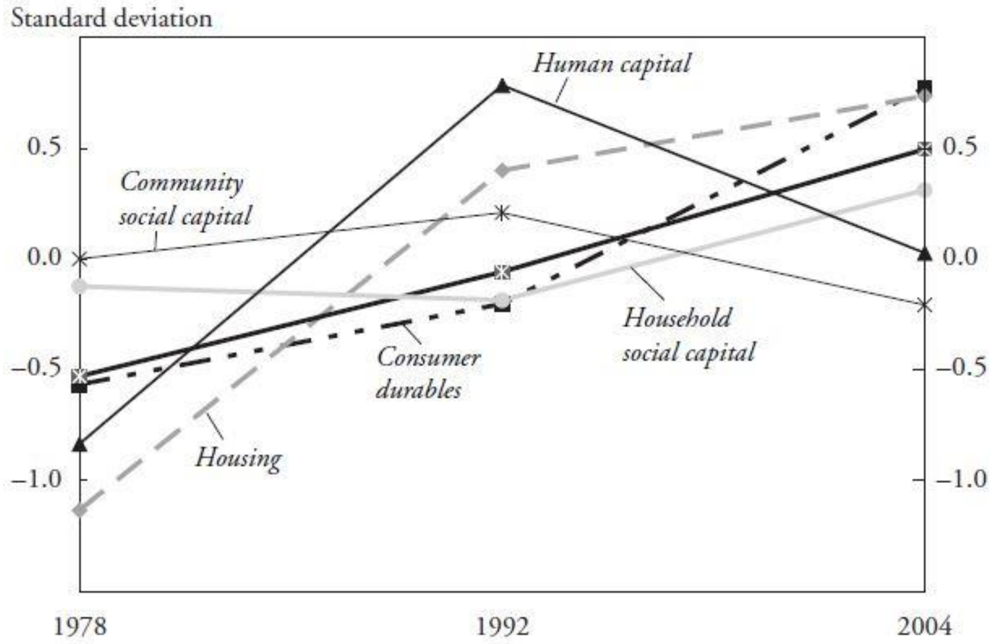

Figure 3.1 Household asset accumulation, Indio Guayas, 1978–2004 (0 = Mean across the periods)
Source: Moser and Felton (2007)

In summary, the households first invested in building housing structures (physical capital) using bamboos, which had to be changed after seven years. Over time, there were considerable motivations to upgrade incrementally. Once the households completed the upgrading process, they invested in education (human capital) and household appliances (consumer durables). The establishment of housing as a capital asset might not have gotten rid of people's low status, but it played a significant role in diversifying assets. Households began investing in various offered assets, like children's education and consumer durables. According to Moser and Felton (2007), between 1992 and 2004, the less poor households started focusing on consumer durables. Poor households restrained their consumption and favoured housing. Furthermore, between 1992 and 2004, impoverished households participated more in housing improvement than the non-poor.

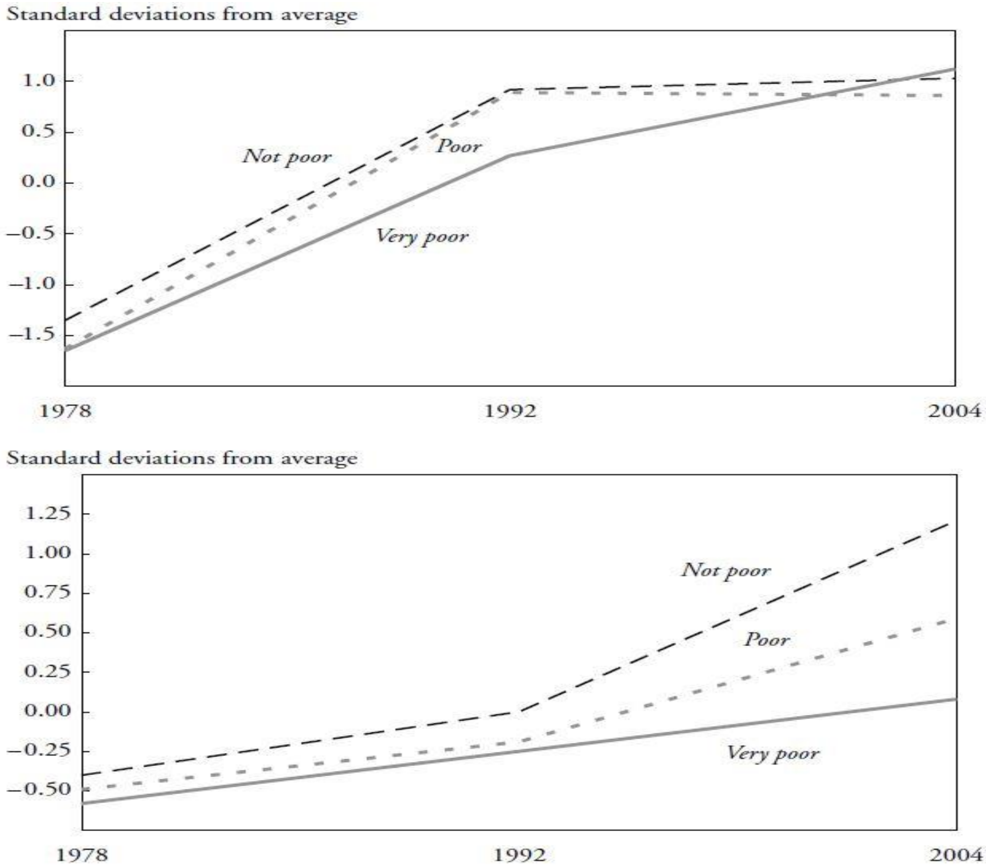

Figure 3.2 Investment in housing and consumer durables by income group, 1978–2004
Source: Moser and Felton (2007)

Figure 3.2 demonstrates various investment patterns in housing and consumer durables over time by income level. Wealthier households had more significant total physical capital (Moser and Felton, 2007). Nevertheless, the gap between the rich (non-poor) and the poor regarding investments made towards consumer durables was extensive compared to housing, especially by 2004, when all income clusters secured housing (Moser and Felton, 2006). The results showed that higher levels of financial-productive capital ensured that some households did not fall into poverty (Moser and Felton, 2007), while attaining higher levels of human capital and financial-productive capital contributed to most households moving out of poverty (Moser and Felton, 2007). Finally, to move out of poverty, many households had to diversify their asset portfolio. One asset alone was not enough to reduce poverty in the long run (Moser and Felton, 2007).

3.9 Synthesis

Income based welfare was the always seen as the main tool to address welfare needs of poor households. However, as it became apparent that people cannot spend their way out of poverty, and it required an alternative approach. Asset-based welfare arose as an alternative. However, through the process of implementation, it became apparent that it too has short comings. This led to the asset accumulation as an alternative policy to address poverty amongst poor households.

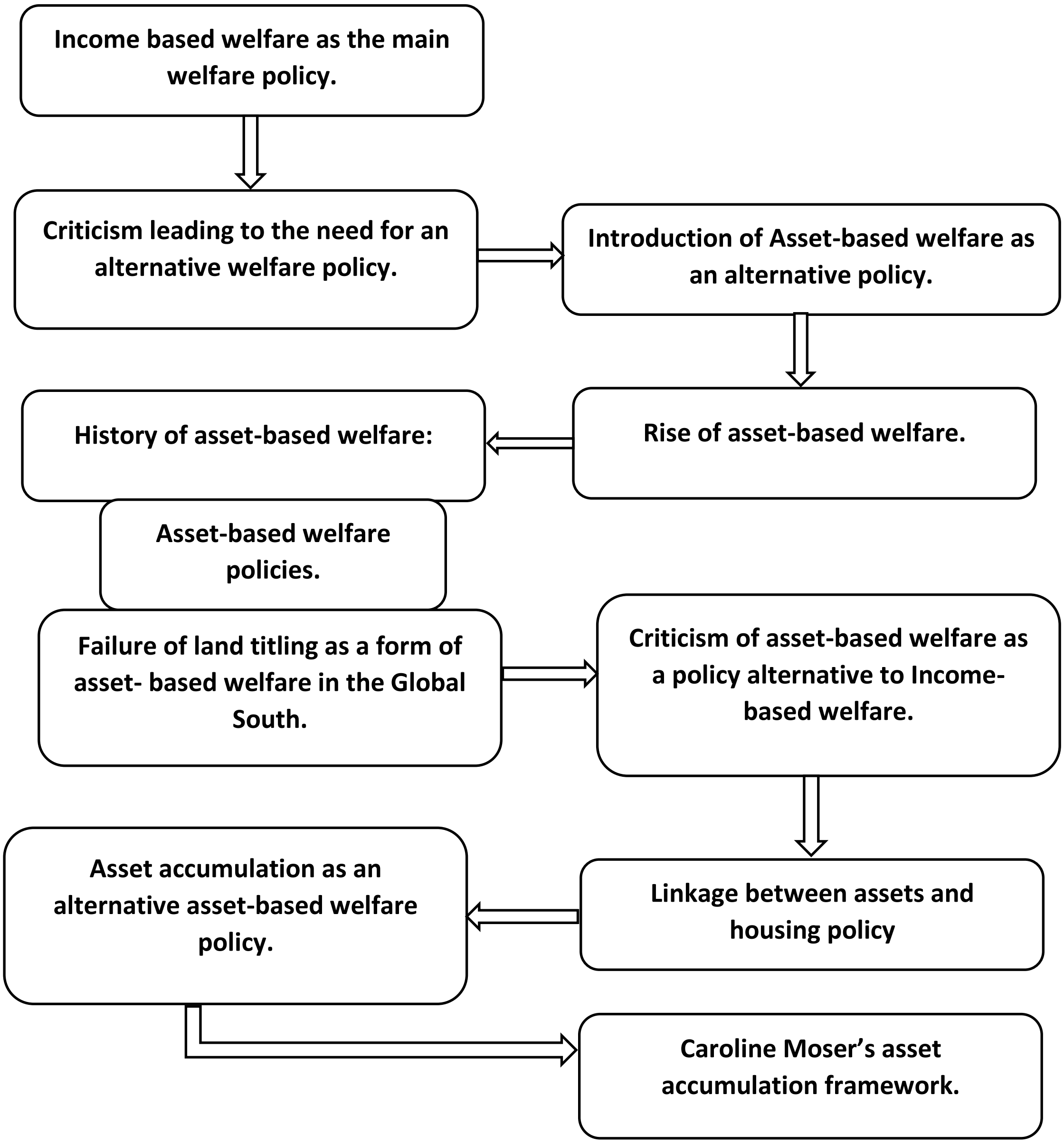

Figure 3.3 Conceptual map showing the flow of ideas in Chapter Three.

Source: Author (2023)

3.10 Conclusion

Historical welfare provision has been in the form of income-based welfare. However, income-based welfare has failed to move people out of poverty. There were economic, moral, philosophical and political concerns about income-based welfare. However, there has been a growing debate on a UBI grant as a form of income support. There is still a need for more research and testing of diverse basic income models.

As a consequence of the limitations of income-based welfare, asset-based welfare became prominent in the United States and United Kingdom. Sherraden argued that people could not spend their way out of poverty and that only assets have the potential to move people out of poverty. Michael Sherraden introduced asset-building policies in the form of IDAs, Child Trust Funds, and the Saving Gateway. Owning assets based on Sherraden's views must provide individuals with positive psychological, economic, social and civic benefits. Furthermore, Caroline Moser adopted Sherraden's idea by using asset accumulation in the upgrading of an informal settlement in Ecuador. She emphasised that asset accumulation is more suited for a development where the state's participation is restricted. The process of acquisition and solidification of assets occur gradually and primarily through grassroots efforts of individuals, families, and communities. However, Moser emphasised that it is only through secure tenure and stability that people will be able to acquire more assets.

Consequently, land titling programmes in the Global South have seldom moved people out of poverty. Moreover, asset-based welfare has been criticised for its narrow focus on housing assets and income. This overemphasis on housing assets and income as asset-building in South African housing policy, also in many parts of the Global South, seldom contributes to households accumulating intangible assets like education, marketable skills, knowledge, employment, savings, and income support, which form part of asset-building policies in the Global North.

As such, this study sought to determine how informal settlement upgrading contributes to asset accumulation and poverty alleviation in Freedom Square, using homeownership as a significant asset base acting as a private and economic asset. The next chapter explains how asset-building is entrenched in the housing and informal settlement upgrading policies in South Africa.

Chapter 4
Housing and Informal Settlement Upgrading

4.1 Introduction

The previous chapter highlighted how the United States and the United Kingdom applied asset-based welfare in housing development. It critiqued income-based welfare and showed the need for complementary policies as consumption approaches are unlikely to alleviate poverty. Consequently, there was a shift towards asset-based welfare. Yet, attempts to use titling programmes to move people out of poverty in the Global South had limited success. Moser's approach to asset accumulation provides a concrete approach to poverty alleviation. She emphasised that secure tenure and stability will enable people to acquire more assets.

Using Moser's asset accumulation framework, this chapter analyses the historical approaches to informal settlement upgrading and the most recent policy approach in South Africa. The chapter starts by discussing the global history of informal settlement upgrading. It entails discussing Turner's approach to informal settlements followed by the global history of informal settlement demolitions in the colonial and postcolonial periods. Furthermore, the policies of the World Bank on informal settlement upgrading receive attention. Lastly, the chapter discusses informal settlement upgrading in South Africa and shows how the South African housing and informal settlement upgrading policy entails many of the elements of asset-building. However, there is the danger in policy that poverty alleviation becomes only associated with housing and informal settlement upgrading.

4.2 John Turner, self-help housing and informal settlement upgrading

Squatter settlements became a prominent feature of cities in developing countries after the Second World War. Initially, policymakers viewed informal settlements as a transition that is expected to disappear with improved transformation (Abrams, 1964). However, by the early 1960s, informal settlements increased faster than the growth rates of cities. Initially, the governments tried to eradicate these settlements since they had "undesirable housing and unproductive city elements" (Abrams, 1964). Charles Abrams and John Turner contributed significantly to creating a more acceptable approach. Turner (1968) said that informal settlements provided affordable shelter suitable to the inhabitants' needs. Turner et al. (1963)

showed how people constructed 50 000 houses between 1949 and 1959 in Peru, using their resources and creativity, whereas the government only managed to build 5 476 homes. These government-built houses were not affordable to ordinary urban households. Considering squatter settlements as a solution, gave birth to the new *self-help* school of thought. Eventually, the World Bank and the United Nations adopted self-help.

4.2.1 **Turner's main concepts and ideas**

Turner's ideas emerged because the public sector's housing failed (Ntema, 2011). The concept of *dweller control* was central to Turner's (1976) ideas. Dweller control raised the following question: Who is making the housing decisions – the state or the household that lives in the house? Turner (1976) referred to people's freedom to choose their housing. There are four central issues to Turner's approach to informal settlements: the value of self-help housing as a method used by the poor to access housing, government assisting self-help, an emphasis on upgrading squatter settlements, and building on the poor's rational response by viewing squatter settlements as solutions rather than problems.

Turner (1976) used the term *freedom to build* (described as the question of *who decides*) to complement dweller control. According to Harris (2003:2488), Turner argued that "the best results are obtained by the user who is in full control of the design, construction and management (dweller control) of their own home". Whether or not the households participate in the building process (sweat equity) is secondary. For Turner (1976), sweat equity and dweller control were two different aspects. He asserted that dwelling control would create dwellings according to financial capability, social conditions, and cultural practices.

Second, according to Turner (1976), the government should not set terms and conditions for self-governing housing systems. Governments should only provide those housing components that citizens cannot provide. The government's role includes land, policies, access to credit, expertise and land tenure (Payne, 1984; Ward, 1982). This approach would thus allow people to manage the building process encouraging dweller control. Dweller control reduces the cost and affordability of housing for both the government and households. Turner (1976) believed that an informal settler with an appropriate construction site and tenure security could construct a cheaper house than the state (see also Harris, 2003). While these informal settlements seem disorganised in the early stages of growth, they will improve over time (Turner, 1976).

Complementary to dweller control, Turner (1976) and Harris (2003) used concepts like *housing as a process* and *progressive development*.

According to Turner (1976), an informal house is a house in process. Pugh (2001:402) explained the concept of *a house in process* by saying that "[h]ouseholds can improve their housing incrementally, using better materials and adding space for some fifteen years or so". However, this only exists if the family's finances permit, and that government creates the right environment. Based on Turner's ideas, Stein (1991) argued that there are two requirements for users to improve their housing: creating a welcoming environment that encourages the utilisation of local resources and construction knowledge.

Third, Turner (1976) sees self-help housing in terms of human desires, embodied in phrases like *housing by people* and *housing as a verb*. While concerning *housing by people*, Turner contended that housing *by the masses* implies active involvement by beneficiaries and not mass government housing (see also Midgley et al., 1986). Turner (1976) argued that sustainable housing is possible if individuals build at their pace and access funds. Consequently, owner-occupiers should be allowed flexibility in defending their interests. The government must gradually step back and let citizens address their issues. Turner (1976) further claimed that informal settlers know precisely what they need (see also Marcussen, 1990).

Lastly, Turner (1976) claimed that the value of a house depends on purpose rather than the material used. He emphasised the vital link and compatibility of buildings, their uses, and the people that live in them. Turner proposed that houses be created for *use potential* rather than *exchange rate* (market value) (see also Mathey, 1992). Turner (1976) emphasised the function that a house plays in its occupants' lives (what it does) or the effects of dwelling units on residents' lifestyles, while downplaying the housing standards (what they are). The same quality of self-designed housing will be less expensive than professionally constructed homes.

4.2.2 **Criticism of Turner's ideas**

Self-help housing did not escape criticism. First, Burgess (1977, 1978) offered a theoretical critique. He argued that housing through use-values creates trade values or commodities. Turner's ideas reinforced the commodity status of housing. Burgess (1978) further argued that since a house consists of commercially available products like cement and roofing material, it is a commodity. These resources already have a monetary value from the labour required to produce them (Soliman, 2004). Burgess (1978) made two points: It is impossible to separate assisted self-help programmes from capital interests linked to state housing supply and the existence of unpaid labour (sweat equity), rather than a reduction or absence of revenue, is what often makes self-help housing schemes less expensive (see Stein, 1991).

Secondly, for Burgess (1977) sweat equity is a method to free the government of its commitments to the poor, rather than making housing more affordable. He argued that both government and self-help housing programmes are instruments that perpetuate capitalism (see also Stein, 1991). For Burgess (1982), Turner wrongly interpreted the link between use value and market value, denying the commodification of self-help. Burgess (1982) maintained that one person's use value may be another person's trade value and vice versa.

Third, Stein (1991) argued that self-help programmes should be evaluated in their contribution to the commodity process rather than focusing only on user benefits. Conway (1982) argued that self-help houses could be potential commodities because a self-built house's exchange value may become essential to the owner under certain conditions.

According to Gugler (1997), Burgess believed Turner distorted the notion of self-help. He perceives and presents self-help housing as a mechanism that operates independently of the socio-political context. The concept of *freedom to build* is severely constrained by owners, architects, funding agencies, legislators, and other social classes (Burgess, 1982). Therefore, Burgess (1982) believed that government involvement remains a key.

4.3 Slum clearance, demolition, and eviction

The nineteenth century industrialisation in Britain brought about rapid urban change, class formations and housing inequalities (Huchzermeyer, 2011). The majority of the manufacturing plants were in remote regions and labourers had waterlogged houses (Cowie, 1996). These attributes resulted in dark, damp, cramped, unhealthy and overcrowded housing (Huchzermeyer, 2011). The phrase *slum* originated in the 1820s from the word *slump*, which meant a *marshy place* (Cowie, 1996). The UK Housing Act of 1875 linked slums to *unhealthy areas* (Garside, 1988). Consequently, the Artisan's Dwelling Act of 1875 sanctioned local authorities to remove slums and construct working-class houses (Cowie, 1996). According to UN-Habitat (2003:12), the term *slums* refers to

> *an area that combines, to various extents, the following characteristics (restricted to the physical and legal characteristics of the settlement and excluding the more difficult social dimensions): inadequate access to safe water; inadequate access to sanitation*

and other infrastructure; poor structural quality of housing; overcrowding; insecure residential status.

Often terming an area a slum is the first step to demolishing these areas. Slum clearance was a dominant approach from the later nineteenth century (UN-Habitat, 2003). However, housing demolition is a global concern (Gilbert, 2007; Martin and Mathema, 2010). It represents the demolition of assets.

There are various but complex definitions for informal settlements (Basile and Ehlenz, 2020; Collier et al., 2018; Davis, 2006; Dovey et al., 2020). Common concepts in these definitions are incremental, illegal, and self-organised construction of new urban neighbourhoods (Dovey et al., 2020). Socio-economic vulnerability and lack of land ownership are also used (Collier et al., 2018). Researchers often use the term *informal settlements* interchangeably with squatters, slum, spontaneous, unplanned, uncontrolled, self-generated, and marginal settlements. Informality results from legal, political, and economic exclusion (Dovey et al., 2020).

Eviction refers to the forceful removal of people from their homes (Agbola and Jinadu, 1997) and have received increasing literature attention (Leckie, 1994). Forced removals are more common in developing countries and mainly target informal settlements (Otiso, 2002). State authorities, developers from private firms, private groups, government entities, individuals, government businesses, and international corporate interests have contributed to forced removals (Apiyo, 1998). In Africa, the colonial governments-initiated removals. Contributing reasons for removals include making way for construction and infrastructure projects, land development or dispossession, housing or ecological restoration plans, urban rehabilitation and resettlement initiatives, and suppression of the growth of informal settlement evictions (Everett, 2001).

In 1904, the colonial government of Kenya forced people to move out of Nairobi's slums because of health hazards (Otiso, 2002). In 1953, the colonial government ordered the demolition of the Mathare shanties leaving about 7 000 people homeless (Furedi, 1973). The infamous Operation Anvil (April 1954) resulted in the displacement of approximately 24,000 individuals from the city due to their sympathetic stance towards the Mau Mau (Klopp, 2008). Following independence, the Kenyan government enacted several land policies. These land policies included tenure modifications in reserves and the relocation of indigenous people on lands previously reserved for Europeans (Kanyinga, 1998). However, despite independence, government policies mostly benefited the minority African elite (Otiso, 2002). The demolitions of slums are still part of the policies. As such, slum dwellers, frequently renters and landlords bribe influential supporters with political favours to save their homes from destruction (Chege, 1981). Some politicians use slum demolitions to gratify affluent backers with property or to punish critics.

In Nigeria, the demolition of slums began in the 1920s. The Executive Development Board demolished slums in Lagos, responding to the bubonic plague[7] (Agbola and Jinadu, 1997). In the 1950s, colonial rulers displaced about 200 000 slum dwellers from central Lagos Island because of an urban beautification process (Oyefara and Alabi, 2016). Between 1973 and 1993, the postcolonial federal government of Nigeria evicted about 569 000 people (Agbola and Jinadu, 1997). The most cited reasons for these evictions were road construction and urban development. However, compensation was only available in three cases (Agbola and Jinadu, 1997). The most significant case was the Moroko informal settlement when the federal government removed 300 000 people without compensation to make way for urban development (Oyefara and Alabi, 2016).

In Nigeria's capital Abuja, there were large-scale evictions involving coordinated military actions. The Abuja Master Plan of 1997 aimed to instil pride in building a new capital (Morah, 1993). However, people who occupied the 8 000 km^2 area selected as the new capital city, Abuja, were obstructing the implementation of the plan. The government removed an estimated 25 000–50 000 people without compensation (Ago, 1984).

In Zimbabwe, Operation Murambatsvina in 2005 resulted in an estimated 700 000 Zimbabweans losing their houses or means of subsistence (UN-Habitat, 2005). Furthermore, an estimated 2.4 million people had been evicted (UN-Habitat, 2005). Half of these people resided in backyard accommodation, with a few residing in informal settlements (Potts, 2006). Operation Murambatsvina was an operation to eliminate illegal land use, buildings and economic activity (Huchzermeyer, 2011). The campaign focused on informal markets, informal settlements, transit areas, and illicit backyard structures (Potts, 2006).

In 1987 to 1990 in Khartoum, Sudan, the federal government evicted about 500 000 people due to ethnic discrimination (Audefroy, 1994:11). In the Angolan capital, Luanda, mass eviction by the police, military, and private security firms were common after the civil war ended in

[7] A rare but serious bacterial infection transmitted by fleas.

2002 (Centre on Housing Rights and Evictions, 2005). Many people had already been displaced during the war. The mass evictions resulted from an urban renewal initiative aiming "to lure wealthy individuals to invest" in Luanda (Huchzermeyer, 2011). Cameroon's capital has also had large-scale eviction since 2005 (Teschner, 2008) because of the modernisation of the capital city that affected 100 000 people (Huchzermeyer, 2011).

Forced removals remain a global problem. Between 1998 to 2008, approximately 18.59 million individuals faced forced evictions (Centre on Housing Rights and Evictions, 2009), resulting in populations of "development refugees" (Partridge, 1989). These evictions are seldom publicly described as forced evictions. These evictions are motivated in the name of social benefit. They are labelled as *infrastructural development*, *nature conservation*, *rural development*, *urban renewal*, *slum upgrading*, *eradication of slums*, and *inner-city regeneration* (Du Plessis et al., 2011).

Forced removals have two main implications for asset-building: they destroy assets (and capital) and create social instability, which is detrimental for Moser's idea of asset-building.

4.4 World Bank policies on low-income housing

4.4.1 Phase 1: 1970s

In 1972, the World Bank developed an innovative programme for affordable housing in developing nations. The World Bank implemented and adjusted Turner's assisted self-help theories (Pugh, 2001). The new policy had neoliberalist political economy foundations. Housing had to become affordable for low-income families, the project beneficiaries had to pay for services (cost recovery) and a focus on replicability (World Bank, 1993). The neoliberal political theory emphasised individualism, free markets, and *user pays* principles. The limited role of the state focused on infrastructure, utility services and land titles (Pugh, 1991). The World Bank was critical of permanent construction of public houses because of the costs and dependence on subsidies (Pugh, 1991). Consequently, the World Bank advocated for more widespread distribution of housing resources through sites-and-services initiatives and in-situ upgrading projects (World Bank, 1972, 1974, 1975).

The World Bank economised Turner's theory by focusing on affordability, cost recovery and replicability (World Bank, 1993). The World Bank justified cost recovery for economic reasons. For example, projects not recovering costs were at risk of being discontinued (Pugh, 2001). Cost recovery had to replicate programmes, avoiding financial strains on government budgets. Replicability meant that *user pays* principles applied. The absence of the *user pays* principle would imply that subsidised housing encouraged more rural–urban migration and allows subsidies to be extended almost indefinitely (World Bank, 1993). Lastly, cost recovery meant that programmes could be repeated. The ultimate goal was to slow informal settlement growth and poor living conditions (World Bank, 1993).

The first involvement of the World Bank was in 1972 in Senegal when it introduced the first sites-and-service and upgrading projects. The World Bank viewed these initiative as a “learning-by-doing” programme (World Bank, 1993). Housing delivery transitioned from public housing to governmental aid in private housing construction (World Bank, 1993). The provision of land tenure and essential services increased the opportunity for households to invest their funds, labour and management skills (World Bank, 1993). Mayo and Gross (1987:301) defined these sites-and-services programmes as government-sponsored shelter-related services ranging from the most basic “surveyed plot” to the most advanced “serviced sites” to “core housing” with amenities and access to community-based services. These projects targeted low-income communities and provided accommodation and services with minimal government funding (Mayo and Gross, 1987). The aim was to provide housing and amenities at a reasonable cost while ensuring the recovery of expenses of the site and services projects in order to replicate programmes (Onibokun et al., 1989).

4.4.2 Phase 2: 1980s

Between 1972 and 1981, the World Bank provided loans for 36 site and service programmes or upgrading programmes, totalling more than $1 billion in bank lending and benefiting nearly two million citizens (World Bank, 1983). By 1984, the World Bank launched sixty-eight projects, assisting over 25 000 households (Mayo and Gross, 1987).

Keare and Parris (1982), in their assessment of the initial four World Bank projects, found that the projects were successful for the following reasons: (1) housing and infrastructure demand had improved; (2) quality housing was beyond the initial projection; (3) beneficiaries kept investing in housing and community services; (4) people with incomes as poor as the twentieth percentile benefitted; (5) household turnover was comparable to that of the control group; (6) affordability among the intended recipients; and (7) income and employment creation between intended recipients, as well as site and service suppliers.

However, the site and service schemes have received criticism. Many academics and policymakers challenged the focus on affordability, cost recovery and replicability (Onibokun et al., 1989). Other criticisms include providing dwellings that are not affordable for the poor, not reaching the poor, inadequate cost recovery, unsustainable subsidies, and limited replicability (Mayo and Gross, 1987). Keare and Parris (1982) cited the lack of cost recovery as a challenge in three early World Bank initiatives. Site and services projects have not been affordable for residents or the government (Ayres, 1983:193). Payer (1982) stated that site and services schemes were "extremely impractical", resulting in sluggish housing restructuring, the failure of some households to pay, and other difficulties, including benefit leakage to better-off households and inadequate cost recovery.

A study in Kenya found that 50% of the total inhabited plots had not been utilised by the original inhabitants (Chana, 1984:52). Certain units had been sold, possibly to a larger extent to individuals belonging to higher income groups. Keare and Parris (1982) also found that site and services schemes did not reach poor households. According to Mayo and Gross (1987), lowering standards and reducing subsidies for site and services programme designers has proved extremely difficult.

Onibokun et al. (1989), in their study titled *World Bank assisted site-and-service projects: Evaluation of Nigeria's experiment*, found that the projects failed to achieve cost recovery because the value of the naira depreciated. The project's overall cost (at the 1986 exchange rate) was US$28 million, of which US$13.75 million came from World Bank loans, with Nigeria expected to repay N11.56 million. However, due to the value of the naira depreciating, Nigeria had to pay back N61.9 million (excluding interest) (Onibokun et al., 1989). The Nigerian government could only recover N11.8 million from the beneficiaries.

The World Bank housing programme could not overcome housing shortages among the poor. The learning-by-doing experience had progressed gradually, but by the late 1980s, new directions emerged. The World Bank adopted a subsequent strategy that linked the expansion of the housing sector with national economies (Pugh, 1991). In the mid-1980s, the World Bank realised that housing was too complex and multifaceted to fit within a simplistic framework of affordability, cost recovery, and replicability. Instead, the housing supply considered whole-sector housing growth (Pugh, 1991). Furthermore, the World Bank's lending system prioritised household finance institutions for two reasons: First, the World Bank used housing to fix broader economic problems in the borrowing countries. Second, a more immediate objective was to influence housing policies and efficiency through the housing finance system (World Bank, 1993). Moreover, the World Bank's other four primary objectives concerning lending were supporting governments in gaining a holistic view of the housing industry and understanding its vital role in macroeconomic performance; helping states in shifting their position from direct producer to enablers; focusing assistance to nations and organisations with reform prospects and forecasting it on the eradication of market distortions; and sustaining a high degree of internal innovation, both in industry operations and in evaluating and tracking housing sector performance (World Bank, 1993).

4.4.3 Phase 3: 1990s

By the early 1990s, housing subsidisation reappeared in the World Bank's thinking. This time, the World Bank initiated a capital subsidy. However, this subsidy was available only for infrastructure, not houses (World Bank, 1993). The capital subsidy, albeit with housing funding, would become central to the South African post-apartheid housing policy. However, one must note that South Africa did not take loan funding from the World Bank although the World Bank did write advisory papers at the time.

4.5 Evolution of South African policy

The aim of this section is to provide an overview of housing policy, assess the approach to informal settlement upgrading, and analyse policy developments against the welfare state theory (see Chapter 2) and asset-building (see Chapter 3) to describe the context for the case study that is to come later.

4.5.1 **Phase 1: Pre-1994**

4.5.1.1 Policy developments

The growth of informal settlements in South Africa has been linked to historical polices like the Natives Urban Areas Acts between 1923 and 1939, focusing on influx control and racial segregation. These acts described informal settlements as racially mixed slums (Harrison, 1992), with demolition (and prevention) as the main policy response. These acts limited movements of black people into urban areas but permitted officials to designate land and provide formal housing. However, many authorities delayed implementation, resulting in the growing informal settlements (Davenport, 1991). Between 1939 and 1948, rapid urbanisation resulted in the government adopting a "controlled squatting" policy and relaxing influx control.

However, the apartheid state would tighten regulations again after 1948. The apartheid government introduced the Group Areas Act (1950) and the Prevention of Illegal Squatting Act (1951) to tighten squatting, eliminate informal settlements and develop townships (Harrison, 1992). By 1968, the development of these townships halted. The apartheid government redirected urbanisation to settlements in former homelands. This resulted in the re-emergence of informal settlements in urban areas and forced removals.

Despite these repressive approaches, pilot projects and policy changes emerged in the early 1980s. For example, the Urban Foundation piloted site and services by establishing Inanda Newtown close to Durban in 1981 (Napier, 2002). In 1982, the government announced a new black housing strategy which promoted site-and-service schemes as self-help (Malinga, 2000). The government's role was to provide infrastructure and services and the private sector was responsible for housing construction (Malinga, 2000). In 1984, the government restored homeownership for black people and initiated new developments that paved the way for extending townships (Harrison, 1992). Furthermore, the policy of orderly urbanisation replaced influx control in 1986. The policy of Orderly Urbanisation, accepted in 1985, required urbanisation to be planned but did not allow uncontrolled informal settlements (Cilliers, 1986). The government controlled informal settlements through the legislation, upgrading, and provision of land for site and service schemes. In 1987, the Minister of Information and Constitutional Development referred to informal settlements as a solution rather than a problem, emphasising the importance of supporting the housing sector (Harrison, 1992). Despite these changes, the apartheid government did not slow informal settlement growth.

In the 1990s, several changes occurred. For example, the apartheid government scrapped the Group Areas Act and the Population Registration Act in 1991. Other steps involved moving towards a non-racial local government, establishing the Independent Development Trust (IDT) in 1992 and passing the Less Formal Township Establishment Act in 1991. The IDT had to provide 100 000 site-and-services units via the capital subsidy to households earning a minimum of R1 500 per month (Huchzermeyer, 2001). Nonetheless, neither government's site-and-services initiatives or the IDT programmes made much progress in addressing the housing shortage (Venter et al., 2015). Yet, the Less Formal Township Establishment Act allowed for the rapid development of land (Harrison, 1992:19).

The National Housing Forum was established in 1992 to design the post-apartheid housing policy. The work done at the National Housing Forum largely became the White Paper on

Housing (SA DHS, 1995) under the post-apartheid government. The main policy subsidy instrument in the new policy was a capital subsidy like that of the IDT. The capital subsidy is also central to World Bank thinking. Yet, the South African policy diverged from the World Bank's approach by offering a starter home as a form of asset. The World Bank suggested that the subsidy should exclusively be allocated for infrastructure.

In this context, government accepted the new White Paper on Housing in 1994. Although the African National Congress developed the Reconstruction and Development Programme, there was still no coordinated government effort on how to respond to poverty and welfare in South Africa.

4.5.1.2 Welfare state and asset-building considerations

The housing subsidies provided by the IDT were not part of a larger welfare system. It was an *ad hoc* approach using housing to stabilise former black townships. Accessing the subsidy depended on a means test (only households earning less than R800 per month could access the subsidy (SA DHS, 1994). This means the test does represent liberal welfare ideas. The emphasis on ownership was part of a larger shift towards reinstalling black homeownership initiated in the mid-1980s (Venter et al.,2015). It was, however, also the direct result of the rent boycott that made maintaining state houses difficult. Although not articulated in asset-development language, the emphasis on homeownership was an attempt to build assets for poor people (SA DHS, 2004).

4.5.2 **Phase 2: 1994–1998**

4.5.2.1 Policy development

In 1994, the post-apartheid government released the *White Paper: A new housing policy and strategy for South Africa* (SA DHS, 1994) and the *White Paper on Reconstruction and Development* (RDP) (SA Parliament, 1994). These were the first two white papers after the democratic transition. The White Paper on Housing outlined the state's target of delivering a million houses in the first five years (Jenkins, 1999). The White Paper on Housing emphasised stability in the following words: "This is believed to be a critical component of a successful stabilisation process but cannot take place before a substantial degree of stability is achieved" (SA DHS, 1994:31).

The main policy instrument became a capital subsidy (the same as the IDT and the one proposed by the World Bank) available through project-linked subsidies (Huchzermeyer, 2003). However, in contrast to World Bank thinking, it also included a starter home (World Bank, 1993). Poor households received these houses at little or no cost (Cirolia et al., 2016). Households received individual titles to these houses, mainly free-standing units (Cirolia et al., 2016). The capital subsidy paid for the land cost, infrastructure and tenure, and provided a starter home. The subsidy was available on a sliding scale, with the poorest households (those receiving R800 per month or less, later R1 500 per month) receiving the largest subsidy.

Several policy debates underlined the South African housing policy. These debates included depth versus breadth (Should a small proportion of households be provided with a high-quality housing product or should a larger proportion of households be provided with a low-quality housing product?) and whether the government or the private sector should serve as developers (Tomlinson, 1998). The economic arguments for providing a small product to many people prevailed, while private sector developers would be the main implementers. The intention was to provide a starter home, which recipients could consolidate over time. This progressive approach to realising the right to housing assumed that recipients would access a bank loan or use their savings to improve their homes (Khan and Thring, 2003). Although there was some progress in getting the banks involved, focusing on the lower end of the market also meant that external finance would not be possible for many households who received housing subsidies (Marais and Cloete, 2017).

The project-linked subsidy led to the production of small similarly looking dwelling units that required a standardised dwelling unit. The result was the roll out at scale of identical, free-standing structures, generally one-roomed or two-roomed homes with individual freehold titles in standardised township layouts on the fringes of cities (Huchzermeyer, 2001). Huchzermeyer (2001) associated these characteristics with the capital subsidy and labelled it as neoliberal for the following reasons: private sector dominance in delivery, the inflexible nature of the capital subsidy driven by budgetary considerations, the focus on homeownership and limited community involvement. Although Huchzermeyer (2004) related these deficiencies to the capital subsidy, Mokoena (2022) has shown that local politics and councillors wanting to see that developments in their wards played an equally important role in creating housing development on the edges of cities. Thus, the South African policy was not exactly a copy of the World Bank's policy as it included a starter home, and local factors also played a role in the project’s location. The neoliberal tendencies also came under pressure from provinces where the provincial government instituted minimum housing sizes (Marais, 2003).

In addition to the project subsidies, three other subsidies were also prominent. Individual subsidies allowed individuals to acquire homes (outside of projects), while institutional subsidies gave households access to rental and cooperative housing capital subsidies starting from 1995 (Huchzermeyer, 2001). The consolidation subsidy allowed for the construction of a home or top structure on a previously acquired and serviced lot (SA DHS, 2009a). These subsidies further imprinted the principle of capital subsidy.

In 1994, the banking sector and government created a memorandum of understanding, including the government’s pledge to normalise township markets. The government promised to maintain law and order and to instil a *culture of payment*, as well as to “cover accredited lenders if they were unable to reclaim properties through conventional legal routes after default had happened” via the Mortgage Indemnity Fund, which government established in June 1995 (Tomlinson, 1997). A collaboration among banks and the government (Servcon Housing Solutions) allowed banks to move delinquent bondholders to more cheaper houses. Banks, in turn, promised to make low-income people eligible for mortgage loans (Tomlinson, 1997). These renewed attempts to create harmony between banks and government resulted from the idea of building assets for middle-income households.

Civil society groups remained active in fostering a different strategy for community-driven housing delivery. The subsidy instrument emphasised the top structure, limited development, and neighbourhood empowerment (Khan and Pieterse, 2004; Swilling, 2008). The People’s Housing Process (PHP) started in May 1998. The PHP emphasised the incremental nature of housing like the starter home, people’s savings and sweat equity.

4.5.2.2 South Africa’s housing policy and welfare state theory features

Over the years, the South African housing policy has been regarded as neoliberal (Huchzermeyer, 2011). There has, however, been a lack of studies on linkages between the South African housing policy and the welfare state (see Venter et al., 2015 as an exception). Post-apartheid policy in South Africa has revealed varying features of the liberal, corporatist, and social democratic welfare states (Venter et al., 2015). Welfare state theory provides a more nuanced approach than simply labelling it neoliberal. The first five years had several elements of a liberal regime: it provided individual freehold, supported commodification, and created stratification (Tomlinson, 1998). The principle of commodification was visible in the provision of title and the expectation that a house would be traded. This commodification of housing has received much criticism in South African literature (Bond, 2000; Huchzermeyer, 2004). The housing system is based on a means test that results in stratification. Moreover, these subsidy houses on the outskirts of many towns foster market-driven stratification of the poor in South African cities (Huchzermeyer, 2004). For Huchzermeyer (2004), this locational problem resulted from the commodification of housing and land.

Second, the corporatist element is highlighted by the expectation in the capital subsidy for the household to contribute money to consolidate the original starter home (Khan and Thring, 2003). Furthermore, the subsidy's reliance on large private sector developers' provision of mass standardised housing schemes on cheap and peripherally located land (Charlton and Kihato, 2006) further exemplifies corporatist elements.

Lastly, the social democratic elements are highlighted by "housing for all" published in the Housing White Paper of 1994 (SA DHS, 1994:20). The emphasis is on ensuring equality among individuals through adequate housing provided by the state as the primary driver of welfare provision.

4.5.2.3 Asset-based development and poverty alleviation

The linkage between South Africa's housing and asset-based and poverty alleviation policies has not always been clear. This section discusses these links in more detail.

First, the Housing White paper promoted the capital subsidy, which provided secure tenure, essential services, and a starter home to low-income households (Huchzermeyer, 2003). This was a form of stability as emphasised by the White Paper:

> *Government strives for the establishment of viable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities, within which all South Africa's people will have access on a progressive basis, to a permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements; and potable water, adequate sanitary facilities including waste disposal and domestic electricity supply (SA DHS, 1994:19).*

The above quotes provide critical elements of asset-based development, focusing on the stability a home can provide. The quote portrays a broad understanding of asset development and emphasises the link between housing assets' health and education.

Second, another element of asset-based development was the need for the state to reduce short- and long-term overreliance on state financial help and improve poor households' levels of independence. The Housing White Paper states:

> *Government's aim will have to be to reduce levels of dependency and increase levels of independency from state financial assistance and support in the medium to long term (SA DHS, 1994:21).*

This is a critical element of asset-based development. The idea is to reduce the dependency on the state for welfare and increase self-sufficiency associated with improved future orientations. Yet, it could also be interpreted as an incentive for the government to withdraw from low-income housing. The government's dedication to a community-driven development approach highlighted another element associated with the social capital element of asset-based development in the White Paper. Its policies and tactics had to encourage and support projects that emerge from neighbourhoods or larger local social compacts to educate and enable communities to foster financial independence, physical environment development and basic needs fulfilment (SA DHS, 1994). Lastly, savings and long-term investments are critical elements of asset-based development as they foster personal development through better housing and education. A house could also assist in establishing a small business.

4.5.3 **Phase 3: 1999–2003**

4.5.3.1 Policy development

In this phase, the White Paper remained the main policy guideline and the capital subsidy the main policy instrument (SA DHS, 1994). Several changes emerged from this phase. Debates about depth over width continued, and the Free State province was one of the first provinces to develop a minimum housing size (Marais, 2003). Despite this move towards a minimum housing size, cross-subsidisation was not a formal policy. Second, there was a shift from large-scale developers to small-scale developers and contractors (SA DHS, 2004). A third shift was to accept the importance of an emergency housing programme (SA DHS, 2009b). This resulted from the *Government of the Republic of South Africa v Grootboom* case in 2001. Government evicted about 900 people who had unlawfully occupied land in the Wallacedene informal settlement on private land set aside for low-cost housing in Cape Town (South Africa: Constitutional Court, 2000). After the courts intervened, the government had to relocate the people to an area with minimum services (South Africa: Constitutional Court, 2000).

Fourth, informal settlement upgrading did not receive adequate attention (Huchzermeyer, 2004). Greenfield developments led to continued social disruption and insufficient community empowerment. Projects remained product-driven, and neighbourhood participation focused on project efficiency rather than alleviating poverty (Huchzermeyer, 2004).

Fifth, the development of the MDGs of 2000 also affected South African policies. The South African target was to develop shack-free cities by 2014 (SA DHS, 2004). Government did not achieve the target resulting in unintended consequences: in some cases, it provided the government with a rationale to demolish housing (Huchzermeyer, 2011).

By the early 2000s, there was widespread condemnation regarding the subpar quality of subsidised housing (Khan and Thring, 2003), their inadequate location, and the lack of comprehensive planning (Huchzermeyer 2004; Pieterse 2009). In light of this, the government developed terms of reference to rethink the approach to informal settlements (SA DHS, 2004). The terms of reference recognised "expanding slums and shantytowns" as "physical representations of social inequality, exclusion, marginalisation, and prejudice". Furthermore:

> *These settlements are a result of failed policies, ineffectual governance, malfeasance, ineffectual regulation, restrictive urban (economic) development/growth routes, ineffective urban management techniques, inefficient and unequal land markets, unequal financial structures, and a significant democratic deficit (SA DHS, 2004:1).*

After the elections in April 2004, there was a growing commitment by the state to address the needs of people living in informal settlements. Furthermore, informal settlement upgrading was a poverty alleviation strategy for the first time. The newly appointed housing minister further emphasised the government's intention to ensure that the country becomes a shack-free society (Sisulu, 2004).

4.5.3.2 South Africa's housing policy and welfare state theory features

The above changes still highlight significant elements of liberal welfare regimes (capital subsidy) in this period. However, there is also evidence of social democratic characteristics. The acceptance of the emergency housing programme is one such example. The ruling in the Grootboom case forced governments to develop the Emergency Housing Programme, but the failure to implement upgrading programmes resulted in the increased stratification[8] of the poor

[8] In situ upgrading can reduce stratification of income groups because in many informal settlements there are a good range of household incomes. By pulling out only the poorest qualifying households to Greenfields sites the state does then disrupt communities and stratify by income.

(liberal) through the greenfield site-and-services projects. Moreover, the ambitious goal of a shack-free city further resulted in the stratification and stigmatisation of poor households as the Government relocated the households.

4.5.3.3 Asset-based development and poverty alleviation

The original intentions remained prominent in this phase. The rise of the people's housing process and a focus on a larger degree of self-finance were further attempts towards asset accumulation.

4.5.4 **Phase 4: 2004–2008**

4.5.4.1 Policy development

In 2003, the former South African Department of Housing (now Department of Human Settlements [DHS]) and the United States Agency for International Development (USAID) commissioned several review studies (Zack and Charlton, 2003). These studies found increased unemployment, poverty, and discontent among the poor. Moreover, the high-level South Africa–India–Brazil intergovernmental cooperation agreement signed in 2003 linked the South African Department of Housing to the Brazilian Ministry of Cities. This was a significant step forward in South Africa's slum upgrading efforts (Bayat et al., 2003). A focus area of this agreement was informal settlement upgrading, in which Brazil had decades of experience. In addition, the Cities Alliance and the United Nations Millennium Development Declaration directed the policy. The MDG 7, Target 11, that "to significantly enhance the lives of at least 100 million slum residents by 2020" were one of the major international initiatives that influenced policy (United Nations, 2000). In light of these circumstances, in September 2004, Cabinet endorsed *'Breaking New Ground': A Comprehensive Plan for the Development of Integrated Sustainable Human Settlements* (SA DHS, 2004).

BNG prioritised social integration through sustainable human settlements and high-quality housing. The newly built houses had to be medium-rise, four-story structures for RDP, rental, and purchase with bank loans leading to the creation of viable human settlements (SA DHS, 2004).

The BNG policy was different from the previous policies. First, BNG aimed at accelerating housing delivery as a critical poverty-reduction strategy. Second, it promoted using a house as an effective employment-generating strategy. Third, BNG had to ensure universal access to property as an asset for wealth creation and empowerment and allowing households to take advantage of economic growth. Furthermore, BNG aimed at combating crime, fostering social cohesion, and improving the quality of life of people living in poverty, while supporting the overall functioning of the single residential property market. Housing had to break down barriers between the first and second economies' residential property booms. Lastly, housing is a tool to facilitate the growth of sustainable human settlements and spatial restructuring (SA DHS, 2004). According to Huchzermeyer and Karam (2006), BNG also changed the approach to upgrading informal settlements.

BNG eliminated income bands, which saw every household with an income below R3 500 as qualifying for the maximum subsidy. The subsidy amount was also significantly increased, which improved the quality of the finished product (Venter et al., 2015). The rise in the subsidy amount was in line with the move from breadth to depth. As such, BNG realised that to provide quality houses, there was a need to increase the subsidy amount.

The state has become the dominant role player in housing provision, while the role of the private-sector has been reduced (despite several efforts to expand the function of charitable organisations via social housing or the PHP). Changes in legislation also allowed local municipalities to be accredited in the housing development. The growing role of local government indicates that the original agreement encompassing private sector development has diminished (Venter et al., 2015). The initial emphasis of the BNG was on self-help and upgrading, but this has helped increase the size of the houses, despite self-help remaining central (Charlton and Kihato, 2006).

The BNG policy included an informal settlement upgrading instrument, which focused on enhancing housing quality and living environments through the integration of communities and settlements. (SA DHS, 2004). The Informal Settlement Upgrading Programme, coupled with the drive to eliminate slums by 2014, intensified between 2004 and 2009 due to South Africa winning the bid to host the 2010 Soccer World Cup (Huchzermeyer, 2011). The N2 Gateway project contradicted BNG, meant to upgrade but changed to the demolition of ocean shacks greeting international visitors travelling from the airport to the Historic City Bowl area of Cape Town (Huchzermeyer, 2011). The criticism was that the N2 Gateway project moved away from benefiting only those who originally lived in the informal settlement to covering people living in backyard shacks (Huchzermeyer and Karam, 2006).

The Informal Settlement Upgrading Programme brought in asset accumulation through real estate, alleviating poverty by guaranteeing tenure and boosting livelihoods through strategically positioned locations (although reflected by all informal settlements). This programme emphasised the social, economic, political, and financial costs of relocating informal settlement residents to peripheral sites (SA DHS, 2005). The social disruption that accompanied relocation was contrary to asset-building. Moreover, when relocation was unavoidable, it encouraged the acquisition of undeveloped land in a good location. It urged state departments and government agencies to make land accessible in strategic areas without cost to the recipients (SA DHS, 2005).

Following the acceptance of BNG, in-situ upgrading became the preferred way to deal with the emerging informal settlements at least on paper, if not in practice. This new approach also received criticism. First, according to Huchzermeyer (2006:46), in comparison to relocation to new sites, this strategy was thought to be "responsive to poverty and vulnerability and would also contribute to social inclusion" through well-located sites as empowerment of slum communities. As a result, relocating slum residents was a last resort and allowed in unusual circumstances. It had to comply with international best practices and was an option only after extensive consultation with the residents (Ziblim et al., 2013).

Secondly, there were contradictions between the provisions of the BNG policy statement and the actual implementation of the policy (Ziblim et al., 2013). Huchzermeyer (2010) contended that the dominant housing development politics have focused on direct attempts to eradicate slums, often involving the relocation of slum residents to undeveloped areas. Yet, the focus on upgrading was complex and relocations remained common.

Third, in 2005, despite the intentions of the UISP, 1 420 individuals experienced displacement from their homes in South Africa (UN-Habitat Advisory Group, 2007). Relocations exacerbated their circumstances by destroying their delicate community networks and survival tactics, depriving them of crucial social services like electricity, water, and sanitation (Fieuw, 2011).

According to Bolnick (2010:8), the main issue that newly constructed formal settlements posed for poor households is that they were often in "the outskirts of city centres and marginalised from public services and employment opportunities." Thus, the poor residents in these areas likely incur additional costs, like transportation, to reach market centres and social services like schools and health centres (Bolnick, 2010). These problems highlight the problems associated with asset-building.

4.5.4.2 South Africa's housing policy and welfare state theory features

The commodification of housing was a component of the initial post-apartheid housing policy with the emphasis on freehold shares in liberal welfare state regimes (Tomlinson, 1998). The focus of the BNG on housing assets and the secondary housing market bolstered these liberal aspects. However, in BNG, there are instances where the housing process had been decommodified (Venter et al., 2015). The eight-year sales restriction on subsidised houses is an example. Furthermore, nearly half of housing units lack a title deed. Moreover, the BNG focus on individual homeownership instead of communal land tenure arrangements, exemplifies a more liberal welfare stance. Furthermore, the BNG view of housing subsidies as a social safety net for the destitute, and emphasising the housing market and "climbing the housing ladder" highlighted liberal welfare aspects of the South African policy (Venter et al., 2015).

The housing subsidy is only available to core households, not individuals or single-person households. This characteristic is greatly associated to corporatist regimes. To this end, BNG has reintroduced and promoted the demand-side individual subsidy instrument, enabling individuals to autonomously buy properties (SA DHS, 2004), which is liberal welfare.

Eliminating income bands has resulted in some destratification of housing, but the overall focus has remained on poor households. This policy change exemplified elements of the social democratic regime, in which every household, regardless of income, could qualify for a housing subsidy (Tomlinson, 2006). Moreover, the welfare subsidy mechanisms available in BNG, like free water and electricity available to the every household and not based on a benefit cap, exemplified social democratic elements in the South African policy.

4.5.4.3 Asset-based development and poverty alleviation

The linkage between BNG and asset-based development and poverty alleviation policies has not always been clear. This section highlights critical parts of BNG that resemble asset-based development efforts.

First, the BNG policy aimed at promoting housing as a significant job creation strategy and ensure access to the property (house) for wealth creation. Government collapsed the income bands that allowed households with an income of below R3 500 to access a uniform subsidy amount, leading to a substantial rise in the proportion of households eligible for the complete housing subsidy (SA DHS, 1994). This resembles homeownership, a critical component of asset-based development that forms the foundation for households to accumulate more assets, thus contributing to the household's poverty alleviation efforts (Han and Sherraden, 2009).

Second, BNG suggestion for the reduction of the eight-year prohibition for selling subsidy houses to five years was a step towards asset-building. However, the eight-year prohibition was suppressing beneficiary choice, housing mobility and participation in the secondary market (SA DHS, 2004:15). Households could now more easily trade their homes to generate income and accumulate assets (i.e., human capital).

Third, having a title deed is a vital component of poverty alleviation and asset-based development. Griffith-Charles (2004) stated that higher tenure stability stimulates a household's increased investment, improved production, and enhanced finance availability. The BNG policy aimed at incorporating different ways to encourage renewed participation in the Discount Benefit Scheme to transfer the remaining free-standing public housing stock (SA DHS, 1994). Moreover, it also emphasised the need to establish a high-priority goal of completing transfer registration for houses built under the current housing programme (houses constructed between 1994 and 2003). As a result of such titling backlogs, residents cannot take part in the residential real estate market. This limits their freedom and capacity to obtain a better-paying job, choice and their capability to choose housing that meets their individual needs, and the asset development potential from investments made by the states in their houses (SA DHS, 2004:15).

Fourth, the BNG policy emphasised integrating informal settlements into the broader urban landscape to address spatial, social, and economic marginalisation. This was possible by introducing a new informal settlement upgrading instrument to support the focused eradication of informal settlements via a phased in-situ upgrading in good locations, coupled with relocating households where development is not possible or desirable (SA DHS, 2004). This policy objective in BNG forms part of the broader idea to ensure that low-income housing (upgraded) is available near regions with economic potential. Investing in an upgraded house constitutes an essential infusion in the secondary market and a coveted asset that appreciates in value and serves as a wealth creator and holder (SA DHS, 2004)..

Lastly, BNG assumes that poverty alleviation in informal settlements is only possible through upgrading and good location. This narrow approach focuses on selected issues instead of the whole asset-building components like education, savings and marketable skills.

4.5.5 **Phase 5: Post-2009**

4.5.5.1 Policy development

In this phase, BNG remained the main policy guideline. Several changes emerge from this phase. BNG made provisions for publishing a new National Housing Code (SA DHS, 2009a) to make housing project implementation easier by being less prescriptive but providing clear guidelines. Government adopted the revised Code in February 2009. It established the fundamental policy values, regulations, norms and obligations applicable to various state's housing aid programmes (Tissington, 2011). The revised Codes only included programmes compliant with BNG and described as the "building blocks in the provision of sustainable human settlements." It excluded programmes like Project Linked Subsidy Programme, Relocation Assistance Programme, Blocked Projects Programme, and Rectification of RDP Stock 1994–2002 Programme, biased towards width over depth. The new programmes emphasised depth over width, allowing cross-subsidisation[9] (Tissington, 2011). Despite the change, a review indicated that the primary emphasis was still on housing as opposed to human settlement development (Tissington, 2011).

Second, the SA DHS implemented the Integrated Residential Development Programme (IRDP) to resolve:

> *"the existing housing policy programmes focus primarily on the development of subsidised housing and do not provide much scope for area-wide settlement planning and the integration of a range of housing types and price categories, together with commercial and social amenities in a project" (SA DHS, 2009:9).*

The IRDP programme included land acquisition, stand servicing for various land uses like business, recreational, educational and health, and living space for low, middle, and high-income groups, using an area-wide planning approach to community needs (Mnisi and Karam, 2020).

[9] Cross subsidisation between the Integrated Residential Development Programme (IDRP), the Informal Settlement Upgrading Programme (UISP) and the National Upgrading Support Programme (NUSP).

Third, the Enhanced People's Housing Process (ePHP) started in July 2008 as a replacement of the previous PHP of 2000. The ePHP followed criticism that PHP passed a share of housing costs to the poor. Moreover, involvement in the PHP was only applicable to housing construction, with beneficiaries having very little say on crucial factors like the housing project's location and layout around existing patterns of land occupation (Huchzermeyer, 2004). Consequently, the new National Housing Codes opted for the rollout of the ePHP.

Fourth, BNG provided the groundwork for a novel method to informal settlement upgrading (UISP). The new method was more adaptable, focusing on inclusiveness, engagement, upgrading rather than site and services, improving health, and reducing poverty (Huchzermeyer 2006). It became clear that in-situ informal settlement upgrading is paramount in addressing housing delivery challenges in South Africa.

Fifth, the failure of the UISP to slow down the growth of informal settlements under the BNG policy to eradicate informal settlements in 2014 led to the introduction of the National Upgrading Support Programme (NUSP, 2015). NUSP had the following goal:

> *Promote incremental upgrading as a significant complementary housing programme in line with Part 3 of the National Housing Code (in situ where possible); Improve the programmatic approach to upgrading, strengthening coordination with other sectors and partners; Strengthen the capacity of government and professional practitioners to implement community-based incremental upgrading (NUSP, 2015:25).*

The primary goal of NUSP was to improve municipalities' ability to address the issues delaying delivery of subsidised housing through progressive upgrading of informal settlements. The poor had to access an adequate housing structure, secure tenure, and essential services through upgrading. Thus, the upgraded house had to become an asset that the household can use as collateral for a loan or other asset accumulation practices (i.e., education, business). NUSP offered technical assistance to municipalities to prepare for communities and various capacity-building programmes to help local and provincial governments identify and address the wide range of needs in informal settlements (NUSP, 2015).

Lastly, the focus of this section on phases up to 2009 was because post-2015, there has not been any new policy developments in housing. As such, housing policy in South Africa has stagnated.

4.5.5.2 South Africa's housing policy and welfare state theory features

The changes in this period highlight a significant shift by the government from more liberal (project-linked subsidy) and corporatist (provision targeted to core households, not individual) welfare thinking to that of social democratic. For example, the New Housing Code under BNG promoted IRDP, UISP, and social/rental housing as core programmes for the future of housing (Tissington, 2011). These programmes have an inclusivity aspect making them more social democratic. Moreover, emphasising the well-located sites providing households access to urban amenities and work in IRDP, and social/rental programmes reducing market-based stratification (previously associated with project-linked subsidies). However, there are still a few liberal elements. For example, the reintroduction and promotion of the demand-driven individual subsidy instrument, allowing individuals to buy properties independently (SA DHS, 2004), is liberal.

4.5.5.3 Asset-based development and poverty alleviation

The revised National Housing Code resembled significant elements of asset-based development and poverty alleviation efforts. First, the introduction of IRDP meant that all new housing developments by government had to find well-located sites close to commercial, recreational, schools, clinics, and places of employment (Mnisi and Karam, 2020). The location of these houses was meant to be strategic because the further away houses for people living in poverty are to areas of work, the more destitute they become. Therefore, housing location had to provide stability for households to develop assets, which can address poverty over time.

Second, in informal settlements, community solidarity forms a solid foundation for asset-based development (Moser and Felton, 2007). The introduction of the UISP has provided asset-based development and poverty alleviation elements. It supports in-situ upgrading (creating stability) that becomes a foundation for household members to invest in the house and human capital (health and education), leading to better labour force participation and poverty alleviation[10]. Moreover, the NUSP in-situ upgrading maintains fragile community networks, minimises disruption, and enhances community participation. These networks become a community's bargaining power when lobbying the government to develop the informal settlement. Again, it

[10] However, this is all in theory as there has been limited implementation of UISP.

is also a helpline for households as they will often assist each other to survive in such settlements.

4.6 Conclusion

This chapter highlighted the global and African policy approaches to informal settlements while analysing how asset-based development has entrenched the South African housing policy. Several interesting findings emerged (Table 4.1).

First, in considering the ideas of John Turner on self-help housing, several of his ideas contained elements of asset-based welfare, even though they are not directly related to asset-building and poverty alleviation. This is exemplified by his argument of moving away from the demolition of informal settlements and using them to build a foundation for the development of the household. This is a crucial element of asset-based welfare, as the home provides stability, enabling households to accumulate more assets that will potentially contribute to the fight against poverty.

Second postcolonial demolitions of informal settlements had hindered the practice of informal settlement consolidation, as advocated for by Turner. Additionally, it has denied many impoverished black South Africans access to land and basic services. The development of assets through informal settlement upgrading has slowed even more due to the government's policy, which lacks clear directives and support for the development of assets through informal settlement upgrading.

Third, the World Bank's initial strategy on site-and-services and slum upgrading encouraged asset development. This was through its emphasis on homeownership and titling. Homeownership and titling are critical components of asset-based welfare, as they create stability. Without stability, low-income households would struggle to move out of poverty.

Fourth, the South African housing policy is hybrid in nature (Table 4.1). Similar to the findings by Venter et al. (2015), the South African policy composed of liberal, corporatist, and social democratic welfare state elements, and the policy position has shifted subtly over time. Furthermore, the White Paper on housing from 1994 to 2003 was more liberal, lacking a focus on informal settlement upgrading. However, the BNG policy in 2004 promoted informal settlement upgrading. Plus, it included programmes like UISP and NUSP that promoted upgrading informal settlements.

Lastly, these programmes introduced in BNG were social democratic with a robust asset-based development and poverty alleviation focus. However, although the focus has shifted to asset-based welfare since BNG, there are still income-based welfare elements in current policy. Thus, this supports the argument (see Chapter 3) that income-based welfare alone cannot move people out of poverty. Hence, a complementary policy is paramount (in this case, an asset-based welfare policy). Therefore, as a complementary policy, asset-based welfare policy needs to be expanded beyond the narrow focus of physical housing and income as means of building assets for low-income households, to include intangible assets (education, marketable skills, knowledge, employment, and savings).

Table 4.1 Summary of housing policy development in South Africa with linkages to welfare state and asset development.

Criteria	1994-1998	1999-2003	2004-2008	2009
Policy documents	White Paper on Housing	White Paper on Housing	Breaking New Ground	Breaking New Ground/National Housing Code
Number of houses delivered	The target of one million houses	Shack-free city by 2014	The mark of a shack-free city by 2014	Target to upgrade 400 000 informal settlements (in-situ) by 2014
Nature of main subsidy instrument	Capital subsidy	Capital subsidy	Capital subsidy	Capital subsidy Settlement subsidies
Width versus depth	Width over depth	Width over depth	Reduction of width over depth	Move to depth over width
Cross subsidisation	No cross-subsidisation allowed	Starting of cross-subsidisation	Starting of cross-subsidisation	Cross-subsidisation becomes the norm
Subsidy instruments	Project subsidies Individual subsidies Consolidation subsidies Institutional subsidies	Project subsidies Individual subsidies Consolidation subsidies Institutional subsidies Implementation of the emergency housing programme following the Grootboom cases	Informal settlement upgrading programme. Finance-linked Individual Subsidy Programme (FLISP)	Integrated Residential Development Programme (IDRP) Informal settlement upgrading programme (UISP) National Upgrading Support Programme (NUSP)
Self-help instruments	People's housing process introduced	People's housing process is introduced. Own contribution required	Enhance People's Housing Process is adopted	Roll out of the Enhance People's Housing Process
Nature of self-help (in-situ upgrading)	Starter home. Extensions are the responsibility of households	Own contribution required	Larger homes: Extensions are still the responsibility of the household	Size of houses increase Less responsibility on the households
Role of the private sector	Large in terms of being developers and contractors	A move to a small-scale developed	Small-scale developers entrenched	Large houses developed Small scale developers
Decentralisation	Housing is a national and provincial government responsibility	Housing is a national and provincial government responsibility	Municipal accreditation is possible. Except the metros' little progress	Municipal accreditation is possible Except the metro's little progress
Political, economic debates	The policy is seen as neo-liberal by some (capital subsidy the main instrument) Project subsidies blamed for the poor location of housing projects	Neo-liberal elements persist	Moving away from neoliberal to socialism	

Criteria	1994-1998	1999-2003	2004-2008	2009
	But World Bank ideas about housing were not followed when a starter home was provided			
Role of the banks	Banks expected to finance	Banks are still likely to finance	Micro-lending by banks	
Welfare state theory concepts				
Liberal elements				
- **Targeted support**	Subsidy targeted at low-income households	Subsidy targeted at low-income households	Targeted towards households, some form of individual subsidy is introduced	The individual subsidy is reintroduced
- **Commodification**	Subsidy's emphasis on Freeholds titles	Subsidy's emphasis on freeholds titles	Subsidy emphasises housing assets and the secondary housing market	
- **Stratification**	Subsidy allocated based on income bands	Subsidy allocated based on income bands	Removal of income bands, leading to all households qualifying for the subsidy	Development of households in well-located sites reduces market-based stratification
Corporatist elements				
- **Own contributions**	Subsidy provides starter houses, but extensions are dependent on households themselves	Subsidy provides starter houses. A move to develop a minimum house size	Initial subsidy by the state, but extensions are the responsibility of households	
- **Welfare distribution**	Unequal (the lower the income, the higher the subsidy)	Unequal (the lower the income, the higher the subsidy)	Equal distributions to qualifying households	
- **Private organisations and families influence**	large private-sector developers who were providing mass housing	Less influence, although still responsible for delivery at a small scale	Less influenced by the private sector, the state is the primary developer through the accreditation of local municipalities	
Social-democratic elements				
- **The main provider of welfare**	State with significant private-sector involvement	State with less private-sector involvement	state main provider, with limited private sector involvement	State primary provider, with little private sector involvement
- **Target support**	Only poor households.	Only poor households	Every household is allowed to apply for a subsidy	Every household is allowed to apply for a subsidy
- **Equality**	'The right to adequate housing.' Although dependent on the fiscal ability of the state	'The right to adequate housing' Although dependent on the fiscal ability of the state	The subsidy mechanism provides free water and electricity	

Criteria	1994-1998	1999-2003	2004-2008	2009
Asset-based and poverty alleviation				
Homeownership	The capital subsidy provided land, tenure, services, and houses	Emergency Housing Programme creates a base for homeownership for the homeless	The upgrading of households creates stability	The upgrading of households creates stability
Human capital (education/health)		Emergency Housing Programme allows the homeless to focus on human capital	With a stable environment, households invest in human capital	Households invest in human, financial, and social capital with a stable environment
Poverty alleviation	The institutional subsidy allows households access to capital for rental and cooperative housing	Failure to implement nuanced upgrading policy results in the growth of the informal settlement, resulting in increased poverty	Human capital improves efforts to alleviate poverty through education, skills, and work	Upgrading leads to a settlement-wide improvement Leading to improved well-being and better labour participation
Social capital	Relocations of households disrupted social networks The focus on top-structure limited capacity building and community empowerment	Relocations of households disrupted social networks	Relocation of households in desired locations and in-situ upgrading fosters social capital	UISP emphasises in-situ upgrading and builds community networks

Source: Author (2022).

Chapter 5
Settlement and Asset Change Over Three Decades

5.1 Introduction

This thesis investigated how informal settlement upgrading helps poor households to accumulate assets and wealth. According to Moser (2006), owning a house through informal settlement upgrading provides stability and contributes to accumulating assets (see Chapter 3). Chapter 2 indicated how assets generally relate to liberal welfare regimes. Yet, asset accumulation and wealth creation processes have not been well-documented in the Global South. This chapter contributes to this gap in the literature.

Before 1990, the South African government actively prevented informal settlements. Chapter 4 provided evidence of how the post-1994 South African policy relates to asset-building and welfare state theory. The post-apartheid government prioritised housing for low-income households. Providing assets by providing houses and homeownership was central to this policy. The original aim of the 1994 White Paper was to stabilise society through housing. Stability is a central concept of asset accumulation. BNG refocused the role of housing as a poverty alleviation strategy by emphasising the potential wealth housing can create (see Chapter 4).

BNG views properties subsidised by the state as assets that help the household move up the property ladder that might potentially serve as collateral for lending from banks, but this is not automatically the case. It depends on the location, the individual asking for bank finance, and the bank (Figure 5.1). Furthermore, the BNG policy emphasised the role of informal settlement upgrading as a poverty alleviation strategy.

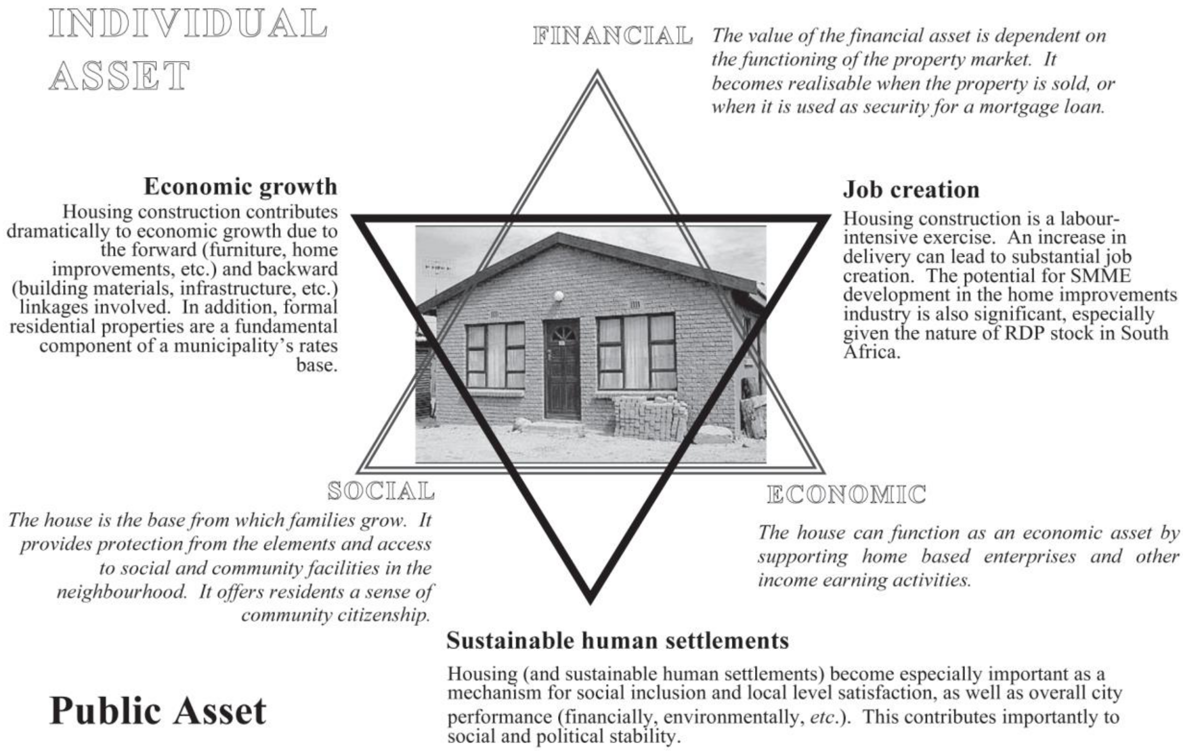

Figure 5.1 A conceptual framework for housing as an asset

Source: Rust (2008:6)

The link between housing and poverty alleviation requires research focusing on the long-term implications. Yet, there are few longitudinal studies of informal settlement upgrading. For example, the Schlyter (1991) time series analysis: a longitudinal study of housing quality in Lusaka. Most literature comprises once-off case studies (Ntema and Marais, 2013). The research focused on one or two features and seldom stretches over five years (see Abbott and Douglas, 2003; Amis, 1996; Westaway, 2006; Ziraba et al., 2009). Most of the research findings are from the original World Bank site and services programmes (Werlin, 1988), and this literature is not recent anymore. However, several longitudinal studies were emerging in Latin America (Brakarz and Aduan, 2004; Soares and Soares, 2005; Ward, 2012; Ward et al., 2011).

The explicit comparisons to Latin American literature are due to three reasons. First, most recent longitudinal studies on upgrading informal settlements originate from Latin America (Brakarz and Aduan, 2004; Soares and Soares, 2005; Ward, 2012; Ward et al., 2011). Second, like most Latin American cities, many South Africans live in overcrowded and unsatisfactory housing conditions (Gilbert and Crankshaw, 1999). Third, South African cities have experienced significant growth in informal unemployment, making them look more like South

American cities like Lima, Mexico, or Rio de Janeiro (Gilbert and Crankshaw, 1999; Pienaar, 2002). Thus, it is these reasons that make Latin America a suitable country to carry forward these comparisons.

This chapter provides a longitudinal assessment of over 30 years of housing change in Freedom Square. The descriptive data (and not the panel data) from the 1990, 1993, 1998, 2008, 2014, and 2020 surveys provides the empirical evidence. Chapter 1 provided a framework for asset analysis based on the work of Moser (2007), focusing on four types of capital: social, physical, human, and financial assets. This chapter uses this framework to structure the analysis. However, before analysing these different types of capital, the changing and dynamic occupational profile is discussed. There are many evaluations of informal settlement upgrading, but two elements still need to be included: a long-term perspective and how informal settlement upgrading addresses poverty. This chapter describes the changes in Freedom Square over 30 years and mirrors it against South America's growing body of literature and Moser's ideas about asset accumulation.

5.2 Background

5.2.1 **Changing occupation profile**

Since the early 1960s, Latin America has experienced rapid urbanisation resulting in informal settlements (Gilbert and Ward, 1985). Self-build settlements constituted between 10% and 60% of the built-up area in Latin American cities by the 1980s (Gilbert, 1996). Most households in Mexico City and Bogota occupied land illegally because they wanted a house (Grajeda and Ward, 2012). The government's policies ignored informal settlements and usually adopted a *laissez-faire* policy. Turner (1976) highlighted the positive role of self-help and governments started implementing policies in informal settlements (Ward, 2005) (see Chapter 4). This support involved essential infrastructure (water, electricity, drainage, sewage, paved streets) and the transfer of title or acknowledging housing rights (Grajeda and Ward, 2012). These regularised settlements had large populations, high densities, and a mixture of owners and rental accommodations.

The original settlers of these settlements consisted of nuclear families, housing young couples and their children and grandparents (Ward, 2012). However, regulation occurred, these patterns changed. For example, 32 years after upgrading, 61% of the stands in Mexico City included parents or in-laws and adult children (often with their offspring). An additional 17% were adult siblings or in-laws sharing a house, and further 22% were the original parents and other kin (Ward, 2012). In contrast, there was an increase in the sharing of stands and dwellings in Bogota after regularisation as most households run businesses on their stand and rent out some rooms (Ward, 2012). Overall, the household demographics changed because of the death of the original settlers and using the house for economic purposes.

As explained in Chapter 1, the initial inhabitants of Freedom Square settled in the area as part of a land invasion in 1990 (Botes et al., 1991). Several demographic changes have occurred since providing titles to the original inhabitants. The second-generation households occupied these houses as the original inhabitants died or moved out. These new occupants include staying for a free, inheritance, buying the house or stand, renting it from another person or a family member, or the respondent married someone who owns the house (see Table 5.1).

Table 5.1 Reasons for settling in Freedom Square first and second generations, 1990–2020 (2020 survey)

Reasons for settling	Year settled							
	1995 or before		1996–2009		2010–2020		Total	
	N	%	N	%	N	%	N	%
I settled here before 1995 as part of the upgrading project	81	66.4	2	5.4	0	0	**83**	**44.6**
I stay here for free (I am a caretaker for the house)	19	15.6	9	24.3	5	18.5	**33**	**17.7**
I inherited it from a family member	11	9.0	10	27.0	6	22.2	**27**	**14.5**
I bought it	0	0.0	8	21.6	5	18.5	**13**	**7.0**
I rent it from another person	1	0.8	1	2.7	8	29.6	**10**	**5.4**
I married someone who owns this house	5	4.1	1	2.7	0	0	**6**	**3.2**
I rent it from a family member	0	0.0	0	0.0	1	3.7	**1**	**0.5**
Other	5	4.1	6	16.2	2	7.4	**13**	**7.0**
Total	**122**	**100**	**37**	**100**	**27**	**100**	**186**	**100**

Source**:** Author (2020).

Table 5.1 provides the basis to distinguish between first-generation settlers (settled in 1995 or before) and second-generation settlers (settled since 1996). However, some indications are that settling in 1995 or before includes some second-generation households. For example, of those settling in 1995 or before, 16% stayed in the house for free, and 9% inherited it. Overall, by 2020, there is evidence of the following second-generation households:

- Households who were not part of the original invasion and upgrading are staying in the house without paying rent (18%).

- Households in which someone in the household inherited it from one of the original people (15%).
- Households who bought the house (7%).
- Households who rent the house (6%).
- Households in which the respondents married someone in Freedom Square (3%)[11].
- Other reasons (7%).

The survey shows that 45% settled in Freedom Square as part of the original project (most of them in 1995 or before). These 83 households are first-generation households.

There have been significant changes in terms of occupational profiles in Freedom Square. Furthermore, the high percentage of second-generation households staying rent-free or inherited indicates a strong relationship with the original residents. These findings are similar to those in Mexico City and Bogota, where household profiles changed and consisted of parents, children, and the extended family, although the extended families in Freedom Square were lower than those in Mexico City and Bogota. In both Freedom Square and Latin American cities, the land invasions created an asset that could be passed down to the next generation (see Ward et al., 2011).

5.2.2 **Needs assessment**

As settlement ages, the development needs of its inhabitants' changes. Table 5.2 provides an overview of these changes. The importance of a stand and services is emphasised in the responses given in all five surveys. Water and sanitation provide important health benefits considering urban poverty and the HIV/AIDS pandemic. Second, proximity to places of work, other enterprises, and social facilities are important considerations in various surveys. Marais and Ntema (2013) noted the important role Freedom Square played in the spatial transformation of the region. A substantial number of people have settled in Freedom Square to be closer to work. This pattern is continuing. The proportion of respondents highlighting that they initially stayed in Botshabelo rose from 4% in 1990 to 14.2% in 2008, 14.6% in 2014, and 17.2% in 2020. This increased number of respondents who previously resided in Botshabelo highlights the continuing role of the Freedom Square Upgrading Project in bringing people closer to work (from Botshabelo to Bloemfontein).

[11] I.e., The person they are married to is likely a first-generation person or the child of one.

Table 5.2 Freedom Square's most positive and negative aspects and important needs in 1990, 1993, 2008, 2014, and 2020

Aspects	1990	1993	2008	2014	2020
Positive aspects	Own house and stand Good community spirit Peace, with no crime and violence	Own house and stand Good atmosphere Freedom	Own house and stand Good municipal services Good community life Proximity to businesses and facilities	Own house and stand Good municipal services Sense of Ubuntu and living peacefully Proximity to businesses and facilities Good transport system	Own house and stand Good community life Close to work Proximity to businesses and facilities
Negative aspects	No infrastructure/services Crime and violence Community spirit is not strong. I do not know the people.	No electricity Crime and violence Lack of housing Problems with the water-borne sanitation system	Crime Place is dirty Problems with water-borne sanitation and infrastructure	Bad roads (muddy/potholes) Crime and violence Lack of developments Blocked sewages/drainages Lack of refuse removal RDP houses are too small	Electricity is on/off Crime and violence (gangsterism) Drug and alcohol abuse Blocked sewages/drainages Lack of refuse removal RDP houses are too small Poor service delivery Bad roads (muddy/potholes)
Development need/priority	Need for services (water and sanitation) Social facilities Expand my house	Electricity Better refuse removal Expand my house Tar roads Schools	Fencing my stand Better or cheaper service from the municipality Expanding my house Burglar-proofing for my house Toilet inside the house	Job/Car Fence and burglar-proofing for my house Extend my house Electricity Water and bathroom inside my house Tar roads Better or cheaper service from the municipality	Electricity Water Sanitation Refuse collection Better sewerage system

Source: 2008, 2014 and 2020 Survey.

A serious issue is the quality and upkeep of the municipal infrastructure. The water-borne sanitation system and the road network require urgent attention. Prepaid meters are used for electricity, but water is paid for at the end of the month. This issue raises concerns about the price of services versus the health benefits of such services. All of these issues thus placed a dent on the end goal of BNG and also highlights significant short comings of the current in-situ upgrading in Freedom Square.

5.3 Planning, settlement development, and changing needs

Financial concerns in development planning often precede the social components (Bhatt and Navarette, 1991). Consequently, state officials and project supervisors must comprehend the social networks found in unregulated communities (Acoily, 1991). There are often misguided assumptions about family size and plot sizes (Perlman, 1981), resulting in constrained open-space development (Werlin, 1988) and inadequate economic infrastructure. Integrating projects into city administration is a concern in informal settlement upgrading initiatives (Amos, 1984). Local governments could not offer the necessary services (Rakodi, 1992) and sustaining infrastructure was difficult (Moitra and Samajdar, 1987; Stren, 1989). In many instances, the cost recovery of services did not occur (Laquian, 1983). Moe and Rheingans (2006) argued that infrastructure upkeep concerns emerging and industrialised nations. Incorporating the IDT stands in South Africa was difficult because local government institutions were still racially fractured (Marais and Ntema, 2013). Despite various attempts to ensure cost recovery, municipal service arrears in South Africa have risen rapidly to more than R72.4 billion in 2018 (Stats SA, 2019).

5.3.1 **Living environment**

The interviewers asked respondents whether their life in Freedom Square was how they thought it would be when they first settled. They could indicate whether it was as they thought it would be better or not, as they anticipated or even worse (see Figure 5.2).

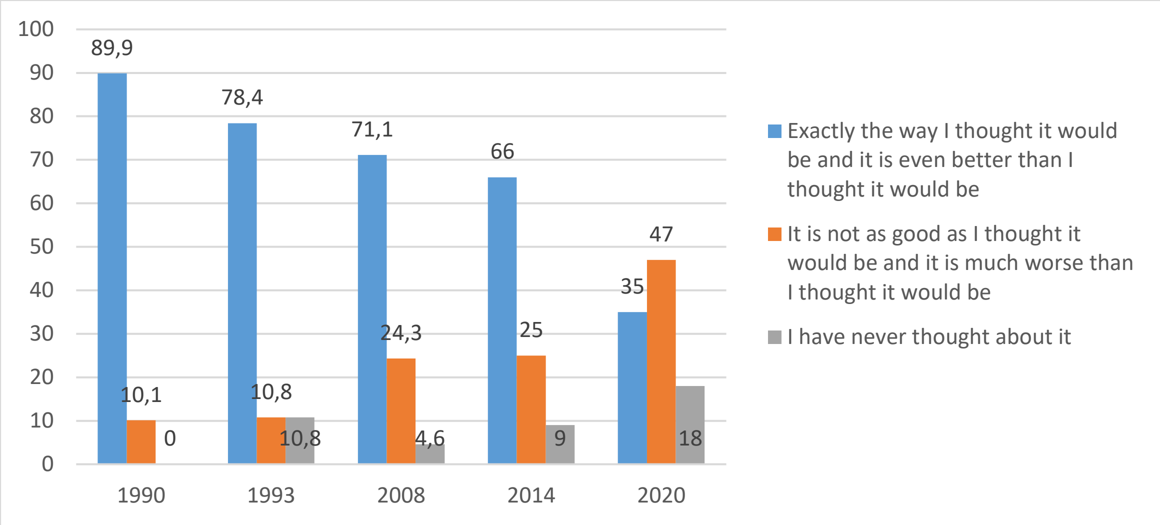

Figure 5.2 Whether respondents' experience living in Freedom Square matched their initial expectations, exceeded them, or fell below them: 1990, 1993, 2008, 2014, and 2020

Source: Author (2021).

Figure 5.2 shows that there has been a declining trend in the way the respondents thought life in Freedom Square would have been. In 1990, 89.9% said it was how they thought it would be or even better. By 2020, this percentage had dropped to 35%. In 1990, 10.1% said it was not as good as they thought or worse. The corresponding response in 2020 was 47%. Reasons for this answer included failed promises of a bigger house, unemployment, poor service delivery, and high crime rates for their lives being worse off. There is not a small difference between the first- and second-generation households. For example, the 34.4% who said life was as they thought and even better, were first-generation respondents, while 36% were second-generation. Most first-generation settlers (49.2%) believed their lives were worse than they thought they would be, compared to 42.2% of second-generation settlers.

5.4 Social assets

5.4.1 **Household size**

In Latin American cities, densities in most upgraded areas have increased due to children staying with their parents and their children or grandchildren (Ward et al., 2011). In Mexico City and Bogota's Latin American cities, average household sizes have doubled since settling, with an average of 8.91 (Mexico City) and 8.62 (Bogota) people per stand (Ward et al., 2011: 471). This was partly due to the smaller stand sizes and the need to build upwards to create additional living space for the children (Ward, 2012).

In contrast to the Latin American cities (Mexico City and Bogota), household sizes in Freedom Square have been declining, like in the rest of South Africa (see Figure 5.3).

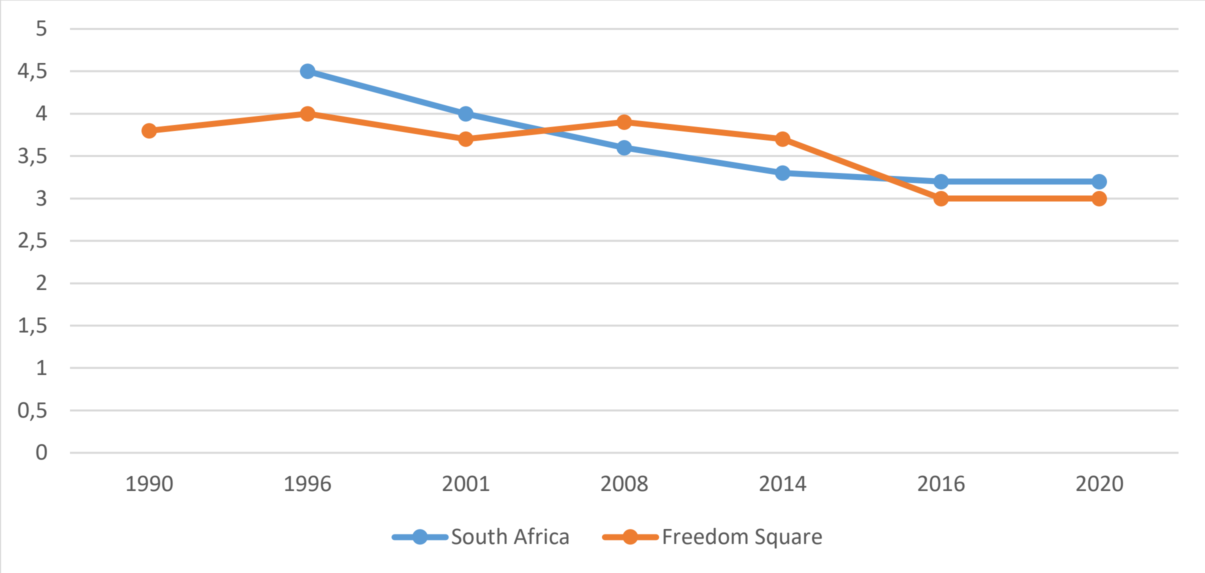

Figure 5.3 Average household sizes (people per household) in Freedom Square and South Africa, 1990–2020[12]

Source: Author (2021).

Before the upgrading in 1990, the average household size was 3.8. There was a slight increase in 1996 to 4.0. However, in 2001, it decreased to 3.7, slightly increasing again in 2008. Since 2008, there has been a decrease, with the average for 2014 and 2020 being 3.7 and 3.0 people per household. This decline resembles the pattern in South Africa, which has seen household sizes decline from 4.7 in 1990 to 3.0 in 2016. The decline in household size results partially from the housing subsidy, which has contributed to the formation of new households (Napier, 2005). New household formation results from the subsidy allocations to a household, not to an individual.

Furthermore, since 1994, many new housing projects and informal settlements have developed to the east of Freedom Square. These new developments made land and services available, easing the strain on the existing settlements like Freedom Square (see Marais and Krige, 1999; Mokoena and Marais, 2008). The household sizes of first-generation settlers declined significantly from 4 to 2.9 in 2020. While the second generation's household sizes were also on the decline, the rate of decline was slightly slower, from 3.7 in 2008 to 3.2 in 2020. There was a decline in first-generation household size because most of the initial settlers have passed

[12] It should be noted that, for first- and second-generation settlers in Freedom Square, the available data is only from 2008 to 2020.

on. Unlike the situation in Latin American cities (Mexico City and Bogota), Freedom Square has seen a decline in household sizes.

5.4.2 **Community building**

The quest for community engagement in development projects has become orthodox (Cooke and Kothari, 2001; Cornwall and Brock, 2005). The framework provided by Rust (2008) in the introduction also emphasised this aspect of housing and assets (Figure 5.1). Furthermore, it underpins the idea that acknowledges people’s experiences, expertise, voice, and agency (Cirolia et al., 2016). The benefits of community engagement include a deeper comprehension of community requirements leading to improved planning, better cost recovery post-project completion, knowledge transfer, optimized resource utilization, and heightened affordability (Paul, 1987; Perlman, 1981; Wekesa et al., 2011). In Latin American countries, housing policy began to acknowledge the rising social mobilisation, incorporating residents in the design and implementation of informal settlement upgrading in the late 1980s (Magalhães, 2016). However, community participation in informal settlements dwindles once residents have reached a minimal level of services and security of tenure (Nelson, 1969). Residents then focus on renovating their homes (Nelson, 1969). This is similar to Moser and Felton’s (2007) findings that community social capital is higher during settlement invasion but declines once settlement consolidation occurs.

The Upgrading Community Trust oversaw the upgrading process in Freedom Square between 1992 and 1998. The Upgrading Community Trust comprised four democratically elected resident trustees, a representative from the Freedom Square Building Clinic, a member of the Mangaung Civic Association, two members from the Urban Foundation's regional board, and two municipal officials (Marais and Ntema, 2013). Yet, since 1996, Freedom Square had had a ward councillor who was never involved in the whole process.

Table 5.3 highlights the respondents’ ratings regarding aspects of social capital in Freedom Square at settling in 1990, 2014, and 2020. The ratings were on a five-point Likert scale, 1 *very bad* and 5 *very good*.

Table 5.3 Changing the experience of social capital

Statement	All respondents			First-generation			Second-generation		
	At time of settlement 1990	2014	2020	At time of settlement 1990	2014	2020	At time of settlement, 1990	2014	2020
The level of goodwill within the community	4.03	3.70	3.40	4.2	3.59	3.36	4.05	4.02	3.46
Relationship between the community and community leadership	3.04	2.63	2.95	3.19	2.68	2.54	2.96	2.69	2.92
Relationship with councillor (since 1995 to 2014)	3.10	2.69	3.03	3.28	2.78	3.05	2.84	2.52	2.98
Level of personal safety you experienced	3.34	3.10	3.41	3.53	3.12	3.43	2.67	3.09	3.38
Relationship with my neighbours	4.39	4.20	3.90	4.38	4.10	3.86	4.49	4.39	3.96

Source: Author (2021).

The high rating level of goodwill at the time of settling and relationship with neighbours is linked to households wanting tenure security when they first settled (Moser and Felton, 2007). They had to stand together to avoid eviction. This rating declined from 3.7 in 2014 to 3.4 in 2020. This finding supports research by Moser and Felton (2007) that informal settlement upgrading programmes reduce community social capital in the long term.

The respondents also rated the relationship between the community and community leaders the highest at the time of settlement. For first-generation households, this refers to the relationship with the Upgrading Community Trust. For second-generation households, this refers to their ward councillor. When they settled, the average rating of 3.04 declined to 2.63 in 2014 and increased to 2.95 in 2020.

The level of personal safety for first-generation households has declined since settling. This could be because there was high community social capital[13] when they first settled, and increased community social capital is associated with improved neighbourhood quality and stability. Contrastingly, the level of personal safety of second-generation households has improved. Second-generation households became more secure from crime. Covid-19 may also have made people more home-bound and increased perceptions of safety.

[13] E.g., People's network to institutions like churches and stokvels.

For both first- and second-generation households, there has been a declining trend in the relationship with neighbours (See table 5.3 above). As stated earlier, when they first settle, households have similar goals of acquiring security of tenure. Still, once this is achieved, the focus shifts to household assets, and as a result, social capital (relationship with neighbours) dwindles (Moser and Felton, 2007).

Furthermore, in 2008, a question about the respondents' intentions to leave Freedom Square revealed that 1.3% of the households in 2008 indicated that they intended to leave. However, this number has increased, with 20.1% in 2014 and 18.8% in 2020, indicating their intention to leave[14]. Increased mobility would mean a change in the occupation of the house in Freedom Square.

5.5 Physical assets

5.5.1 **Number of rooms**

Informal settlement upgrading initiatives assume that housing consolidation will occur once the tenure security and services are in place (Marais and Ntema, 2013). Studies by Keare (1983) and Acoily (1991) have found that site-and-services and upgrading projects lead to housing stability. Contrastingly, Marris (1981) discovered insignificant levels of housing stability in developing countries and attributed this trend to the emigration of residents. Rakodi (1992) attributed insignificant levels of stability in Africa to a need for more suitable building materials. Teedon and Drakakis-Smith (1986) associated the lower levels of housing consolidation with inadequate building codes. Laquian (1983) found that upgrading projects have significant levels of consolidation than greenfield projects (Laquian, 1983). Some studies showed that tenure security underpins housing consolidation (Winayanti and Lang, 2004), while others have criticised it (De Souza, 2001; Handzic, 2010). For example, De Souza (2001) found that individuals invest in their dwelling units regardless of land tenure status. Royston (2006) has questioned whether the property in these low-income neighbourhoods would be used as collateral. Researchers critical of the value of title cited the cost of ownership (Huchzermeyer, 2006) and the risk of losing the title through formalisation (Martin and Mathema, 2006). Payne and Fernandes (2001) argued from evidence in Latin American cities that titles per se are optional for individuals to invest consistently in their informal homes.

[14] Some of the reasons and motivations for this is highlighted in table 5.2.

Residents invest in housing once they feel safe and do not fear eviction (Payne and Fernandes, 2001).

In the case of Freedom Square, the first phase (1990–1992) involved the invasion of the area, while the second phase (1992–1995) saw the provision of ownership (secure tenure), water, and water-borne sanitation and electricity. The third phase (1996–1999) involved households obtaining a consolidation housing subsidy. The consolidation subsidy had to supply each household with a two-room dwelling (starter home) built by a contractor. Figure 5.4 provides an overview of changing dwelling sizes.

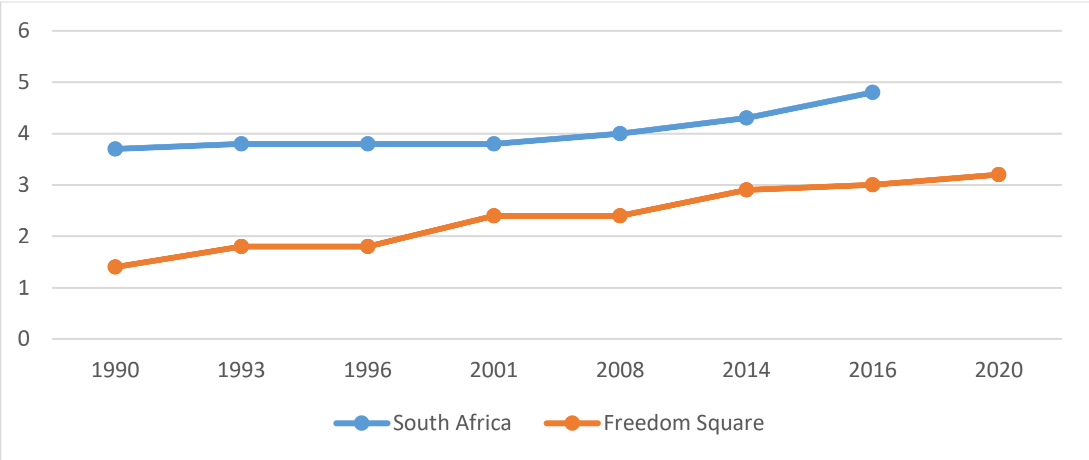

Figure 5.4 *The growth in dwelling size (number of rooms) in Freedom Square and South Africa, 1990–2020.*

Source: Author (2021).

According to Figure 5.4, average dwelling sizes (the number of rooms) in Freedom Square have increased from 1.4 in 1990 to 3.2 in 2020. This trend is like that of South Africa, where rooms per household increased from 3.7 in 1990 to 4.8 in 2016. The survey results highlighted a slow increase in average dwelling sizes for first-generation settlers from 2.5 in 2008 to 3.0 in 2014 and 2020. In contrast, second-generation settlers increased from 2.3 in 2008 and 2.7 in 2014 to 3.3 in 2020. The evidence shows that second-generation households have bigger houses than first-generation households.

5.5.2 **Materials**

There was a substantial improvement in formal building materials. In 1990, only 7% of the houses used formal building materials. By 2020, 100% of the houses were formal (see Figure 5.5).

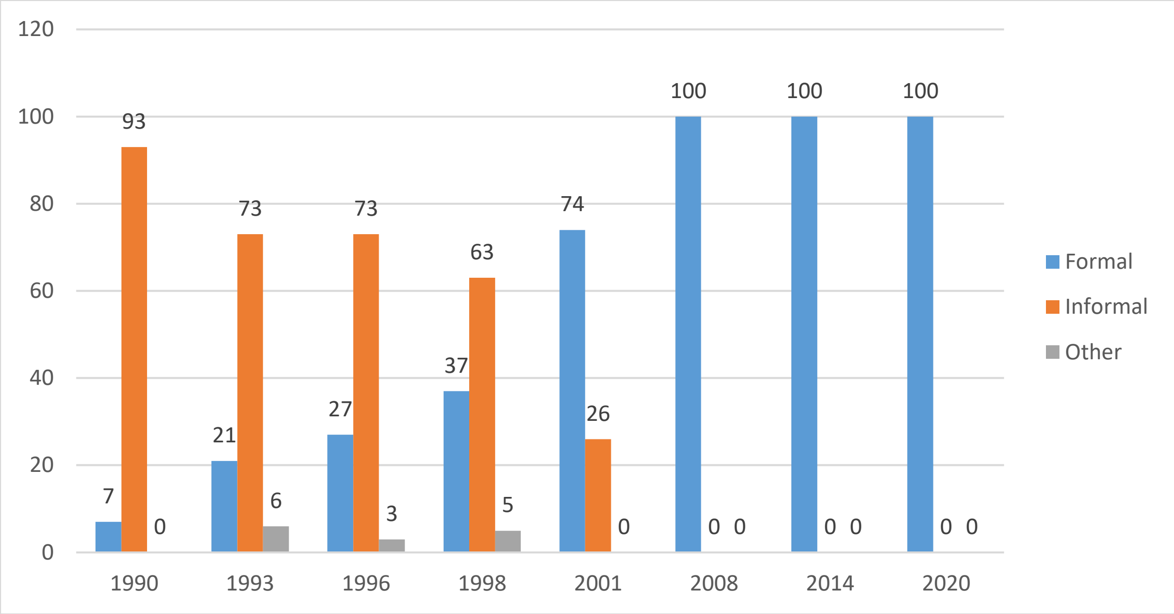

Figure 5.5 The change in building materials, 1990–2020.

Source: Author (2021).

The 2008 survey results showed that 17% of the households that received the two-roomed dwelling expanded their housing units. In 2014, 33.2% of the households interviewed indicated adding extra rooms in the last six years (2009–2014). The percentage for first-generation households was 35.9%, and 29.2% for second-generation households (Figure 5.6). Finally, 7.3% indicated that they extended their homes in 2020 in the last seven years (2014–2020). Only 5.7% were first-generation households for this period, while 11% were second-generation settlers.

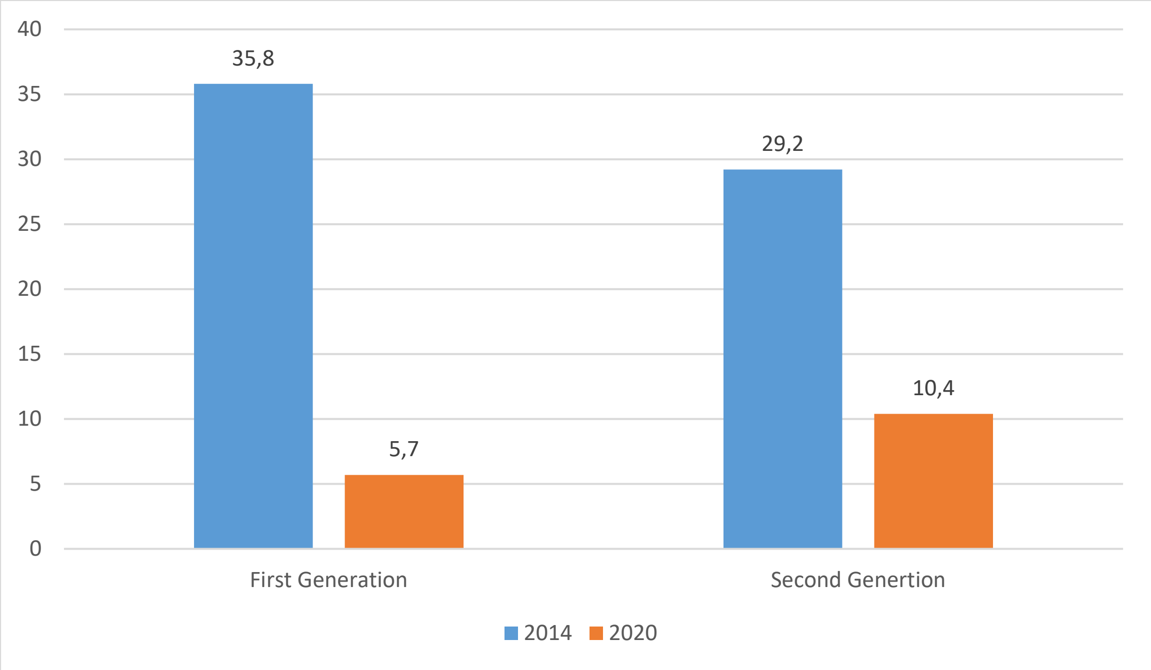

Figure 5.6 Housing extensions by first and second-generation settlers in 2014 and 2020.
Source: Author (2021).

There was also other evidence of housing improvement. By 2020, 21.6% of the households had water (18.8% of first-generation and 26.5% of second-generation households). This percentage was higher than the 5.1% recorded in the 2001 census. Electricity access stood at 97% (2020) compared to 62% in 1996 (97.5% of first-generation households and 96.8% of second-generation households). In 2020, 14% of the households had toilets inside the dwelling, compared to 3.6% in 2008 (10.7% of first-generation households and 20.3% of second-generation households).

In summary, the upgrading of Freedom Square has played a major role in improving the lives of the initial residents (first-generation) in terms of housing quality, services and secured tenure, which contributed to the life progression of second-generation households through inheritance and other means.

5.5.3 **Satisfaction levels**

Figure 5.7 summarises the satisfaction rates with selected housing aspects for 1993, 1998, 2008, 2014, and 2020.

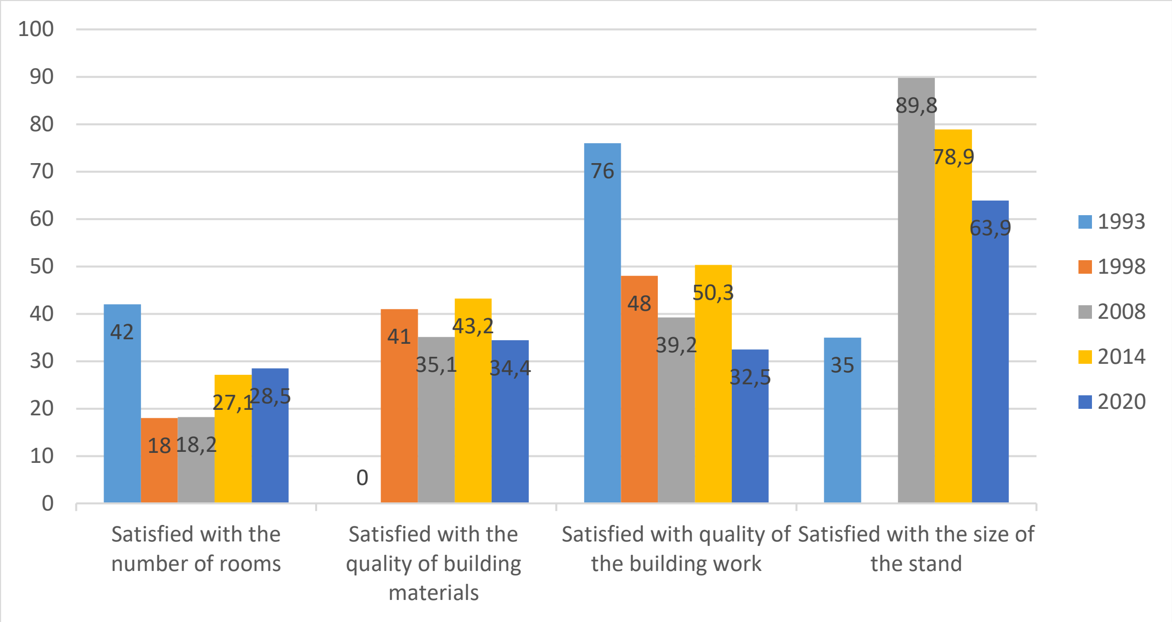

Figure 5.7 *Levels of satisfaction with specific aspects of housing in Freedom Square, 1993–2020.*
Source: Author (2021).

As shown in Figure 5.7, the satisfaction levels with the number of rooms fell after 1993, but since 1998 it has slowly increased again, albeit still lower than the 1993 level. The satisfaction levels for the contractor-built houses in 1998 were lower than those for the self-produced housing in 1993 (mostly informal). This result must be seen against the initial attempts to ensure tenure security. Nobody was willing to acknowledge inferior building materials in the 1990s. It may just have prompted the authorities to evict the people.

The satisfaction levels with the quality of the building materials remained largely similar across the various surveys. However, satisfaction with the quality of the building work has also declined. It again points to the importance of self-built in 1993 and how contractor-built housing created lower satisfaction levels. Yet, there needs to be an indication that self-built efforts increased satisfaction over the last two decades.

The size of the stand was the only factor in which respondent satisfaction ratings were higher in the surveys after 1993. In 1993, there were large levels of dissatisfaction with the sizes. The low satisfaction levels in 1993 resulted from the formalisation processes that reduced the size of stands to facilitate affordable service provision. Surprisingly, this attitude has shifted significantly over the last fifteen years, as seen by the favourable reaction in 2008, 2014, and 2020.

The evidence from the 2020 survey showed that satisfaction scores with selected housing aspects for first-generation settlers were lower than for second-generation settlers. For example, 28.5% of households were satisfied with the number of rooms. The comparative figure was 25.4% for first-generation, and 34.2% for second-generation households. As indicated earlier, second-generation households also had larger houses. Overall, 34.4% of the respondents were satisfied with the quality of building materials (31% first generation and 41% second generation). Moreover, there was higher satisfaction (41%) with the quality of building work for second-generation settlers than the first-generation ones (27%). These differences also applied to the satisfaction levels with the size of the stands. More respondents from second-generation households (70%) were satisfied than first-generation households (59%). Overall, the findings have shown that informal settlement upgrading results in significant levels of housing consolidation, thus forming a basis for the residents to improve and further better their lives. This finding confirms the literature on the roles that upgrading plays in housing consolidation (see Acoily, 1991; Keare, 1983).

5.5.4 **Households assets**

There has been a rise in the relevancy of consumption-based development measures and wealth since the early 1990s (Carter and May, 2001). This section used household and financial assets as an alternative to income. The 2014 and 2020 surveys asked the respondents about current assets and assets as recalled for 2008, and for the year in which they initially settled in Freedom Square. The list included the following household assets: radio, hi-fi/stereo player/MP3 player, sewing/knitting machine, private vehicle, commercial vehicle, motorcycle, bicycle, computer, camera, and mobile phone, including a television and refrigerator in 2020, while it included the following list of access to financial assets: home loan, loan from a bank, loan from microlender, loan from *mashonisa*[15], study loan from a bank, study loan from an institution other than a bank, vehicle finance, credit card, store card (e.g., Edgars, Foschini, and Woolworths), hire purchase agreement, loan from a family member or friend, bank account, pension or retirement annuity, unit trusts, stocks and shares, investment with an insurance company.

[15] According to the Dictionary of South African English, *mashonisa* is urban or township slang that refers to a money lender or a loan shark. The word *mashonisa* means to lose heavily or become bankrupt. https://myloan.co.za/mashonisa-loan-should-you-take-it

The quantity of assets possessed by low-income households is a significant measure for assessing their poverty or wealth. Table 5.4 shows that there has been a substantial decline in the percentage of households with zero assets or only one.

Table 5.4 Household assets at the time of settling in Freedom Square in 2008, 2014, and 2020

No household assets	Date of settling		2008		2014		2020	
	n	%	n	%	n	%	n	%
0	35	20,2	22	12,7	7	4,0	7	3.8
1	76	43,9	39	22,5	30	17,3	3	1.6
2	32	18,5	49	28,3	73	42,2	9	4.8
3	17	9,8	33	19,1	35	20,2	36	19.4
4	8	4,6	18	10,4	14	8,1	45	24.2
5	5	2,9	5	3,5	6	3,5	53	28.5
6+	0	0,0	6	3,5	8	4,6	33	17.7
Total	173	100	173	100	173	100	186	100
Average number of assets		1,43		2,20		2,45		4.2
Average number of assets – first generation		1,24		1,98		2,14		3.99
Average number of assets -– second generation		1,79		2,87		2,98		4.84

Source: Author (2021).

Households with four or more assets increased from the date of settling in (7.6%) to 17.4% in 2008, only to drop to 16.3% in 2014, and rose again to a record high of 70.4% in 2020. Since households settled in Freedom Square, the average household assets have increased from 1.43% at the settling date to 2.20% in 2008, 2.45% in 2014, and 4.2% in 2020. Available data for 2008, 2014, and 2020 highlighted that second-generation settlers are better off than first-generation settlers since they settled.

Moreover, of the households interviewed in 2008, the survey found that only 3.5% were operating a business in their yard (e.g., shebeen 2; creche 2; other 3). This percentage increased in 2014 to 12.2% of households operating a business in their household (e.g., shebeen 6; spaza shop 3; other 14). However, there was a decline in 2020, with only 4.3% of households operating businesses in their households – the low number of households running a business in their yard results from Covid-19.

In summary, there has been an increase in household assets, with little evidence of income increases. For 2020, this could be linked to the effects of Covid-19 that could have left most households without employment, thus reducing income.

5.6 Financial assets

5.6.1 Income

According to Hoek-Smith (1981), many international upgrading projects have struggled to reach poor households. Studies in Latin America have highlighted that most households use their houses as an asset after upgrading. For example, 50% of stands contained renters (Ward et al., 2011). This suggests that most households used their homes as an asset to generate income by renting out space. Although this leads to overcrowding and a need for more privacy, social capital and asset-building advantages exist. For example, households can mobilise resources through reciprocal exchange relationships, household extension, shared living expenses, and child-minding with their kin living on the same stand (Moser, 2009). First-generation households successfully generated assets from their self-help housing efforts, whose property value increased after regularisation (Ward et al., 2011). This was possible through titling that came with upgrading (for full details, see Ward et al., 2011:474).

Table 5.5 highlights the income and employment variables in Freedom Square.

Table 5.5 Freedom Square's income and employment variables, 1990–2020 (Figures adjusted for inflation and presented in 2008 values)

Income and employment variables for Freedom Square, 1990–2020							
Variable	**1990**	**1993**	**1996**	**2001**	**2008**	**2014**	**2020**
Average annual income in Freedom Square (2008 rand values)	27 582	15 515	20 897	23 872	22 248	19 766	8 984
Percentage of households in the lowest quartile income group in Freedom Square			46,2	52,4	49,1		
Percentage of households with no income in Freedom Square			21,2	31,2	9,0	5,0	31,7
Percentage of the workforce aged 15–65 unemployed in Freedom Square		22,3	29,4	35,2	35,8		62,0
Percentage of the black population unemployed in the Free State province			33,7	47,2	40,1	54,3	59,6

Source: Author (2021).

After 1990, the average income fell but remained steady between 1996 and 2008. However, since 2008, the average income has significantly declined from R22 248 to R8 984 in 2020. The decline in 2020 could be linked to the Covid-19 pandemic, where most people lost their jobs, thus meaning a reduced annual income for most households.

Unemployment rose from 22.3% in 1990 to 62% in 2020. This percentage surpasses the unemployment rate of the Free State province, which was 27% in 2008 (Marais and Ntema, 2013). Between 1996 and 2008, the share of households in the lowest income quartile fluctuated from 46% to 53%. However, households with no income fell from over 31% in 2001 to 9% in 2008. This drop results from the implementation of the Child Support Grant, which began in the early 2000s and provides an amount of R460 per child to low-income families. But this has since jumped from 5% in 2014 to 31.7% in 2020. This rise could be linked to the Covid-19 pandemic and the growing percentage of unemployment (62%) in Freedom Square.

Therefore, since the upgrading of Freedom Square, household income and employment have not significantly improved. Over time, households are unlikely to move out of poverty.

5.6.2 **Financial assets**

Table 5.6 summarises households' access to financial assets[16] in Freedom Square.

Table 5.6 Households' access to financial assets at settling in Freedom Square in 2008, 2014, and 2020

Number of financial assets	Date of settling		2008		2014		2020	
	n	%	n	%	n	%	n	%
0	118	68,2	67	38,7	42	24,3	39	21
1	35	20,2	36	20,8	43	24,9	77	41.4
2	8	4,6	30	17,3	32	18,5	36	19.4
3	7	4,0	25	14,5	23	13,3	29	15.6
4	4	2,3	7	4,0	20	11,6	3	1.6
5	1	0,6	5	2,9	9	5,2	1	0.5
6+	0	0,0	3	1,7	4	2,3	1	0.5
Total	173	100	173	100	173	100	186	100
Average number of assets		0,54		1,41		1,90		1.39
Average number of assets – first generation		0,69		1,16		1,62		1.19
Average number of assets – second generation		1,16		1,92		2,36		1.81

Source: Author (2021).

[16] As earlier stated, financial assets in this context includes: home loan, loan from a bank, loan from microlender, loan from mashonisa , study loan from a bank, study loan from an institution other than a bank, vehicle finance, credit card, store card (e.g., Edgars, Foschini, and Woolworths), hire purchase agreement, loan from a family member or friend, bank account, pension or retirement annuity, unit trusts, stocks and shares, investment with an insurance company.

Access to financial assets has risen since the respondents first invaded and constructed a shack on a stand or obtained a house in Freedom Square. Households with no or only one asset decreased from 88.4% of the initial settling to 59.5% in 2008 and 49.2% in 2014, increasing to 62.4% in 2020. Those without any financial assets saw the most significant drop: from 68.2% when they first settled in to 38.7% in 2008, 24.3% in 2014, and 21% in 2020. Households' access to two or three financial assets has steadily increased from 8.6% when they settled in 2008, to 31.8% in 2014, and to 35% in 2020. This results from having an address to use when applying for a job or credit as stated by 65% households surveyed. Furthermore, formalisation also creates stability and a base for households to focus on accumulating more assets without worrying about evictions.

In comparison, households with four or more financial assets increased from settling (2.9%) to 8.6% in 2008 and 19.1% in 2014, dropping to 2.6% (0.3% lower than the settling date). However, although the access to financial assets percentage for first- and second-generation households has increased since settling (0.69% first generation, 1.16% second generation) to 2014 (1.62% first generation, 2.36% second generation), it was not the case in 2020 (1.19% first generation, 1.81% second generation). Furthermore, as in the case of household assets (3.99% first and 4.84% second generation), second-generation households were better off in terms of access to financial assets than first-generation households in Freedom Square. This could be because the upgraded houses thus provided security to the second-generation households since they now had an address to access financial assets, since an address is a prerequisite for accessing financial assets.

5.6.3 **Self-assessment of poverty**

In addition to assessing assets, it is possible to use self-ranking of poverty to understand changes in wealth (Posel, 2014). Respondents had to imagine a six-step ladder where the poorest 1 (bottom step) people in South Africa stand at the bottom (first two steps) and the richest stand on the highest step (third and sixth step) and indicate a step they think they were in at the time of each survey. Table 5.7 provides an overview of these changes for the respondents.

Table 5.7 Freedom Square's perceived wealth ranking when settling in Freedom Square in 2008, 2014, and 2020

Rank on the wealth ladder	Date of settling		2008		2014		2020	
	N	%	N	%	N	%	N	%
1 (lower)	28	16.4	10	5.8	10	5.8	20	10.8
2	35	20.3	40	23.1	40	23.1	33	17.8
3	59	34.3	71	41	67	38.7	92	49.7
4	36	20.9	35	20.2	44	25.4	30	16.2
5	11	6.4	14	8.1	7	4	8	4.3
6 (higher)	3	1.7	2	1.2	5	2.9	2	1.2
Total	172	100	172	100	173	100	185	100
Average rank	2.86		3.03		3.08		2.89	
National average			2.61					
The average for first-generation households	2.83				2.93		2.76	
The average for second-generation households	2.92				3.32		3.13	

Source: Author (2021).

The respondents on the first rung declined since arrival when 16.4% of the respondents viewed themselves on Rung 1. In 2008 and 2015, the percentage was down to 5.8%, increasing in 2020 to 10.8%. A similar pattern is visible if one considers the bottom two rungs. At the time of settlement, 36.7% were on Rungs 1 and 2. Since then, the percentage has remained constant at about 29%.

Considering the ranking on Rungs 5 and 6, the highest percentage was in 2008 when 9.3% of the households ranked themselves on these rungs. This was higher than the 8.1% that rated their wealth on these rungs at settlement, or 5.5% in 2020.

Since settling in Freedom Square there has been a rise in average rank from 2.86 at the time of settlement to 3.03 in 2008 and 3.08 in 2014. However, this has since dropped to 2.89 in 2020. The 2020 figure was only marginally higher than at the time of settlement. Moreover, the 2008 average in Freedom Square was greater than the national average for South Africa (see Posel, 2014). Similarly, averages for the first and second generations showed an upward trend from the settling date, with second-generation households having higher wealth ratings. At the time of settling (2.83 for first generations and 2.92 for second generations); 2014 (2.93 for first generations and 3.32 for second generations). However, this marginally dropped in 2020 (2.76 for first generations and 3.13 for second generations).

5.7 Conclusion

This chapter highlighted the changes in an upgraded settlement over 30 years. Several intriguing findings originated from Freedom Square.

First, considering changing occupation profiles, the study found that there has been a significant intergenerational transfer of households since upgrading, with most households occupied by second-generations staying for free or those who inherited a house. The evidence also pointed to several aspects of these second-generation households being better off than first-generation households. They had larger homes, higher incomes, more assets, and higher wealth rankings. Like Moser and Felton's (2007) findings, second-generation households in informal settlements upgrading projects are better off than first-generation households. It also mirrors the importance of inheritance in Latin American studies and is one of the key mechanisms in the conceptual framework from Rust's introduction to the chapter.

Second, second-generation households include households that have bought their houses. Households did not record these transactions on the deeds register. Yet, these transactions have provided households or families who sold with cash. Although these extra-legal transactions were mostly legitimate regarding property law, the lack of registration at the deeds office could result in conflict. Chapter 7 shall return to this issue using qualitative interviews.

Third, in contrast to Latin American research, Freedom Square has significantly declined people per household since its upgrading. It is also different from research in the 1980s in Africa, where formalisation contributed to an influx of people searching for access to water and services (Morris, 1981). On the one hand, these lower urban densities resulted from urban policies that promote land invasions, the local need for land invasions, and policies that do not manage the urban edge appropriately. On the other hand, the lower densities also inhibited small business development, like renting out a room or starting a home-based enterprise. Both population density and income thresholds were too low.

Fourth, the small number of people who used their homes for income generation is noteworthy. This has raised several questions regarding the value of the houses to people in Freedom Square: What is most important to households? Using their homes as economic assets or personal assets providing comfort and security? Chapter 7 shall also return to this issue using qualitative interviews.

Fifth, poverty reduction and targeting have remained the same. For instance, annual income has declined since upgrading, and unemployment has increased significantly. This is further highlighted by the household's wealth rankings (see Table 5.5), with most households falling in the third rung. The intention to provide poorer households with well-located land, service supply, and various government subsidies to address poverty has not reaped the results because of a poor economy and Covid-19.

Sixth, social capital levels declined in Freedom Square. The respondents' lower ratings regarding aspects of social capital (Table 5.3) highlighted this decline. Similar to Moser and Felton's (2007) findings, community social capital is usually higher during settlement invasion in an informal settlement, but this declines once settlement consolidation occurs.

Seventh, the study found that there has been significant housing consolidation in Freedom Square. The increased number of rooms highlighted this since upgrading (Figure 5.4). Furthermore, this is evidence of secure tenure provided by upgrading. The stability afforded to the households led to them extending their homes, also known as housing consolidation. There had been a rise in dissatisfaction with many aspects of the housing system (materials, quality of building work, and stand size).

Lastly, considering asset accumulation and wealth creation, the evidence in this chapter shows that the upgraded house contributed significantly to their development in Freedom Square. The upgraded house gave the households secure tenure (an address and essential services), leading to a stable environment (see Chapter 7). The stable environment (stability) became the foundation for households to accumulate assets and wealth. For example, there has been a significant rise in household and financial assets among Freedom Square households.

The development of assets in Freedom Square highlighted features of the liberal welfare state. For example, the houses resulted from the capital subsidy, emphasising individual freehold, supporting commodification, and creating stratification. There are indications that this approach has generally reduced poverty, although the disruptive effect of Covid-19 is visible. Therefore, a viable and stable economic climate in the specific country, city, or neighbourhood is paramount for low-income households to build and accumulate assets.

Chapter 6
Housing Extension as Asset Building: Contributing Factors

6.1 Introduction

An asset usually has financial value. Examples include a home that one can loan against, or a car that the owner can trade for money, a savings account, a stock market investment or shares in a company (Miller-Adams, 2004). Furthermore, assets generate flows or consumption and additional stock (Ford Foundation, 2004). Asset accumulation is a development framework in which the government's role is limited, and the process of collecting and accumulating assets is time-consuming and a bottom-up approach by individuals, families and societies (Moser, 2007) (see also Chapter 3). Although a starter home in South Africa is a sizeable investment, households must use it as a foundation to accumulate other assets.

A house, as an asset, has various financial values. For example, homeowners can sell their homes using the proceeds for investments, starting a business, paying for education, or making other investments (Rust, 2008). Second, homeowners may use their homes as collateral to secure a mortgage (Solimano, 2006). As a result, homeowners can obtain funds linked to a home for purchasing another property, improving their property, or investing in other opportunities (Solimano, 2006). Third, the owner can pass a house down as an inheritance. Inheritance can contribute to intergenerational household wealth, as the value of the house may appreciate over time, providing an asset that can generate financial resources (Miller-Adams, 2004) (see Chapter 5). Moser (2007) argued that the first-generation settlers focused on acquiring tenure stability, which provided a foundation for developing more assets over time. This stability enabled them to invest in their households and improve their access to education and other opportunities, which helped their children (second-generation settlers) accumulate more assets and further increase their stability. This intergenerational accumulation of assets can help break the cycle of poverty and adversity. Fourth, owning a home can provide stability and security in living without monthly rental payments, contributing to wealth accumulation over time (Moser, 2007) (see also Chapter 7). Lastly, homeowners can also use their homes as a base for starting a home-based business or renting out a portion of the property for commercial purposes (Moser, 2007). This can generate additional income and potentially create business opportunities, contributing to the financial value of the house (Rust, 2008).

Moser's (2007a) framework makes provision for financial, social, physical, and human assets. She found that factors contributing to households investing in their homes in Indio Guayas in the Ecuador were extensions and consumer durables (physical), remittances and productive durables (financial-productive), education (human capital), and household social capital (social capital).

Yet, the value of an asset depends on its context within a neighbourhood, city, region, or country. The regulations associated with Covid-19 have negatively affected economic stability. This chapter investigates the reasons for housing investments in Freedom Square. More specifically, the chapter asks which factors (or other assets) contributed to building the housing asset or extending it. The findings emphasised the importance of a *supportive local market* and an *appropriate regulatory environment* in asset-building and expansion, aspects Moser assumed when she thought low-income people would accumulate assets over time.

6.2 Financial crisis and Covid-19

This section outlines the broader South African context between 2008 and 2020 (the period covered in this section) and conclude with a brief description of the changing neighbourhood dynamics in Freedom Square.

6.2.1 **Global financial crises and beyond**

Apartheid, racial segregation and high inequality have perpetuated unemployment and poverty. Furthermore, South Africa's slow economic growth since the Global Financial Crisis of 2008 compounds these historical problems. The 2008 global financial crisis originated in the United States, with the subprime mortgage problem resulting in a recession in South Africa (Steytler and Powell, 2010). South Africa also experienced a reduced demand for export commodities like gold, platinum, and chrome (Rena and Msoni, 2014). This harmed the country's trade balance and reduced economic growth (Steytler and Powell, 2010). Admittedly, the global financial crisis only affected the South African banking sector in a limited way. However, it led to a reduction in lending rates because of the tightening of global credit markets. Global financial institutions reduced lending activities and made it harder to access credit (Marais, 2009). This led to reduced investment, lower consumer spending, and decreased economic activity (Rena and Msoni, 2014). Consequently, South Africa went into recession in 2009. There was a rise in unemployment, a decline in job creation and a decline in investments (Marais, 2009). Although growth resumed after the recession, the recovery was fragile and slow (Steytler and Powell, 2010).

South Africa's economy grew rapidly in the years before the global financial crisis. For example, the GDP grew by 5.3% in 2005, 5.6% in 2006 and a slight drop to 5.4% in 2007 (see Figure 6.1). The global financial crisis of 2008 severely affected South Africa's economy, leading to economic contraction and increased unemployment rates. The country's economy grew by 3.19% in 2008 but experienced a negative growth of -1.5% in 2009 (see Figure 6.1). Like the rest of the country, the Free State province experienced a decline in growth rate from 2.6% in 2008 to -2.3% in 2009 (Figure 6.1). The unemployment rate in the province also increased from 24% in 2008 to 26.6% in 2009 (Figure 6.2). Despite economic recovery, there were long-lasting consequences. The unemployment rate increased even further to 28% in 2010, indicating the effects of slow economic growth (Figure 6.2). The global financial crisis led to a contraction in economic output and an increased unemployment rate. These high unemployment rates persisted beyond the recession.

6.2.2 **Covid-19**

South Africa recorded its first official novel coronavirus (SARS-COV-2 or Covid-19) case on 5 March 2020. On 11 March 2023, the World Health Organization declared Covid-19 a pandemic (Center of Excellence in Financial Services, 2022). The South African government announced a countrywide hard lockdown for 21 days on 18 March by enacting the Disaster Management Act and introducing specific regulations (Center of Excellence in Financial Services, 2022). The government extended this by two weeks ending in April 2020 and since 1 May 2020, various alert levels determined the levels of freedom people had.

In mitigating Covid-19, the government implemented a strategy focused on preparation, direct detection, lockdown and enhanced surveillance (De Villiers et al., 2020). They also banned the sale of cigarettes and alcohol (De Villiers et al., 2020). The government increased social grants to assist vulnerable populations (De Villiers et al., 2020) through a new Social Relief of Distress grant of R350 (Mboweni, 2020). South Africa revoked visas, instituted travel bans, and closed 35 of South Africa's 53 land ports. This ban included high-risk countries like Italy, Iran, South Korea, Spain, Germany, the United States, the United Kingdom and China (De Villiers et al., 2020).

However, all these mitigating steps affected the economy. Consequently, South Africa experienced a new recession in September 2020. Furthermore, Moody's Standard and Poor's Global Ratings downgraded South Africa to junk status, and the country's GDP fell to a record five-year low (Stats SA, 2020). The effect of the Covid-19 lockdown measure on public finances was the main reason for these downgrades (Center of Excellence in Financial Services, 2022). The lockdown measures increased the unemployment rate. Many businesses had to shut down or reduce their operations, leading to layoffs and retrenchments. The tourism, hospitality, and informal sectors were particularly hard hit. According to Stats SA (2020), the country's official unemployment rate increased to 34.4% in the fourth quarter of 2020, the highest level in over a decade. The economic growth rate fell from 0.3% in 2019 to -6.3% in 2020 (Figure 6.1). However, despite the negative economic growth rate, there was an unexpected reduction in the unemployment rate from 25.5% in 2019 to 24.3% in 2020 (Figure 6.2). This outcome seems counterintuitive, given the substantial decline in GDP. The decrease in the unemployment rate could be attributed to the national lockdown, which restricted people's ability to actively engage in job search activities. However, like the 2008 global financial crisis, the Covid-19 pandemic had lasting effects beyond 2020, as evidenced by the unemployment rate surging to 28.8% in 2021 and 33.5% in 2022.

The Covid-19 pandemic further affected the economic growth of the Free State province. In 2019, the province experienced a negative growth rate of -0.4%, which declined to -5.2% in 2020, higher than the national growth rate of -6.3% (Figure 6.1). The unemployment rate in the province slightly decreased from 34.7% in 2019 to 33.2% in 2020, like the national rate, which fell from 25.5% to 24.3% in the same period (Figure 6.2). However, Covid-19 effects extended beyond 2020, with unemployment in the Free State province rising to 36.7% in 2021.

In summary, the low economic growth rate has contributed to layoffs, downsizing, business closures, job losses and increased unemployment rates. This trend has disproportionately affected certain demographic groups. For example, the unemployment rate for black people rose from 32.8% in 2020 to 38.2% in 2021, compared to white workers whose unemployment rate increased from 7.7% to 8.68%. Similarly, women have also experienced an increase in unemployment rates, rising from 30.95% to 36.6%, while for males it increased from 27.8% in 2020 to 32.4% in 2021. The rate of unemployed younger people also increased from 59% in

2020 to 65.2% in 2021 and 36.3% in 2020 to 42.9% in 2021 for the age groups 15–24 and 25–34, respectively.

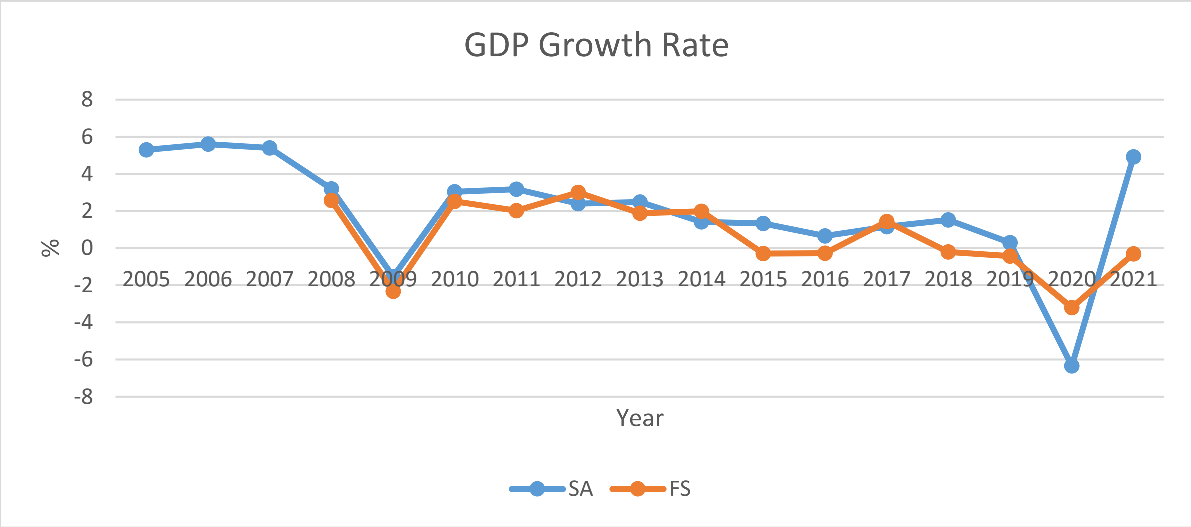

Figure 6.1 *South Africa and Free State's gross domestic product growth rate from 2008 to 2021 in percentages*

Source: Quarterly Labour Force Survey ((World Bank, 2023a)

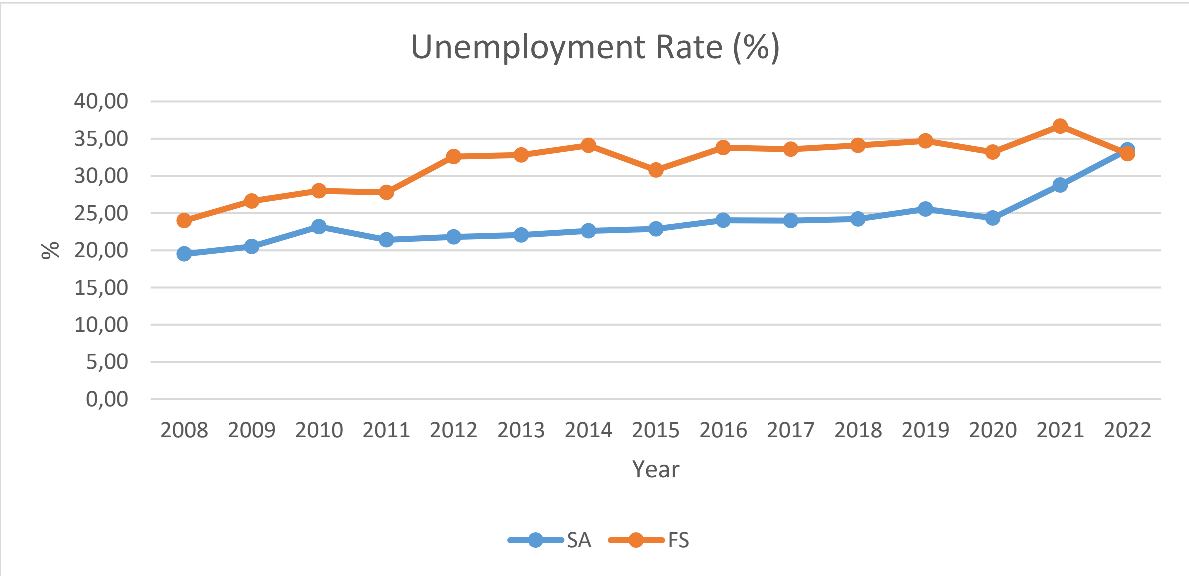

Figure 6.2 *South Africa and Free State unemployment rate from 2008 to 2021 in percentages*

Source: Quarterly Labour Force Survey (World Bank, 2023a)

6.2.3 **Changing trends in Freedom Square since 2008**

Since 2008, Freedom Square has experienced various changing trends across various societal aspects. Four aspects, namely secure tenure, employment, income and infrastructure are discussed in this section.

First, households in Freedom Square have enjoyed the benefits of upgrading. They have stands and title deeds (secure tenure), protecting them against eviction. Moreover, it made it easier for households to pass down their homes to the second generation, who, since 2008, mostly occupied these houses in Freedom Square.

Second, unemployment has been a persistent issue in Freedom Square. The official unemployment rate fluctuated way before 2008, reaching record highs. Since 2008, unemployment in Freedom Square has risen from 35.8% to 62% in 2020. These figures have been perpetuated by the country's and the province's poor job creation and weak economic growth in the face of the global financial crisis and the Covid-19 pandemic.

Third, since 2008, the average annual income in Freedom Square has declined. Households' average annual income was R22 248 during the financial crisis in 2008, declining to R19 766 in 2014, and the latest to R8 984 during the Covid-19 pandemic in 2020. This decline can also be attributed to the rising unemployment rate in Freedom Square since 2008. Thus, most households in Freedom Square are income poor and appear impoverished.

Lastly, since 2008, Freedom Square has seen a significant decline in infrastructure maintenance and provision. Freedom Square is characterised by bad roads that are muddy and full of potholes. Furthermore, the sewerage system is always blocked and flowing down the streets. The drainage systems are blocked, leading to sewage and rainwater filling the roads and the yards of households. Moreover, poor refuse collection services from the local municipality lead to roads and streets being filled with dirt and plastics floating all over the area, making the area unattractive to investors or potential home seekers.

6.3 Methods

Chapter 1 discussed the overall methods referring to the use of secondary data. The discussion of methods in this section only refers to the inferential statistics used in the chapter.

6.3.1 **Motivation for model**

The study used a logistic model to determine which factors contributed to the extension of the original two-room houses, constructed between 1996 and 1998 (see Chapter 1). Table 6.1 provides an overview of these factors in the model and their respective definitions. The capital type and asset index category were categorised according to Moser (2007).

Table 6.1 Factors contributing to households' extension and definitions

Capital type	Asset index category	Variable/Factor	Definition
Financial-productive	Access to credit and savings	Financial assets	Intangible assets that represent ownership or claim to value and have the potential to generate future cash flows or provide a return on investment
	Employment security and income	Employment share	Share of all household members employed or self-employed
		Total household income	The total combined income of all members of the household
	Productive durables	The number of productive durables	These productive durables were used: A refrigerator, a car, a motorcycle, a sewing machine, computers, and cell phones
	Employment security	Share of household working age	Share of household members that are of working age (16 to 65 years)
Social	Household	Share of household married	Share of members in the household that are married or cohabiting
	Household	People per household	Total number of people staying in a household
	Household	Female's share in household	Share of female members in a household
Physical	Housing	Constant (dwelling size = two or less/two or more)	Number of rooms per household
	Consumer durables	The number of consumer durables	These consumer durables were used: television (black and white, colour, or both), radio, washing machine, VCR, DVD player, record player
	Education	Share of people with grade 12 and 18 years old	Share all the members in the household that have passed Grade 12 and are over 18 years old
	Survey year	The year the household survey was conducted (2008 or 2020)	
Human	Settling year	Whether they are first (before '95) or second (after '95) generation settlers (see Chapter 5)	

Source: Author (2023).

6.3.2 **Model**

The model has 13 variables, including the dependent variable. The dependent variable was two bedrooms or more than two bedrooms. The baseline was two rooms as provided by the consolidation subsidy. The independent variables included productive, durable, and financial assets; year of survey; percentage of household members that are of working age; percentage of females in households; percentage of people with Grade 12 and over the age of 18 in households; percentage of household members married or cohabiting; total household income; the number of people per household; settling generations (first or second generation); percentage of household members employed (see Table 6.3).

Table 6.2 shows the descriptive statistics for variables that formed the basis for the model. The following summary provides a brief explanation of these results. In terms of financial-productive capital, there was a decline in households' average financial assets from 3.6 in 2008 to 1.4 in 2020. Furthermore, there was a decline in the average ownership number of productive durables by households. It declined from an average of 13.92 in 2008 to 8.72 in 2020. Moreover, there was a decline in the percentage of household members employed, namely 79% in 2008 to 13% in 2020. However, the households' total income slightly increased on average, from R1 859.51 in 2008 to R2 217.1 in 2020. Also, the percentage of working age slightly increased from 67% in 2008 to 73% in 2020.

Regarding the social capital type, there was a slight decline in the percentage of household members married or cohabiting, from 29% in 2008 to 25.4% in 2020. Similarly, the average number of people per household also slightly declined, from 3.91 in 2008 to 3.04 in 2020. At the same time, the percentage of female household members remained slightly the same (50%).

Regarding the physical capital type, there was an increase in the average number of rooms per households, from 2.42 in 2008 to 3.11 in 2020, while the number of consumer durables owned per household decreased from an average of 11.15 in 2008 to an average of 10.55 in 2020.

Regarding human capital type, there was a significant increase in the percentage of household members with Grade 12, from 7.7% in 2008 to 26.62% in 2020.

I selected these 12 independent variables for the following reasons regarding their potential to influence households to invest in their homes:

1. **Financial assets**: Households' access to financial assets like credit, savings, and investments provided them with the vital funds required to invest in their homes. As such, the more financial assets households have, the higher the likelihood of those households investing in their homes.
2. **Total household income**: Generally, a combined higher household income translates to more significant financial resources available for households to invest. Therefore, higher-income households may have more disposable income for home improvement than low-income households.
3. **Number of productive durables**: Households having a higher proportion of productive durables like cars, sewing machines, fridges, and motorcycles, have a higher chance of increasing the household's income, as these assets can generate additional revenue for households. Therefore, the additional revenue can go to home improvements or investments.
4. **Percentage of household members' working age**: The percentage of working-age individuals in households highlights the household's earning potential. Therefore, households with a higher proportion of working-age individuals may be more likely to invest in their homes due to the possibility of higher income. However, this depends on whether they are employed or not.
5. **Percentage of household members married or cohabiting**: Couples are generally at an advantage regarding income. They usually boost combined income and shared financial responsibilities compared to single people. Therefore, households with a higher proportion of married or cohabiting couples may be more likely to invest in their homes than their single counterparts boosting a single income.
6. **People per household**: The number of people per household plays a role in housing investment. Households with a higher number of people may need more space to accommodate every member of the household, as such prompting the need for upgrading or investing in a larger property.
7. **Percentage of female members in a household**: Investments in housing may be influenced by the share of females in households. For instance, households with a higher proportion of females may prioritise housing investment to improve living conditions or meet targeted needs, namely safety and convenience.

8. **Percentage of household members employed**: The proportion of household members employed generally highlights a household's income stability and financial capacity. Therefore, households with more employed members may be more likely to invest in their homes as they boost stable incomes, than those with fewer employed members.

9. **Number of consumer durables**: When a household has more durables, it may suggest that it is more likely to invest in its homes to improve its living standards. Moser (2007a) considered households owning assets as wealthy.

10. **Percentage of household members with Grade 12 and over 18 years of age**: Possessing a Grade 12 level of education can influence households income potential and financial stability. Higher levels of education are usually associated with better-paying jobs and higher incomes. Therefore, households with a higher proportion of educated members are more likely to have more disposable income to invest in their homes.

11. **Survey year**: The annual data collected through the surveys can also highlight the factors and patterns that may have influenced households to invest or not to invest in their homes. For instance, the poor economic conditions in 2008 due to the financial crisis and in 2020 due to the Covid-19 pandemic, have affected households incomes through slow economic growth, rising unemployment, and lack of job opportunities. Ultimately, this could dampen households' efforts to invest in their homes.

12. **Settling generation**: Whether a household is a first- or second-generational settler can influence how households invest in their homes. For instance, when first-generation settlers first settled in Freedom Square, they focused on acquiring tenure security (title deeds). During second-generation settlers, the focus was on improving the existing house. Thus, the focus of the two groups influenced the choices for investing in the house.

Table 6.2 Descriptive statistics for model variables 2008 and 2020

2008		Sample size (N)	Average %
Gender	Female	200	50
	Male	200	50
Marital status	Married/cohabiting	199	29
	Single	199	71
Schooling	No schooling	200	18.8
	Primary	200	35.5
	Secondary	200	33
	Grade 12	200	7.7
	Post Grade 12	200	5
Labour market	Employed	199	79
	Unemployed	199	11
	Financial assets	172	3.62
	Total household income	199	1 859.51
	Number of productive durables	172	13.92
	Household members working age	199	0.67
	Household size	199	3.91
	Number of consumer durables	172	11.15
	Number of rooms per household	199	2.42
	Settling generation (first or second generation)	198	0.25
2020		**Sample size (N)**	**Average %**
Gender	Female	185	54
	Male	185	46
Marital status	Married/cohabiting	186	25.38
	Single	186	74.6
Schooling	No schooling	186	10.49
	Primary	186	34.32
	Secondary	186	26.57
	Grade 12	186	26.62
	Post Grade 12	186	2
Labour market	Employed	186	18.88
	Unemployed	186	81.12
	Financial assets	186	1.4
	Total household income	186	2 217.1
	Number of productive durables	184	8.72
	Household members working age	186	0.73
	Household size	186	3.04
	Number of consumer durables	184	10.55
	Number of rooms per household	184	3.11
	Settling generation (first or second generation)	186	0.34

Source: Author (2023).

Table 6.3 Logistic regression model predicting a household to have two or more rooms for 2008 and 2020 (Combined 2008–2020)

***Variable* (s)**	**2008**		**2020**		**Merged (2008/2020)**	
	P-value	**Coefficient Exp (B)**	**P-value**	**Coefficient Exp (B)**	**P-value**	**Coefficient Exp (B)**
Survey Year					0.000	1.194
Percentage of households Working Age	0.547	0.995	0.620	1.003	0.219	0.549
Percentage of Females in households	0.969	1.000	0.973	-0.021	0.911	1.050
Percentage of household members who have passed Grade 12 and over the age of 18	0.016	1.029	0.381	0.995	0.083	1.018
Percentage of household members Married or Co-habiting	0.060	1.015	0.349	.995	0.034	1.016
Number of Productive durables per household	0.793	0.996	0.512	0.905	0.918	0.999
Number of Consumer durables per household	0.389	1.008	0.978	1.002	0.537	1.005
Number of Financial assets per household	0.086	1.155	0.040	1.301	0.010	1.176
Households Income Total	0.614	1.000	0.664	1.000	0.729	1.000
Household Size	0.356	1.130	0.124	1.170	0.058	1.152
Settling generation (first or second)	0.135	0.372	0.821	0.922	0.269	0.736
Percentage of household Members Employed	0.171	1.014	0.026	1.013	0.865	1.078
Constant	0.009	0.026	0.591	0.470	0.000	0.000
Observations	171		181		367	
R-squared (Nagelkerke R^2)	0.194		0.122		0.168	

Note: The dependent variable was a dummy variable of two or fewer rooms or two or more rooms.

Source: Author (2023).

6.3.2.1 Model explanatory power

6.3.2.1.1 Classification table

The classification table indicates how well the model can predict the correct category once the predictors are added. A binary classification test requires assessment according to its sensitivity and specificity (Habib et al., 2015). Based on the classification in Table 6.4, the specificity for this model is 95.5%.[17] The sensitivity for this model is 21.4%.[18] Overall, the accuracy of the model was very good at 72.5%.[19] Therefore, this accuracy was good since the model exhibited good specificity among those households that will have two or fewer over two or more rooms. Stated differently, the model correctly predicted 13.6% of households to have two or more rooms.[20]

Table 6.4 Classification table

Observed			Predicted		
			Dwelling size		Percentage
			Two or less	Two or more	Correct
Step 1	Dwelling size	Two or less	252	12	95,5
		Two or more	89	14	13,6
Overall percentage					72,5

a. The cut value is ,500

6.3.2.1.2 Model summary

The model summary provides tools to explain the variation in the dependent variable that the model explains. The model summary highlighted that 16.8% (Nagelkerke R^2) of the change in the dependent variable could be accounted for by the predictor variables in the model (Table 6.5).[21] This highlights that the model has weaker explanatory power in predicting the number of rooms. However, this shows that there were more factors (83.2% to be exact) in reality that predicted the number of rooms not accounted for by the factors included in this model. Overall, the model correctly predicted 72.5% that households would have two or fewer, 2^{ith} two or more rooms in Freedom Square.

17 Specificity measures the proportion of negatives correctly identified, for example, percentage of households who have been identified to having two or fewer rooms.
18 Sensitivity measures were used to determine the percentage of actual positives classified as such, for example, percentage of households who have been identified to having two or more rooms.
19 Prediction accuracy is defined as the proportion of correct predictions over all predictions.
20 Original two-room unit constructed using the consolidation subsidy between 1996 and 1998.
21 The Nagelkerke R Square in this case indicates that a weaker relationship existed between the predictors and the outcome.

Table 6.5 Model summary

Model Summary			
Step	–2 Log likelihood	Cox and Snell R Square	Nagelkerke R Square
1	390.178[a]	0.117	0.168
a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.			

6.4 Results and discussions

Table 6.3 contains results from three logistic regressions using 2008, 2020, and a combination of 2008/2020 data, respectively. The 2008 and 2020 models were compared with the combined model (2008/2020) to see which variables were consistent over time, with three variables significantly impacting the model outcome (Grade 12 and over the age of 18, married or cohabiting percentage and financial assets). The 2020 model also had only two variables (household size and employment percentage) significantly affecting the model outcome. Hence, the combined model with data from 2008 and 2020 were used for discussing both the statistical significance factors and those that were not (Table 6.3).

6.4.1 **Financial-productive**

Han and Sherraden (2009) argued that asset policies should focus on inclusion for households to build assets and allow low-income households to access asset accumulation structures (i.e., banks). Investing in financial assets can help households save and expand their money over time (Qiao and Cai, 2023). Households can maintain or enhance their buying power by investing in assets likely to yield higher-than-inflation returns, like stocks, bonds, or real estate (Brown and Taylor, 2008). Moreover, dividend-paying equities, rental properties, and bonds can all provide a consistent income stream. In addition to supplementing a household's return from employment, this income can support a household's financial stability and goals (El-Attar and Poschke, 2011).

Households with individuals with more financial assets (financial – productive – capital type) were more likely to have a larger house than those with individuals with fewer financial assets ($p < 0.01$). The model showed that a 1-unit change in financial assets is associated with an increase in the odds of a household having more than two bedrooms by 18%, compared to households without financial assets (Table 6.3). The upgraded houses in Freedom Square provided households with secure tenure (stability) through an address (Moser, 2007) (see also Chapter 7). This created a foundation for households to access financial services, as such financial institutions often regard a physical address as a prerequisite. Households' financial assets in Freedom Square included loans from family or friends, or *mashonisa* loans, credit cards, store cards, hire purchase agreements, and bank accounts. Yet, none of the households had access to a mortgage.

In 2008, 91.5% of the households with two or fewer rooms had access to financial assets, compared to 8.5% who had no access. At the same time, a majority of 93,3% of households with access to financial assets had two or more rooms, compared to 6.7% of those without access to financial assets. However, these figures declined in the 2020 survey. For example, households with two or fewer rooms and access to financial assets dropped to 69.3% compared to 30.7% for those without access to financial assets in the same-sized houses. Similarly, households with two or more rooms and having access to financial assets dropped to 81.4%, compared to 18.6% of households without access to the same-sized homes (see also Chapter 5, Table 5.6).

As stated earlier, Covid-19 affected the decline in households' access to financial assets in 2020. For example, Freedom Square experienced a significant decrease in average annual income, from R19 766.00 in 2014 to R8 984.00 in 2020. Moreover, the percentage of households in Freedom Square without an income increased from 5% to 31.7% in the same period. Also, the percentage of the unemployed workforce aged 15–65 increased from 35,8% in 2008 to 62% in 2020 (see Chapter 5, Table 5.5).

Similarly, there was an increase in the percentage of the black population unemployed in the Free State province from 40.1% in 2008 to 59.6% in 2020. This resulted in a decrease in households who had access to financial assets. Despite the decline in 2020, households with access to financial assets play a significant role in households having two or more rooms.

The results are noteworthy for two reasons. First, the financial assets exclude mortgages and the formal mechanisms outlined in the introduction to this section. Thus, access to financial assets is often through more informal lending practices or the fact that one gets credit from, for example, a furniture shop, which means that cash flow is available to invest in their homes. Second, access to these assets should also be understood regarding address, marriage, and educational levels.

The percentage of household members employed ($p = 0.865$), total household income ($p = 0.729$), productive durables ($p = 0.918$) and percentage of the working age ($p = 0.219$) of household members does not significantly contribute to the model outcome. This highlighted that there are no relationship between households investing in their homes and the four variables mentioned. Although employment and income matter in investments in housing, their impact is weak. The finding does not confirm Moser's findings. Moser (2007) failed to factor in issues like how stable and viable the area's economy should be and whether a country's fiscal policies are sustainable and achievable for low-income households to accumulate assets. Hence, these four variables were not significant due to South Africa's poor economic conditions over the years of the study (2008 to 2020), a result of the global financial crisis and, recently, the Covid-19 pandemic.

6.4.2 **Social**

Households with a percentage of married or cohabiting couples (social capital type) are significantly more likely to have two or more rooms ($p < 0.03$) than households where single people reside. Based on the results from the model, a one percentage point change in the percentage of married or cohabiting couples is associated with an increase of 2% in the odds of having more than two bedrooms (Table 6.3). Households composed of cohabiting or married couples experienced advantages over single-headed households. According to Ribar (2004), on average, married couples tend to have higher wages, greater wealth, and better living standards than single adults. Moreover, because married couples boost dual incomes, they bolster their overall creditworthiness when applying jointly for credit if they both have good credit scores and stable incomes.

In Freedom Square, during the 2008 survey, a majority of 69.5% of households with two rooms or less comprised of single people. Only 30.5% comprised of married or cohabiting couples. In contrast, a majority of 57.1% of households with two or more rooms had married or cohabiting couples. Only 42.9% comprised of single people. Since then, the occupational profile of Freedom Square households had significantly changed (see Chapter 5, Table 5.1). For instance, in 2020, these numbers dropped. For example, only 24.6% of households with two or fewer rooms composed of married or cohabiting couples. At the same time, the number of married or cohabiting couples in households with two or more rooms decreased to 28.6% in 2020.

Despite this decline, households consisting of married or cohabiting couples still had an advantage over single adults in terms of access to resources. Joint income and skills can strengthen a couple's financial foundation and provide them more opportunities. They may achieve greater success and personal fulfilment by assembling their resources and leveraging their collective skills. It should also be noted that households composed of married or cohabiting couples may have a higher demand for more space due to the high number of household members, leading to such households having larger houses compared to single-headed households where the demand for space is less.

Another significant social asset was the number of people per household. The evidence showed that the higher the number of people in a household, the higher the demand for space, and the more likely the household would have a larger house. The model results indicated that a 1-unit change in the number of people per household increased the odds of households having more than two bedrooms by 15%, compared to households with fewer people (Table 6.3). During the 2008 survey, a majority of 90.2% of households with two or fewer rooms had two or more people. Only 9.8% of households with one person had two or fewer rooms. Significantly, 100% of households with two or more rooms had two people or more occupying it. However, during the 2020 survey, there had been a decline in the number of people per household. For example, 75% of households with two or fewer rooms had two or more people, while only 25% consisted of one person. In contrast, households with two or more rooms with two or more people decreased to 86%, while those with one person decreased to 14%. This decline could be attributed to the children moving out of their family homes as young adults.

Therefore, these results should be understood in this context, the higher the number of people per household, the more demand for space to accommodate the growing number of household members. As such, the more need for space, the more household members are compelled to combine their resources to ensure that they address this demand for extending their home by more rooms to accommodate every household member. In contrast, households consisting of one or fewer members tend to have less demand for space, resulting in households not investing in their households by adding extensions.

One social capital example that did not significantly impact the model was the percentage of females per household ($p = 0.911$). The model results showed no relationship between households investing in their homes and the female share.

6.4.3 **Physical**

One example of physical capital that could have contributed more to households investing in their homes was consumer durables. The model results highlighted no relationship between the number of consumer durables ($p = 0.537$) the households owned and households' investment in the homes. This differed from Moser's (2007) theory in that the households in her study began to accumulate consumer durables once they had secured tenure, a form or sign of wealth, as only wealthy families had assets. In Freedom Square, almost every household had these assets; however, not an indicator of wealth. Still, the model results showed that it does not significantly contribute to households investing in their homes.

6.4.4 **Human**

Moser (2007) highlighted that human educational capital acts as a transitional asset rather than an end that helps households climb out of poverty. Moser (2007) also emphasised the relationship between certain living conditions and human capital development as she believed that certain living conditions help to improve human capital and education. Households with a higher percentage of individuals (18 years or older) who have completed Grade 12 (human capital type) were significantly more likely to have two or more rooms than those households without Grade 12 education. The results showed that passing Grade 12 and being over 18 significantly contributed to the model ($p < 0.083$). Furthermore, a one percentage point change in the percentage of household members who have passed Grade 12 and are over the age of 18 is associated with an increase of 2% in the odds of having more than two bedrooms.

Education gives individuals the knowledge, skills, and qualifications that improve their earning potential and helps them secure better-paying jobs (Al-Shuaibi, 2014). As a result, individuals can expand their homes and enhance their economic stability (Moser, 2007; Sherraden, 2008). Moreover, the more educated people are, the more likely they are to find employment, stay employed, learn new skills on the job, and earn more throughout their careers (OECD, 2022).

The 2008 survey revealed that households composed of members with a share of 17.1% with a Grade 12 level of education and over the age of 18 had two or fewer rooms. In comparison, households with a share of 82.9% of members without a Grade 12 level of education had two or fewer rooms. In contrast, the share of household members with two or more rooms with less than a Grade 12 level of education was 65.7%, compared to a share of 34.3% household members with a Grade 12 level of education. However, in 2020, the share of household members with two or fewer rooms with a Grade 12 level of education increased to 43.9%, compared to of households with a share of 56.1% household members with less than a Grade 12 level of education. In comparison, a share of 47.1% of household members with two or more rooms with a Grade 12 level of education also increased, while households with a share of household members with less than a Grade 12 level of education decreased to 52.9%.

These changes to the educational profile result from the fact that upgrading gave stability to the household, which allowed households to start investing in education (see Chapter 3) and that the education provided better-paying jobs. Thus, the result extended Moser's (2007a) argument from focusing on how stability increases education to how education links to financial assets.

6.4.5 **2008/2020 survey year**

The year in which the survey took place, significantly ($p < 0.05$) contributed to houses having two or more two rooms.

Griffith-Charles (2004) stated that higher tenure stability stimulates investments, improves production and enhances financing. At the same time, Moser (2007) emphasised that secure tenure and stability enable asset accumulation. Both authors assumed that if tenure security exists, households will upgrade their homes. As noted, the year of the survey showed that it contributed significantly to the model (i.e., households having two or more rooms). This means there was a substantial improvement in expanded homes since 2008 to 2020. The stability of secure tenure and time have both contributed to this outcome.

Although the global financial crises also affected South Africa, the 2008 survey followed a period of high economic growth in South Africa. Yet, as noted earlier, economic growth since 2008 has been slow, starting with the global financial crises. The slow growth affected the economic and social conditions of South Africa. Lockdown measures under the Covid-19 regulations further increased economic hardships. For example, households experienced increased unemployment (4.5% in 2008 to 74.6% in 2020), income levels declined, inflation skyrocketed, and poverty levels increased (see Chapter 5, Table 5.5).

Despite the economic hardship, houses were on average bigger in 2020[22] than in 2008. This supports Moser's (2007) theory on stability, but also adds to the importance of time in the

[22] The average number of rooms in 2020 was 3.2 compared to 2.4 in 2008.

process. The initial two-room houses with secure tenure became the foundation for households to expand their housing assets. For example, the 2020 results showed that 7.5% of households still managed to extend their homes in 2020 during the Covid-19 crisis (see Chapter 5). The model results highlighted that whether a household comprises first-generation or second-generation settlers had no significant impact on the model outcome; this contrasted with the principle of time (year in the model).

6.5 Conclusion

This chapter highlighted the factors contributing to a household's larger house in Freedom Square (see Table 6.3). This conclusion highlights eight main findings:

First, the Covid-19 pandemic significantly affected households' asset-building efforts. For example, the negative economic growth rate (-0.4% in 2019 to -05.2% in 2020) resulted in a decline in annual income and a significant increase in the unemployment rate in Freedom Square (see Chapter 5). This saw the decline in households' access to financial assets that play a role in households having a large or smaller house (see also Chapter 5, Figure 5.1). However, despite this decrease in household assets, households were, on average, still bigger in 2020 compared to 2008 (see Chapter 5), indicating the significance of housing consolidation accompanying informal settlement upgrading. Thus, emphasising Moser's (2007) theory on household stability, providing a foundation for households to build and accumulate assets (see Chapter 3).

Second, the results of the logistic regression model revealed five significant key predictors contributing to households having two or fewer or two or more rooms in Freedom Square. For instance, these predictors and dependent variables had a positive relationship:

- Financial assets ($p < 0.010$).
- The share of households who were married or cohabiting ($p < 0.034$).
- Household size ($p < 0.058$).
- Level of education ($p < 0.083$).
- The year of the survey (2008/2020) ($p < 0.05$).

However, predictor variables like the total household income ($p = 0.729$), the share of members employed in a household ($p = 0.865$), and productive durable assets ($p = 0.918$), all had no significant impact on the outcome variable. According to Moser's (2007a) theory, these variables are crucial in households building or accumulating assets. However, no similar results could be found. This highlights that a stable economic environment is essential for households to build assets. One possibility is that the negative economic conditions during Covid-19 in 2020 affected households' financial status, and as a result, the three predictor variables were insignificant. Therefore, only five predictor variables contributed to a household having a larger or smaller house in Freedom Square.

Third, having access to financial assets contributed to households having larger houses. For example, in both the 2008 and 2020 surveys, the majority of 93.3% and 81.4%, respectively, of households with two or more rooms had access to financial assets, compared to 6.7% and 18.6%, respectively, of those without access to financial assets having the same-sized houses. Significantly, households' access to financial assets excluded mortgages; most households accessed financial assets through informal lending practices or store credit (i.e., a furniture shop), resulting in households using the cash flow to extend their households. The results suggested that information flows in accessing financial assets are important, and a relationship exists between these informal ways of accessing a housing extension.

Fourth, the results showed that households comprising the share of married or cohabiting couples had larger houses than single couples. The advantages of married or cohabiting couples over single adults, include collaborative skills, income, and qualifications. Therefore, they can combine their income to extend their households, compared to a single person with a single income. Because income can fluctuate due to job losses and unplanned crises like the global financial crisis and Covid-19, households with a single income would need help to extend their homes, compared to households with two incomes. However, it is also important to note that households composed of married or cohabiting couples would likely have larger houses due to the demand for space to accommodate all household members. In contrast, single-headed households do not experience such demands, resulting in households not extending their houses.

Fifth, households composed of two or more people had larger houses than households with only one person. Similar to married or cohabiting households, households composed of two or more people can combine their financial and social resources, which provides a stable environment that propels households to extend their households, compared to single-person households. Likewise, households with more than two people tend to have more demand for space (more rooms), leading to them investing in housing extensions compared to households with two or fewer members.

Sixth, in 2008, 82.9% of households with two or fewer rooms and 65.7% of households with two or more rooms had never passed Grade 12. However, these statistics declined in 2020, highlighting that the stability provided by upgrading allowed households to focus on improving their educational levels (see Chapter 3). This also confirms Moser's (2007) theory that once households have secured tenure (stability), they focus on their children's human development (education) (see also Chapter 7). However, asset accumulation requires more than education. Still, it is a transitional asset that helps households acquire skills, knowledge, and qualifications to secure a better-paying job with a higher income (see Figure 6.3).

Seventh, the year the surveys were a significant factor in households having a larger or smaller house. Despite both years being characterised by negative economic growth due to the global financial crisis in 2008 and Covid-19 in 2020, households had larger houses in 2020 compared to 2008. This emphasised the stability provided by the initial two-roomed houses, allowing households in 2020 to extend their homes, although facing difficult economic conditions.

Lastly, several intriguing factors are visible from this study in Freedom Square and Moser's (2007) study in Indio Guayas in the Ecuador (Table 6.6). Regarding factors that differed in both studies, Indio Guayas had five factors contributing to larger households than Freedom Square (with three). Regarding financial productivity, Freedom Square had only financial assets as a factor that contributed to households having larger houses. In contrast, Indio Guayas had employment security, productive, durable, and transfer-rental incomes, contributing to households in Indio Guayas having larger houses.

There was also a difference in one social capital type that contributed to households having larger or smaller houses. For Freedom Square, this was the number of people per household. In contrast, in Indio Guayas, this was community participation.

The year the survey was conducted in Freedom Square, contributed to households having larger houses. In Indio Guayas, this was achieved over time.

There were three similar factors between the Indio Guayas and Freedom Square studies. This included social, human, and physical capital types. In both studies, these factors contributed to a household's larger house.

Table 6.6 Factors in Freedom Square that differed from and confirmed Moser's study in Indio Guayas

<table>
<tr><th>Indio Guayas (Moser, 2007)</th><th>Freedom Square (This study)</th></tr>
<tr><th colspan="2">Factors not in both studies (Factors differing)</th></tr>
<tr><td>Financial-productive – Employment security</td><td rowspan="4">Financial productive – Financial assets</td></tr>
<tr><td>Financial-productive – Productive durables</td></tr>
<tr><td>Financial-productive –Transfer-rental incomes</td></tr>
<tr><td>Physical – Consumer durables</td></tr>
<tr><td rowspan="2">Social – Community participation</td><td>Social – Household size</td></tr>
<tr><td>Survey year</td></tr>
<tr><th colspan="2">Factors found in both studies (Factors confirming)</th></tr>
<tr><td>Social – Jointly headed households</td><td>Social – Share of households married or cohabiting</td></tr>
<tr><td>Human – Education</td><td>Human – Share of households with Grade 12 and over 18</td></tr>
<tr><td>Physical – Housing</td><td>Physical – The initial house provided by the subsidy</td></tr>
</table>

Source: Author (2023).

All capital types must work together for poor households to escape poverty. Thus, households with a single capital type will need help to escape poverty. Hence, the more assets a household has, the less vulnerable and insecure the household becomes in the face of risks, insecurity, and violence (Moser, 1998). Therefore, economic factors (financial assets, income, and employment security) alone cannot lead to a household having a larger house. For instance, the relationship between economic factors (financial assets) and social factors (share of married or cohabiting and household size) is significant in that those households consisting of married or cohabiting couples, or more than two people can combine their financial assets and income as a means to cope with shocks. Moreover, they can use these combined resources to improve their household.

While the relationship between human factors (education) and social factors (share of married or cohabiting couples and household size) means that households composed of married or cohabiting couples, or more than two people can use their combined educational qualifications and skills to land better-paying jobs with a higher income (financial factor). Over time, they begin to use their income to improve the house, contributing to the household having a larger house.

The relationship between human factors (education) and economic factors (financial assets) means that a household can use its financial assets to acquire additional qualifications and skills through training or short courses. The skills and additional qualifications mean the household enhances its chances of getting employed and use the salary to improve and extend their houses.

Chapter 7
Households' Views and Perceptions Towards Asset Accumulation and Poverty Alleviation in Freedom Square

7.1 Introduction

Chapter 2 linked welfare regimes and asset-building. Asset building is associated with liberal welfare regimes. Moser (2006) highlighted that owning a house through informal settlement upgrading provides stability and contributes to accumulating assets (see Chapter 3). In Chapter 4, the focus shifted to understanding the asset-building intention of housing and informal settlement upgrading policies in South Africa. Chapter 5 used descriptive statistics to explain the nature and scale of asset-building. It investigated the linkages between asset accumulation and poverty alleviation in long-term poverty and socio-economic trends. Chapter 6 discussed how poor households in upgraded settlements move in and out of poverty. Most of the asset-building research is based on using inferential statistics. Despite the value of using these statistics, it tends to hide how low-income households understand assets.

This chapter investigates the meaning of a house and home to occupants, and the role of assets in alleviating poverty in Freedom Square. This chapter uses qualitative interviews with a number of purposively selected respondents. The chapter analyses the importance of the house and the role of assets in informal settlement upgrading. The methods involved 42 respondents, as explained in Chapter 1.

The chapter starts by analysing how the respondents reflected on the importance of their house. Their responses are closely related to the elements of a home. In turn, these elements of home provided the basis for stability, which is a foundation for asset-building. The remainder of the chapter assesses the value of different services accompanying the upgrading. These qualitative understandings are central to understanding the role of different aspects of informal settlement upgrading.

7.2 Housing and home

7.2.1 Conceptual ideas

Often a house is only seen as a physical structure. But once occupied by a family, it becomes a home. This relationship between a house and those who inhabit it underlies the concept of home. The concept of home has psychological, temporal, economic, affective, and behavioural links. According to Dovey (1985:33), even though a house is an object, part of the environment, "home is best conceived as a kind of relationship between people and their environment" and "it is an emotionally based and meaningful relationship between dwellers and their dwellings". Clapham (2005) also argued that the value of a home is in people's relationships. The concept of home reinforces the relationship between people and their home and the relationships among sharing the home. However, home can have a negative connotation and understanding, for example, in cases of domestic violence (Goldsack, 1999).

Home is often associated with the concept of ontological security. Bilton et al. (1998:665) defined it as "a stable mental state derived from a sense of continuity and order in events". A stable mental state and a sense of security and order in events contribute to stability, a key concept associated with asset-building. However, research has also pointed to the well-being benefits associated with ontological security (Hiscock et al., 2001).

Table 7.1 highlights different meanings of home, as identified by Després (1991), Gurney (1996) and Somerville (1997). These categories relate to the home's ontological security[23] in the notions of control, relaxation, permanence, continuity, and security. The relationship between these categories in each column in Table 7.1 is critical. The concepts should be understood holistically. The question is whether it also applies to the Global South as well. In addition, there seems to be ample scope for the evolution of Gurney's categories and those of others.

Moreover, the concept of home is also critical to health and well-being. For example, Hiscock et al. (2001) connected mental and physical health outcomes to "a secure foundation". A home is a basis for asset accumulation and further fosters the household's ontological security.

[23] A sense of stability that emerges in response to "the need to experience oneself as a whole, continuous person in time—as being rather than constantly changing—in order to realize a sense of agency" (Jennifer Mitzen, 2006:342).

Table 7.1. Discourses of home or general meanings of home.

<table>
<tr><th>Després (1991)</th><th>Gurney (1996)</th><th>Somerville (1997)</th><th>Words used by Gurney's respondents</th></tr>
<tr><td>Relationships with family and friends</td><td>Emotions</td><td>Centre of family life</td><td>Family, relatives, marriage, relationships, children, security (psychological), where the heart is</td></tr>
<tr><td rowspan="2">Refuge from the outside world</td><td>Back region</td><td rowspan="2">Place of retreat
Place of privacy
Support for work and leisure</td><td>Return to, come back to, private, privacy, refuge, alone, peace, peaceful, quiet, haven, solitude, be on your own, be yourself</td></tr>
<tr><td>Negative/ instrumental</td><td>Roof over your head, milestone debt, worry, just a place to eat and sleep, my real home is my parents' home, I can't relax here, makes no difference if you own the house, housework, hard work</td></tr>
<tr><td rowspan="3">Security and control</td><td>Relaxation</td><td rowspan="3">Safety and relaxation</td><td>Relax, relaxation, unwind, take things easy, rest put your feet up</td></tr>
<tr><td>Comfort</td><td>Comfort, comfortable, easy, warm</td></tr>
<tr><td>Safety</td><td>Feel safe, safety, security (physical)</td></tr>
<tr><td>Indicator of personal status, place to own, permanence and security</td><td>Ownership</td><td rowspan="6">Continuity and permanence
Financial asset</td><td>Pride, achievement, investment for our future and our children's future, worked hard for it, it belongs to me/us, feel differently about it if you own, security (financial)</td></tr>
<tr><td>Acting upon and modifying one's dwelling</td><td>Personalisation</td><td>A place to design, your tastes, belongings, furniture</td></tr>
<tr><td rowspan="3">Centre for activity</td><td>Front region</td><td>Invite people in, entertain neighbours, community</td></tr>
<tr><td>What you make of it</td><td>Home is what you make (of) it</td></tr>
<tr><td>Other</td><td>Words that did not fall into discourses above, like security (ambiguous), everything, critical, garden, a base</td></tr>
<tr><td>Reflection on one's ideas and values</td><td></td><td></td></tr>
</table>

Source: Adapted from Després (1991), Gurney (1996) and Somerville (1997).

7.3 The importance of a house in Freedom Square

This section describes and analyses the households' responses on the importance of a house in Freedom Square. The home's value in the different respondent's categories ranged from being a home (living rent-free), a shelter, providing refuge, freedom and privacy, a business place/investment, and providing stability (Figure 7.1).

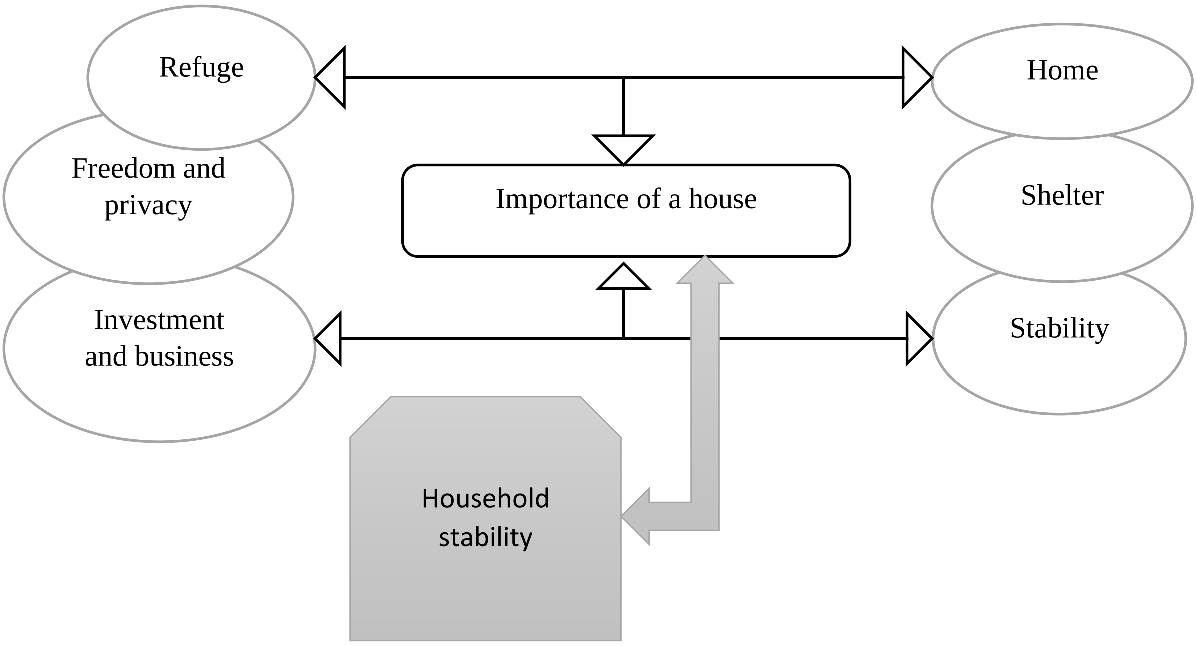

Figure 7.1 Summary of respondents' views of the meaning of a house and implications on asset-building in Freedom Square.

Source: Author (2023).

7.3.1 **Home (living rent-free)**

The respondents emphasised that owning a house reduced the stress of paying rent, as many were backyard dwellers before settling in Freedom Square, and that owning a house helps provide a home. There was a common reference to being happy for moving *away from renting, not paying rent*, and having *your place*. The money they use to pay rent can improve other aspects of their lives. One respondent summarised this thinking as follows:

> *It is important because you do not pay rent. You have your place. When you pay rent, it is like moving backwards. You cannot reach the things you want to reach. 15:33 ¶ 454 – 456 in Household 3** Original.*

The quote above signifies the importance of homeownership to secure tenure. Renting a house is referred to as moving backwards and preventing progress, unable to reach the things you want to reach. To a large degree, this confirms the South African policy intent (see Chapter 5). Not paying rent means households have money to expand household assets, namely *"things you want to reach"*. Households that previously spent most of their incomes on rent can now accumulate other assets that will contribute to the alleviation of poverty (Moser, 2006). There were no responses associated with paying services that accompany homeownership.

However, not all rental housing should be seen as *"moving backwards"*. For example, one respondent who rented a house in Freedom Square said that the house provided shelter and a sense of belonging, despite renting. The respondent said:

> *It's obvious, it's a roof over my head. It is something that I needed. I needed a home, a place to call home. You see a place that I can afford. It is important because it is a home, and I can afford it. 1:12 ¶ 163 – 165 in Household 3** Renting.*

The above quote points to two important considerations: rental housing can perform the role of a home and emphasises the importance of affordable rental housing. The word *afford* is used twice in the quote to emphasise its importance. The link between *home* and *affordability* shows the interrelationship between the two concepts. The respondent was happy that renting a house, although not hers, gave her a sense of belonging, a space where she could develop further (see also Dani and Moser, 2008).

In contrast, there were also more critical responses about renting. The respondents felt no or little attachment without ownership. For example, one household member said: *"Eish, I can't tell you. It's not important because it's not mine."* 2:7 ¶ 183 in Household 3** Renting. Although they had a place to stay close to their workplace, they did not see the value of this house.

7.3.2 **Shelter**

Some respondents also viewed their house as protection against the elements or shelter, some of whom used to live in informal houses before upgrading. For example, two respondents said:

> *The first one I would say is shelter. And ... Usually, on rainy days. During windy days. Such things. It shelters us. It is my shelter. It shelters me. 5:22 ¶ 299 in Household 9* Bought.*

> *It is very important because of my children. If we did not have a house, where would we shelter ourselves? Where would we sleep? 12:10 ¶ 140 in Household 9* Inheritance.*

Several elements of shelter come to the fore from these quotes. There is a reference to being sheltered from the elements like rain or wind. Since many households previously resided in informal housing, the emphasis on shelter is important. Second, the importance is stressed when both these respondent used the word *shelter* as a verb. By using it as a verb, the respondents emphasised the functional role of the house. Using the word as a verb also contrasts with homelessness. Unlike being homeless, owning or renting a house provides the foundation to fight against the elements. Third, the functional role is not only for the respondents themselves but for "my children" and "us". The reference to "because of my children" signifies the role of a house in sheltering children, thus supporting their development from childhood to adulthood and the intergenerational role of housing assets (Moser and Felton, 2007).

7.3.3 **Place of refuge**

Moreover, owning a house meant having a place of refuge. Most of the respondents, before moving to Freedom Square, might have experienced evictions where they previously stayed. There was a reference to being happy to *"come back home"*. For example, one respondent said:

> *Having a house is very important because if you move out of town for work purposes, you face problems and can come back home. 17:10 ¶ 110 in Household 7* Original.*

The quote shows that if one loses their job without having a place of their own, they can always go back to their parent's house, and they would be welcomed. The house becomes a refuge for them and a support base that helps them cope with life's difficulties. The ontological security provided by the concept *home* is key. Furthermore, the house is a temporary refuge for the homeless. Once they have found their feet, they can then move on. As such, the house then creates a foundation for the development of personal well-being, which plays a role in the accumulation of assets that a household could use to help alleviate poverty (Moser and Felton, 2007).

7.3.4 **Freedom and privacy**

The respondents also said that the house provided a sense of belonging, a place where they could stay safe, and a place to be free to do as they please. The respondents referred to being free, *"can have privacy"* and a place where you *"know where to run to"*. The following quotes summarise these views:

> *The importance of the house is for us to live properly. For us to have a bedroom. For us to have a kitchen. For us to have everything. So that things will be okay. For us to sleep nicely, you see. So that everyone can have privacy, you see. Yes. A house is important in many ways. (19:9 ¶ 118 in Household 9* Original).*

Having a house is very important because you face problems and can come back home if you move out of town for work purposes. You will be roaming around if you don't have a house and don't know where to run to. 17:10 ¶ 110 in Household 7 Original.*

*It is important because I am free and I live good. Even when the children visit, at least they can be free. That is the importance of it. I am not compressed. 16:6 ¶ 94 in Household 3** Original.*

These quotes signify that a house offers households privacy against the outside world. One can engage in certain activities because of privacy. The reference to having a bedroom emphasises the importance of privacy. It also assumes adequate assets to make this a bedroom. This feeling of belonging contributes to improved self-esteem and well-being that could enable labour-market participation (Moser, 2006). The second quote also reflects the feeling of belonging as it prevents *"roaming around"*. The respondent did not add that roaming is often used for animals and that a house provides human dignity. The reference to being *free* in the third quote highlights that homeownership offers households the freedom to use their households as they please.

7.3.5 **Investment and business value**

Some respondents valued a house as a form of investment that could be left for their children. Others saw it as a place where they could run a business to augment their income to support their family. The respondents summarised this way of articulating the value of the house:

Everyone wants to have their own place. I am making a future for my children. I am doing it for myself. Yes. So that I also have a place that I can call my own. Even when my corpse is taken out, I should know where it will be taken out. 8:9 ¶ 84 in Household 6 Bought.*

*It is important because if you have kids, you know that when you pass away, they have a home. 10:23 ¶ 268 – 269 in Household 2** Inheritance.*

*As you have a house, as I said, I am not working, but I have many things. I sell things to see that we survive with the children I stay with. It does not show any male in this house because I can see life. I push life. 3:18 ¶ 174 – 177 in Household 3** Bought.*

The first quote points to the importance of ownership. Homeownership allows for intergenerational transfer of the house once the parents pass on. This ensures that children who inherit the house spend less effort on finding a place and more accessing education (human capital), leading to employment (Moser and Felton, 2007). Moreover, the house further provides a sense of worth and success. This feeling of worth and success is associated with improved self-esteem and well-being (Sherraden, 1991; Sherraden and Page-Adams, 1995), which could enable labour-market participation for both parents and children.

Furthermore, ownership from the inheritance of the house may encourage the children in long-term planning by reducing risky behaviour (Ford Foundation, 2004), which ultimately leads to the development of assets available to address household poverty. This may also have psychological benefits for the children as it creates a sense of safety, control and freedom (Dietz and Haurin, 2003).

The second quote signifies that a house becomes an asset that households can pass on to their children. Yet the quote emphasises the importance of providing a *home* for the children. This home provision differs from the intergenerational transfer or investment approach above. As a home for the children, the house fosters child-rearing, nurturing the children from infancy to adulthood and promoting and supporting a child's physical, emotional, social, and intellectual development.

The house could be used for business purposes, like a spaza shop, and the money can then be used to better the household, that is, human or physical capital (Ford Foundation, 2004). The third quote provides evidence in this respect. This finding relates to literature where households use their houses as collateral for a loan, build extra rooms for rentals or use the loan to buy stock for selling (Moser, 2006), thus creating additional income to support the household.

7.3.6 **Stability**

Households viewed the house as a form of stability. This has become the norm for most households in Freedom Square that initially had no house before upgrading or inheritance. For example, two respondents said:

> *Yeah, this house is important to me because I did everything here. I grew up here, got married, and my kids grew up here. I started school while staying here. This house has always carried me. 11:11 ¶ 164 – 166 in Household 3** Inheritance.*

> *The importance is that you get to have where you stay, which would be your place because people who do not have houses live on the streets and struggle. You have to have your own house and not struggle. 9:10 ¶ 111 – 113 in Household 8* Inheritance.*

The house created a platform for the family to nurture their children from infancy to adulthood and to promote and support a child's physical, emotional, social, and intellectual development, linked to the presence of ontological security. This leads to children acquiring skills when seeking a job that will contribute to accumulating household assets that lead to poverty alleviation. Such a stable environment forms the foundation for families to find work, engage in self-employment, or improve their level of education, each having the possibility of contributing to the development and accumulation of more assets to sustain a household in a time of distress (Moser and Felton, 2007).

The second quote further highlights the importance of having a house as a form of stability. The lack of homeownership is associated with struggling. This house provided a stable environment where the household had access to security, comfort, and essential amenities that created a foundation for a family to develop assets that can then be used to address poverty over time (Moser, 2006).

7.3.7 **Synthesis**

In summary, of the twelve (12) aspects that Gurney (1996) used to describe the meaning of a home, the upgrading in Freedom Square only managed to tick five of the aspects that Gurney used. Although that was the case, upgrading Freedom Square informal settlement played a significant role in providing low-income households with a home. The upgraded house ensured that respondents moved away from renting, although, to some, renting was the only way to have a home. This provided shelter for poor households who could move away from staying in shacks. Moreover, it afforded poor households a place of refuge, freedom, and privacy. For others, it allowed them to invest and run businesses. Overall, the provision of all the elements provided by the upgraded houses provided the ultimate component of stability. Providing stability (ontological security) through having their house, allowed households to accumulate human and financial assets that they could then use to address poverty.

7.4 Importance of an address

In a second question, respondents had to say how having a street address provided by the upgraded house was valuable to them.

An address in Freedom Square meant different things to different people. For example, the value of having an address was for showing the household number, location, and for delivery of goods; a prerequisite when opening an account at a bank or a store and applying for loans and cell phone or laptop contracts, opening a file at hospitals or clinics, which is also vital when applying for municipal services (Figure 7.2).

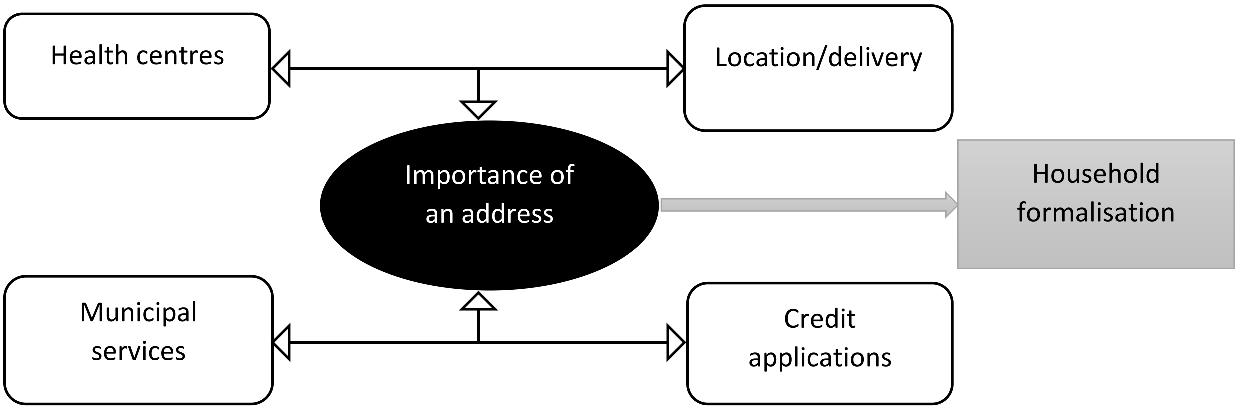

Figure 7.2 *Respondents' views of the value of an address and implications on asset-building in Freedom Square.*

Source: Author (2023).

7.4.1 **Location and delivery**

The respondents emphasised that having an address ensured that they receive their letters and that goods are delivered directly to their doorstep. It also provided an accurate location for people to find them. There was a reference to being happy with an address for *delivery*, which "*shows that you stay there*". The following quotes summarise these ideas:

> *It is important because some of my stuff needs to be sent through the post office and because these days we shop online, I need whatever I have bought to be delivered close, so that's why an address is important to me. 1:22 ¶ 318 – 320 in Household 3** Renting.*

> *The importance of an address is that you have where you stay. It shows that you stay there at that specific number and that you will be found there if you are needed. 3:26 ¶ 248 – 249 in Household 3** Bought.*

These quotes highlight that an address is essential for the household to receive goods. An address is important for both renters and owners. Moreover, when buying goods online, an address is required to deliver those goods successfully, and buying online has also become more prominent during Covid-19. The address allows households to purchase goods online that they can sell or use for their development.

An address further makes it easier for the household to be located. An address indicates the formalisation of the household, which usually comes with stability; thus, forming the foundation for households to accumulate assets for addressing poverty (Moser and Felton, 2007).

7.4.2 **Credit applications**

The respondents highlighted that having an address allowed them to access financial assets as most previously had no access to assets as they did not have a formal address. There was a reference to being happy with having an address to *"open an account"*. The respondents summarised this way of articulating the value of an address:

> *Having an address helps a lot because currently, many things … when you want to open a bank account, they want your address. If you want to fix your driver's license, they want your address. Even with the phones, they want your address. They want your proof of address when you buy a starter pack. 17:19 ¶ 170 in Household 7* Original.*
>
> *It is important that when we open clothing accounts, buy cars, or buy things online, they will need it for the courier. 7:23 ¶ 296 – 297 in Household 3** Bought.*

An address to these households allowed them to apply for bank accounts, vehicle sales, clothing accounts, and cell phone contracts. This is significant because a bank account allows for savings or credit applications. The household can use these savings or credits in distress (Sherraden, 2001). Furthermore, the vehicle can then be used as a form of a productive durable as in the case of self-employment, or where the households could use it to transport school children or sell goods (Moser and Felton, 2007). The clothing accounts and cell phone contracts will help households build a healthy credit score. The credit score will thus assist the households in qualifying for better loans or housing finance, which can also be used to develop assets and household stability.

7.4.3 **Access to education and health centres**

Households also indicated that having an address allowed them to access education and health services centres. The respondents summarised this way of articulating the value of an address by stating that clinics and schools *"require an address"*. 15:32 ¶ 445 – 446 in Household 3** Original.

One respondent said:

> *An address is important because … when you go to clinics, they also require it. Many places you go to require an address to help you. 10:22 ¶ 258 – 260 in Household 2** Inheritance.*

An address is required for children to be admitted to school. As such, an address fosters the development of children through access to education. While in terms of accessing health centres, the address ensures that one has access to the care they need. This contributes to a household’s well-being and good health, resulting in better labour-= market participation (Marais et al., 2018).

7.4.4 **Access to municipal services**

Households highlighted that having an address was advantageous for receiving services from the municipality. Before upgrading, they were not part of the municipal planning system. For example, one household said:

> *That is why I became a resident here. It is so that the municipality knows where I’m staying. 14:21 ¶ 536 in Household 2** Original.*

This means that having an address led to the formalisation of the household’s relationship with the municipality. The formalisation implies that the household can now access municipal services like electricity, water and refuse collection. These basic services from the municipality improve the household’s well-being and good health associated with better labour market participation (Marais et al., 2018).

In summary, an address to all the subgroups of respondents meant access to health services and human and financial assets. Moreover, it allowed them access to basic services from the municipality. It resulted in the formalisation of the area, which meant stability. As highlighted in the literature (see Moser, 2006), this form of stability forms the basic foundation for low-income households to build and accumulate assets.

7.5 Importance of a title deed

In a third question, respondents had to indicate how a title deed (security of tenure or tenure security) provided through upgrading their house, was valuable to them. A title deed is a legal document that confirms or proves one’s ownership of a property after it has been transferred to one’s name containing details of the property like the full name of the owner(s), date of purchase, and size (SA DHS, 2017).

The respondents (17) from the subgroups “original, bought or inheritance” in Freedom Square valued a title deed (tenure security) as a document providing evidence that they had ownership of the house they occupied. There was a common reference to being happy with a title deed as it *“shows that is your place”*, it *“shows the house belongs to me”*, and prevents people to *“come and take the house away”*. The respondents summarised this way of articulating the value of a title deed (security of tenure or tenure security):

That's important because how will you know that the house belongs to you if you do not have a Title Deed ... You have a sense of belonging. You know it belongs to you ... It shows that something is yours. That's the importance of having a Title Deed. No one can come tomorrow and say no, it is not yours. Because you have rights over it. A Title Deed gives you the right to know something belongs to you, right? It is your property. Right? That's the importance of having a Title Deed. 8:14 ¶ 127 in Household 6 Bought.*

*The importance of having it, it is important so that no one comes and takes my children out of their home or try to do something that is not right at this stand the title deed will stand for you, it will stand for you on everything that might happen to your place and at your place. 16:23 ¶ 275 in Household 3** Original.*

Several elements of a title deed (tenure security) came to the fore from these quotes. There is a reference to knowing that the house belongs to you (homeownership or tenure security). This form of tenure triggers housing consolidation (Winayanti and Lang, 2004). Second, the value is further highlighted by the reference *"sense of belonging"*. Having a title deed (tenure security) fosters life satisfaction, happiness, and mental and physical health that could enable labour market participation (Moser, 2006). Third, the reference *"so that no one comes and takes my children out of their home"* implies that a title deed (tenure security) protects the current and future generations against evictions and other illegal removals, that is, ownership confers security of tenure to households. The tenure security that comes with a title deed is further signified by the respondents' emphasising the words *"stand for you"*. Without a title deed, eviction is more likely, according to the respondents.

Fourth, another important aspect of having a title deed (tenure security) is that it legally protects the interest of the household's dependents if the owner dies without having a will (intestate succession or inheritance).[24] For example, one respondent said:

A Title Deed is very important because when ... your mother or father dies, no outsider can come and claim. This is because, on the Title Deed, the children appear after the parents. They have rights over the house. That's if all the children have not passed away. The siblings of the mother and father can sit down and discuss. Then decide as to what will happen. We take the Title Deed and go to the municipal offices. Then go and ask for help about what we will do with the present situation. People at the offices can advise what people should do when confronted with such issues. 17:17 ¶ 152 in Household 7 Original.*

To some degree, a title deed (tenure security) acts as a will, offering protection for spouses, children, and parents against the estate's inheritance by the wrong people. The deed ensures

[24] If you die without leaving a valid will, your estate passes under the Intestate Succession Act 81 of 1987. This means that your estate will be divided between your surviving spouse, children, parents or siblings according to a fixed scheme.

that once an owner dies intestate, the closest people (spouse, children, parents, or siblings) are next in line for the inheritance; in most cases, resulting in intergenerational asset transfer.

Fifth, not having a title deed (tenure security) means that there may be chaos and unrest as family members fight over the estate. Such chaos and turmoil may result in fragile household social capital (Moser and Felton, 2007) and may dent the asset-building efforts of the household. For example, two respondents who inherited a house said:

> *A title deed is important because it breaks many things. Families fight because of these houses, so a title deed gives direction. There are killings within families because of properties. If a person wants to give someone something, there should be a way of stating that. 11:15 ¶ 204 – 207 in Household 3** Inheritance.*

These quotes imply that a title deed (tenure security) ensures harmony among families as no one would try and claim what does not belong to them. Moreover, it will ensure that the dependents of the owner are well looked after. This will eventually improve household social capital, fostering human capital and asset accumulation.

Lastly, a title deed (tenure security) was available in 17 of the households in the study in Freedom Square; the other two were renters. However, only nine respondents had their names on the title deed. It was not in their names for the other eight respondents. The common reason for not changing them was that the process was too expensive. For example, one respondent said:

> *Eh, they wanted a lot of money for me to change the title deed, and the piece jobs I have can only provide for food in the house, electricity, and food for the kids when they go to school. 15:10 ¶ 134 – 136 in Household 3** Original.*

While for others, the reasons were the debts they inherited when they bought the house from the previous owner. For example, one respondent said:

> *It is still giving me problems because I have to pay for water little by little because the previous owners did not pay. The only thing that changed is the electricity box. 3:23 ¶ 227 – 228 in Household 3** Bought.*

A title deed to the respondents in Freedom Square meant tenure security, and protection against evictions, illegal dispossession or relocations. Moreover, it also fostered inheritance by acting as a form of a will when the owner dies intestate. As such, a title deed is paramount for asset-building. It provides stability for respondents to use as a foundation for accumulating human, social, and financial assets, which low-income households could use in addressing poverty.

7.6 Importance of household water provision

The fourth question asked respondents what the value of the provision of water was to their households. Respondents in Freedom Square valued water provision for drinking, cooking, washing and bathing, and irrigation (Figure 7.3).

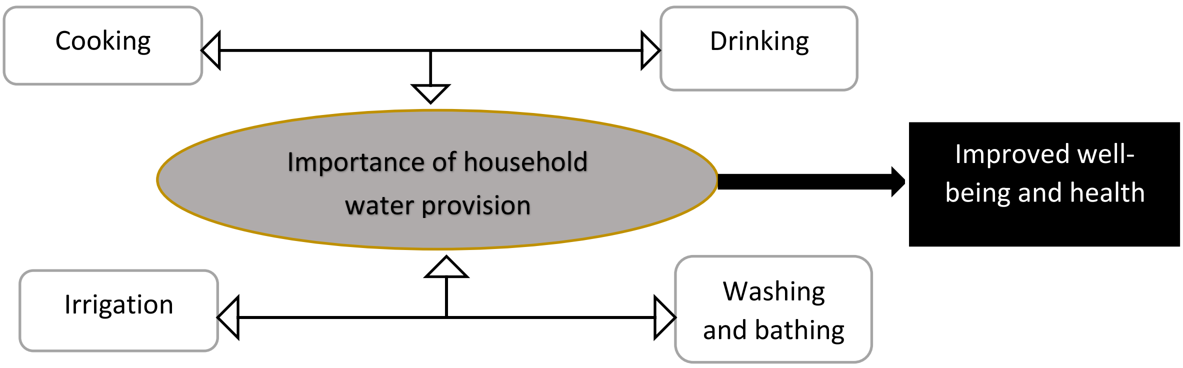

Figure 7.3 *Summary of the respondent's views on the value of water provision in Freedom Square.* Source: Author (2023).

There was a common reference to being happy with the provision of water to drink, cook, and bath. The respondents summarised this way of articulating the value of water provision:

> *We use water for drinking. If you don't drink water, you won't live. We can cook and wash. You cannot stay and not wash your body. 3:20 ¶ 197 – 198 in Household 3** Bought.*

> *The importance of water is huge because if we do not have water, we cannot live. We drink, cook, bathe, and do our laundry with water, so if we do not have it, we will not be able to do those things. 10:20 ¶ 206 – 208 in Household 2** Inheritance.*

Several aspects of the value of water provision come to the fore from these quotes. The references *"[i]f you don't drink water, you won't live"* and *"if we do not have water, we cannot live"* signify the value of water as a drinking source. Water nourishes one's body, increases energy levels, improves mood and clearer thinking. Moreover, brain function, endurance, concentration, and physical performance leads to improved well-being and good health and is associated with better labour-market participation (Marais et al., 2018).

Second, households uses water for cooking. Similar to drinking, using water for cooking nourishes one's body. The cooked food helps the body with nutrients, which provides the body with energy for activity, growth, and all bodily functions like breathing, digesting food and keeping warm, materials for growth and repair of the body and keeping the immune system healthy. This also leads to improved well-being and good health associated with better labour market participation (Marais et al., 2018).

Third, the provision of water helps the respondents and their households bathe and do laundry. The reference *"you cannot stay and not wash your body"* highlights this value. Moreover, another respondent in support said, *"Water must always be available … We use it for… bathing to stay beautiful – as you can see, I'm beautiful."* 6:8 ¶ 136 in Household 9* Bought. When one has water, one can practice better health and hygiene, improving well-being and good health associated with better labour market participation (Moser, 2006).

Lastly, in addition to cooking, drinking, and bathing, s respondent added irrigation as another essence of water provision:

> *The importance of water is … to be able to garden just like we love a garden. 4:20 ¶ 189 in Household 2** Bought.*

Water helps producing food products that households can use to sustain themselves. This food production will contribute to the improved health and well-being of the households; thus, enabling them to participate in the labour force more effectively (Marais et al., 2018).

In summary, respondents from all the subgroups agreed that water provision had value for cooking, drinking, washing, and gardening. All these elements have the significant potential to improve the well-being and health of the households, which is associated with better labour force participation. Significantly, the provision of water can then be viewed as an asset-building block.

7.7 Importance of household electricity provision

The fifth question asked respondents what the value of the provision of electricity was to their households. The respondents in Freedom Square valued electricity provision as necessary for lighting, heating, refrigeration, and operating appliances like a television, radio, cell phones, and computers (Figure 7.4).

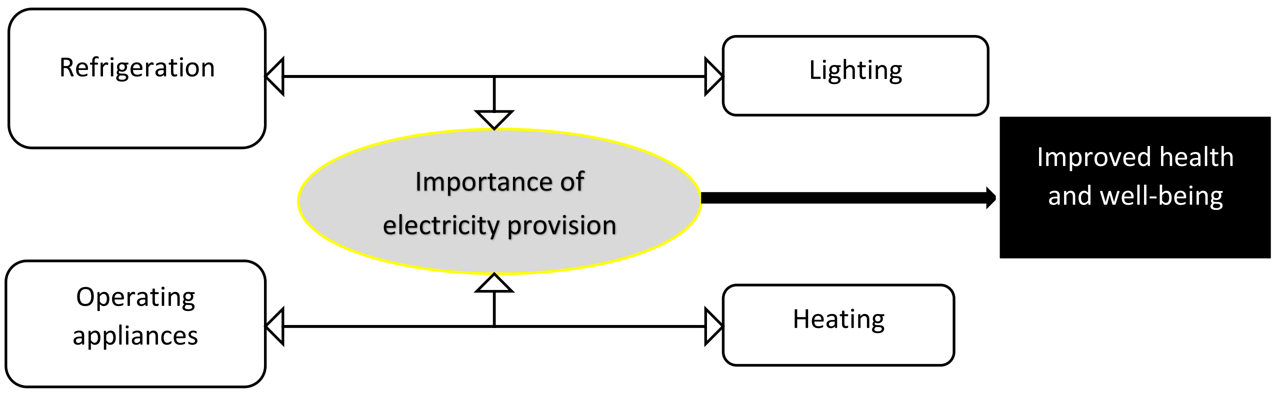

Figure 7.4 Summary of the respondent's views on the value of electricity provision in Freedom Square. Source: Author (2023).

7.7.1 **Lighting**

The respondents highlighted that the provision of electricity allowed them to light their houses and the streets, most of whom, before upgrading, used candles for light in their shacks. The following respondents articulated this value of electricity in this way:

> *It helps us in many ways because when … the children have homework, they don't sit with a candle because candles also have disadvantages. The light from candles is not the same as the light we get from electricity. 17:12 ¶ 122 in Household ID 7* Original.*
>
> *[E]lectricity lights for us in the streets and the house. 19:11 ¶ 130 in Household 9* Original.*

Several elements of electricity emerge from these citations. Electricity is advantageous because children can complete their schoolwork without any interruptions. Moreover, candles are unsafe because children doing their homework may burn each other with the candle. This further signifies the role of electricity (lighting) in children's development through education, as highlighted by the noun *homework*. This development contributes to one of the asset-building elements namely human capital (Moser, 2006). Second, electricity is used to light the streets, which is usually associated with reducing theft or violence and car accidents, creating a sense of community safety and improving neighbourhood quality and stability (Shisaka Development Management Services, 2011).

7.7.2 **Heating**

The respondents indicated that electricity provision was valuable because it provided heat when they bathe. Most households, before upgrading, used paraffin stoves for boiling water. There was a common reference to *"We can warm water so we can bathe"*. (12:12 ¶ 176 in Household 9* Inheritance). Moreover, hot or warm water to bathe has been found to help one release muscle tension, improve sleep, improve brain health, and improve cardiovascular health (Mooventhan and Nivethitha, 2014). All these elements would enhance the well-being of the households.

7.7.3 **Refrigeration**

The respondents also indicated that the value of electricity provision was for refrigeration. There was a reference to being happy with storing food to *"stay fresh"* and *"don't get rotten"*. As such, households can now successfully store their perishable foods thanks to the provision of electricity. Having a refrigerator becomes paramount in assisting households in maintaining the quality and nutritional value of the food they buy and helps make the most of their grocery money by preventing spoilage (Kendall and Dimond, 2007). In the literature, owning a refrigerator was a source of self-employment, where households could buy, store and sell frozen products (Moser and Felton, 2007); however, the respondents in this study did not identify this value.

7.7.4 **Operating appliances**

The respondents further highlighted that the value of electricity was for operating stoves and irons, where most households, before upgrading, used paraffin stoves and charcoal irons. The following respondents articulated this value of electricity in this way:

> *We can … iron school clothes because they have to be neat and not wear clothes that are not ironed. 3:21 ¶ 210 – 211 in Household ID 3** Bought.*
>
> *Electricity is also important because we do not live like before. If we have no electricity, it could be difficult for us to live. We cook with stoves … the technology has even improved. 11:14 ¶ 193 – 195 in Household 3** Inheritance.*
>
> *It is very important because … we can cook, other times we cook using the stove. 16:13 ¶ 207 in Household 3** Original.*

Several elements of electricity emerged from these citations. The reference *"We can … iron school clothes"* highlights that electricity provision plays a crucial role in human capital development (through schooling). The reference *"iron school clothes because they have to be neat"* implies that children can now go to school looking tidy and clean, boosting self-confidence. Ironed clothes are associated with improved motivation for children to focus and complete their studies, leading to them acquiring skills that will help with employment. Furthermore, wearing clean and ironed clothes protects children from skin infections. Thus, it further contributes to improved health and well-being of children.

Second, households have moved from paraffin stoves to electric stoves for cooking. Studies have found that paraffin stoves lead to paediatric poisoning (Matzopoulos et al., 2006), and paraffin emissions can impair lung functions and increase susceptibility to infectious diseases, including tuberculosis, asthma, and cancer (Lam et al., 2012; Maiyo et al., 2015). Therefore, electricity provision in Freedom Square will improve health and well-being as most households have moved away from using these unsafe and unhealthy paraffin stoves. However, the constant load-shedding might lead to the re-emergence of the use of such stoves. For example, one respondent said:

> *Electricity is our life. We cannot live without electricity, because when it is off, we run around the neighbourhood. We worry that it is load shedding. At that time, we were hungry and hadn't even cooked. You thought you would cook. 19:11 ¶ 130 in Household 9* Original.*

The fact that there are power cuts means that households, to cope with these cuts, may invest in paraffin stoves as a way to cope with the cuts or to prevent the *"run around the neighbourhood"* and being *"hungry"*.

The respondents indicated that the value of the provision of electricity was also for operating laptops and cell phones. Two respondents articulated this value of electricity in this way:

> *Electricity is very important, especially where we are right now. We go to school online as most things are online now, so my laptop must always be full because it needs electricity to charge. Without electricity, it means that I will miss classes and exams right now; at this time, we are writing exams. 1:18 ¶ 212 – 215 in Household 3** Renting.*

> *Electricity is also important because we do not live like before ... we use phones and the technology has even improved. 11:14 ¶ 193 – 195 in Household 3** Inheritance.*

The first quote implies that electricity is vital for online schooling. The reference, *"We go to school online as most things are online now, so my laptop must always be full because it needs electricity to charge"*, exemplifies this. This then means that the provision of electricity contributes to human capital development. In literature, human capital development is associated with gaining skills that lead to employment (Moser and Felton, 2007). Through this employment, poor households are envisaged to begin building assets that contribute to poverty alleviation (Moser and Felton, 2007). Furthermore, this value of electricity in human capital development (through schooling) is further exemplified by the reference, *"Without electricity, it means that I will miss classes and exams right now; at this time, we are writing exams."*

The second quote highlights the value of electricity in fostering communication through cell phones. Moreover, although not covered by the quote, cell phones supports internet connectivity, which helps children with their homework and assignments, while adults can use them if applying for employment. Therefore, having electricity contributes to a household's asset-building efforts.

The respondents indicated that the value of the provision of electricity was also for operating televisions and radios. Therefore, having access to electricity means having access to information. This access means that poor households are aware of the programmes and policies of the government.

> *It is important because when I want to watch stories, I can turn on the TV. 16:13 ¶ 207 in Household 3** Original.*

> *We can watch TV. We can listen to the radio. 12:12 ¶ 176 in Household 9* Inheritance.*

All subgroups highlighted the value of the provision of electricity to Freedom Square respondents for lighting, heating, and operating appliances. This resulted from improvement in households' well-being and health. Moreover, lighting reduced crime, leading to a more stable community. In comparison, refrigeration helped to reduce grocery spending. Laptops and cell phones connections improved human development through fostering access to education and communication. Therefore, electricity is critical for asset-building as it promotes the accumulation of human and financial assets.

7.8 Importance of municipal services

7.8.1 **Refuse collection**

Respondents highlighted that one of the critical municipal services they received was refuse collection. However, there were grievances regarding the fulfilment of this service. The following respondent articulated the grievances with refuse collection in this way:

> *We also receive dirt collection service from the municipality. They are not constant when it comes to that. They usually collect dirt on Tuesdays, but sometimes, most of the time, they do not come. One day coming from the town, I saw people had put their plastics at their gates on a Sunday, and I told my neighbour that they said they were coming to collect dirt. On a Monday morning, the plastics were still there. Some Tuesdays, they come, and some they don't. 7:17. ¶ 240 – 245 in Household 3** Bought.*

This highlight that although the municipality is expected to collect refuse, they have seldom lacked or failed in this regard. This highlights the poor service delivery by the municipality within Freedom Square. Another respondent in support said:

*It doesn't collect garbage. It doesn't collect at all. 16:19 ¶ 251 in Household 3** Original.*

This means that there is also a belief that the municipality does not offer the community in Freedom Square refuse collection services. Other respondents said:

> *They take time, sometimes even a month. Do you see that mountain? I am sure that it is full of rubbish and dirt. We take dustbins there because we cannot stay with them full of dirt. 3:28 ¶ 273 – 275 in Household 3** Bought.*

> *Sometimes, if there are a lot of papers in my house, I burn them, and if there are a lot of stones, I ask the brother from the back to come to take them and throw them away at the mountain. 3:30 ¶ 281 – 283 in Household 3** Bought.*

The municipality's failure or lack of refuse collection has left households resorting to taking rubbish to the mountains or burning them, which results in land and air pollution.

7.8.2 **Poor infrastructure**

Regarding municipal services, respondents from all the subgroups further highlighted that Freedom Square had poor infrastructure (see also Chapter 5). The was a reference to being unhappy with the *sewage* and *roads.* The following quotes summarise these ideas:

> *The sewage here is running, pipes are blocked, and when you make calls so that they can be fixed, they do not come at that. You always have to call them so that they come. Sewage is running here a lot. 10:28 ¶ 345 – 347 in Household 2** Inheritance.*

> *No, there is nothing, and we talked about this the last time this other lady interviewed me, and we also talked about these roads that we have that are not in good condition. 7:19 ¶ 254 – 256 in Household 3** Bought.*

Several issues come to the fore from these quotes. Households are not happy with services from the municipality as they have failed to assist them in addressing the blocked sewage. Moreover, it appears that the relationship between the community and municipality is non-existent. This problem is highlighted by the reference *"when you make calls so that they can be fixed. They do not come*." Secondly, the reference "*we talked about this the last time this other lady interviewed me, and we also talked about these roads that we have that are not in good condition",* means that since the last survey in 2014, the municipality has not fixed the *bad* roads and also have not addressed the issue of the blocked sewage. The consequence is that households' health and well-being are left compromised.

In summary, the lack of or limited refuse collection, bad roads, and a poor sewerage system in Freedom Square undermines asset-building efforts. Upgrading is associated with formalisation and stability. However, the lack of such services thus renders the area unstable. Consequently, most people may opt to move out of Freedom Square.

7.9 Conclusions

This chapter investigated the meaning of a home and the role of assets in alleviating poverty in Freedom Square. In Chapters 5 and 6, the emphasis was on the statistical evidence of asset-building. This chapter aimed at understanding the importance of upgrading informal settlements from the perspective of 14 respondents. The generalised findings are summarised as follows:

First, the upgraded houses in Freedom Square provided respondents with a home, shelter, investment, and stability (ontological security). These houses formed a foundation for households to accumulate more assets through fostering child-rearing, providing refuge for the destitute, and business opportunities. Moreover, these homes have given households the critical element of asset-building, thus, ontological security in the notions of control, relaxation, permanence, continuity, and security. Like Moser and Felton’s (2007) findings, the qualitative evidence presented here has indicated that the provision of a house in informal settlement upgrading projects provides stability that contributes to the households’ asset accumulation efforts.

Second, an address was critical for accessing health services and building human and financial assets. An address ensured that respondents had access to credit applications, savings accounts, and buying cars. Furthermore, respondents with an address were able to build their credit scores through access to clothing accounts and cell phone contracts. Access to such resources forms the core of asset-building, as these resources have the potential to assist households when in distress, also the potential to move low-income households out of poverty.

Third, a title deed in Freedom Square ensured that respondents had greater security of tenure and felt secure against evictions, illegal dispossession or relocation. Title deed also acted as a form of a will fostering inheritance when the owner dies intestate. Interestingly, only nine respondents had their names on the title deed, with eight not having their names on it. Households were content with not having their names on the title deed as they viewed registering the title as too expensive. Access to a title deed means households worry less about losing their houses and focus their energy on accumulating other assets.

Finally, the evidence showed that access to water and electricity played a significant role for the households as they felt that it improved their quality and health. Moreover, it enabled children access to educational development and improved their well-being and self-confidence. However, regarding the refuse collection, sewage, and road infrastructure, the area was still struggling with accessing good services from the municipality. The consequence was instability, potentially resulting in most households opting to move out of Freedom Square; thus, placing a dent in households' asset accumulation efforts.

Chapter 8
Conclusions and Recommendations

8.1 Introduction

This thesis investigated how upgrading Freedom Square contributed to asset-building, the economic inclusion of the poor and poverty alleviation. The following questions guided the research:

- How does the South African informal settlement programme relate to the welfare state theory and asset-based development?
- How does informal settlement upgrading contribute to physical, financial, human, and social capital assets?
- What are the interrelationships between these forms of capital and informal settlement upgrading?
- How does the accumulation of assets contribute to poverty alleviation and the economic inclusion of the poor?

This chapter highlights the main findings and recommendations but first provides a brief overview of the various chapters.

Chapter 2 analysed how welfare states developed and how researchers applied the welfare state theory to housing policies. The development of the welfare state theory (and its typologies) was critical for understanding assets and asset-building, as researchers often associate asset-building with liberal welfare state typologies. The chapter discussed three critical welfare state regimes (liberal, corporatist, and social democratic) and their application in the South African housing policy. South African researchers often confine South Africa’s housing policy to specific regimes or frameworks. For example, too easily, researchers claim policy to be neoliberal or state-driven. The evidence from analysing the South African context showed the need for a nuanced understanding of these complexities. Such a framework should consider multiple characteristics across the regimes. The discussion in Chapter 2 integrated these two elements of welfare policies. To this end, the chapter highlighted that the South African housing policy encompassed liberal, corporatist, and social democratic features of the welfare state, making it a hybrid system.

Chapter 3 critically assessed income-based welfare policy and the development of asset-based welfare by Moser (2007). The chapter accentuated the importance of a complementary policy to income-based welfare, as income-based welfare seldom moves people out of poverty. However, asset-based welfare has become a state response to reduce dependency on the state. Housing has been central to asset-based welfare (typical of liberal welfare), although asset-building is more than just housing (see Chapter 2). The chapter highlighted how Caroline Moser (2007) applied her asset accumulation theory in an upgraded settlement in the Global South with a limited role for the state and how low-income families accumulated assets to escape poverty. Moser’s asset accumulation approach fits well with trends in development studies in the early 1990s to broaden the understanding of causal factors of under-development beyond a narrow focus on economic and financial issues.

Chapter 4 provided a comprehensive overview of housing policy development in South Africa and how it links to welfare state theory and asset development. It analysed the historical policy approaches that were in force when the case study settlement upgrading first began and moved through to the renewed attempt at informal settlement upgrading in BNG and its relationship to the asset accumulation approach from Moser (2007). This chapter confirmed the links between informal settlement upgrading and asset-based development. For example, following BNG, in-situ upgrading became the recommended way of addressing informal settlement improvement. In-situ upgrading builds in existing housing and social assets rather than creating new ones. Moreover, the BNG policy promotes housing as a significant job creation strategy and emphasises property and wealth creation (asset-based welfare features). Research in South Africa often focuses on locational issues and the importance of in-situ upgrading. More attention should be paid to asset accumulation and its role in addressing poverty.

Chapter 5 provided a longitudinal assessment of over 30 years of changes in housing and poverty levels in Freedom Square by using descriptive statistics. This is the only South African study with a longitudinal focus and one of a handful globally. The chapter highlighted how poor households accumulated assets and wealth through informal settlement upgrading and how that relates to alleviating poverty in the Global South, which is still a gap in the literature. The chapter also mirrored the changes in Freedom Square against the growing literature in South America and Moser’s ideas on asset accumulation. Evidence in this chapter showed that upgrading Freedom Square resulted in the intergenerational transfer of assets. This was similar to Moser’s findings in Ecuador. Owners passed the upgraded house down for generations as the initial owners passed on, resulting in inheritance forming a major part of asset accumulation. Overall, there is substantial evidence of households accumulating physical and intangible assets.

Chapter 6 analysed the factors that contribute to the expansion of houses in Freedom Square. The chapter used inferential statistics to explain the changing housing landscape. To this end, a logistic regression analysis determined factors contributing to the extension of the original two-roomed house constructed between 1996 and 1998. Evidence from this chapter showed that financial assets alone do not result in household expansions. A combination of assets, namely, social, human, physical, and financial, was essential to expand the original house. This confirmed Moser's theory that one asset type does not lead to low-income households escaping poverty but that a combination of assets is important. The findings also pointed to differences with Moser, for example, the type of social capital linked with larger houses varied between the two studies. In Freedom Square, the number of people per household was a contributing factor. In contrast, the type of social capital in Moser's study in Indio Guayas, influencing dwelling size, was community participation.

Chapter 7 investigated the meaning of the upgraded house and the roles that assets played in alleviating poverty in Freedom Square. This chapter used qualitative interviews to understand how poor households accumulated assets and how those assets helped to address poverty. The qualitative nature of this chapter revealed the meanings and feelings that people attached to the homes and assets. This contrasted with the quantitative approach, which dominates asset-building research. For example, evidence in this chapter showed that the stability (ontological security) provided by accessing a house formed the foundation for households to accumulate assets and wealth. This finding confirmed Moser's asset accumulation theory that once households have stability, they focus on accumulating other asset types like human, physical, financial, and social.

8.2 Main findings and contributions to the literature

The main findings of the study are outlined below. The study contributes to understanding development (the upgrading of an informal settlement) over a period of more than 30 years (longitudinally) by focusing on a wide range of aspects (not just economic aspects) in understanding these changes. This approach aligns with the human development phase of development studies (see Chapter 1). Despite the value of once-off case studies, providing a longitudinal approach to development thinking, adds much value by showing trends.

Furthermore, the mixed methods approach allows for a qualitative understanding of asset-building and extends the focus away from economic indicators alone (see Chapter 6 and Chapter 7).

8.2.1 Policy debates in South Africa must consider a more nuanced classification of welfare state theory characteristics

The South African housing system has been criticised from some quarters as being neoliberal and from other quarters as being state-centric. However, it does have characteristics of both approaches. Arguments in support of classifying policy as neoliberal include the stratification based on a means test, locating households on the periphery, the inflexibility in the subsidy system and the inability to address class distinctions. The neoliberal elements of South Africa include the reliance on the private market to deliver housing and the focus on ownership. Those who argue that policy is state-centric argue that welfare programmes is expensive, which makes people rely upon the state and that the subsidy has not generated a property market. Specific criticism from this perspective includes the eight-year restriction on selling units and extensive building rules (see Chapter 3).

This thesis highlighted the complexities of South Africa's housing policy. Apposing arguments are often not helpful in understanding the South African policy. Policy and practice are far more hybrid than these opposing ideological positions suggest. For example, it is possible to view asset-based welfare as complementary to income-based welfare. Through asset-based welfare, homeowners receive a house. This house provides stability for further asset accumulation and not only because of tenure security. The development of assets could include extending the house or accumulating household and even human capital assets. Households can use these assets as a supplement to, or even a substitute for, income-based welfare. Therefore, criticising the South African housing policy for being neoliberal does not consider the important role that households play in building housing assets. Therefore, viewing housing welfare from one standpoint does no justice to the South African housing policy.

8.2.2 Both asset-based and income-based welfare have limitations and should not be overemphasised

Proponents of asset-based and income-based welfare often argue in favour of one or the other in simplistic ways. Many researchers present these two approaches as two opposing and binary poles. Historical welfare programmes focused narrowly on income (see Chapter 2). Since the early 1990s, the focus has shifted towards asset-based welfare. This shift represented a change in welfare provision, but asset-based welfare commonly complemented income-based welfare. Typical examples of asset-based welfare programmes from the Global North include Child Savings Accounts, IDAs, Child Trust Fund, Saving Gateway and homeownership programmes. The main argument favouring asset-building was that helping people to spend more with income-based support is unlikely to take them out of poverty. However, many asset-based programmes in the Global South have been one-dimensional. For example, asset-based welfare has often led to titling programmes with mixed success (see Chapter 3). The South African welfare system and housing policy have asset-building features, although income-based welfare features remain in the broader welfare system (see Chapter 2). Examples include the emphasis on stability, secured tenure and good locations, including the relationship between ownership and stability.

There is evidence of increased asset ownership in Freedom Square since settlement in the early 1990s. For example, there was a rise in household assets[25] from an average of 1.43 at the time of settling to an average of 4.2 in 2020. However, at the same time, incomes and labour force participation have declined (see Chapter 5). For example, since settling in Freedom Square in 1990, there has been a significant rise in unemployment levels from 22.3% in 1990 to 62% in 2020, resulting in the decline of the average annual income (in real terms) from R27 582 in 1990 to R8 984 in 2020 (see Chapter 5). These trends resulted from poor economic growth over time, exacerbated by the economic shocks linked to the global financial crises in 2008 and the lockdown measures associated with the Covid-19 pandemic.

The evidence points to two main criticisms of asset-based development. First, despite the asset growth, asset-based development has yet to ensure stable and higher incomes. The evidence shows that these get disrupted by economic trends and disasters like Covid-19. Second, asset-based development in South Africa as also in many parts of the Global South, focuses disproportionately on housing assets. It should focus on a policy incorporating intangible assets like education, marketable skills, knowledge, employment, savings and income support. Although income-based welfare helped to buffer the income concerns, there is little evidence that it assisted in developing either housing or intangible assets. The danger in South African policy is an overemphasis on asset-building through housing provision, much like titling

25 The list included the following household assets: radio, hi-fi, stereo player, MP3 player, sewing or knitting machine, private vehicle, commercial vehicle, motorcycle, bicycle, computer, camera, and mobile phone (television and refrigerator in 2020).

programmes elsewhere in Africa. As such, the housing policy in South Africa is not complemented, like policies in the United States and United Kingdom, which promote housing together with education, savings, and personal well-being to build assets in the policy.

8.2.3 Informal settlement upgrading contributes to asset accumulation but also in different ways than those proposed by Moser

The literature highlighted how informal settlement upgrading contributed to asset accumulation (see Chapter 3). Various governments in the Global South have adopted asset-based welfare. Most followed De Soto's (2000) land titling approach, but the outcomes have been mixed. Although Moser's (2007a) work on assets precedes De Soto's work on titling, Moser's asset accumulation approach is suited for an upgraded settlement in which low-income households can use the upgraded houses to accumulate and build more assets over time. Therefore, Caroline Moser's work involving asset-based development in low-income countries provided a conceptual framework beyond land titling. For Moser, asset accumulation is a lengthy process accomplished from the bottom up by people, families, and societies. BNG wanted to ensure that everyone had access to the property as an asset for creating wealth and empowerment. The property would allow households to take advantage of economic growth.

In comparing Freedom Square and Indio Guayas (Moser's study), it was evident that three factors contributed significantly to households having larger houses: social, human, and physical capital. However, there were also notable differences in the factors contributing to building housing assets. In Indio Guayas, households having larger houses in the financial-productive category had employment security, more productive durables and transfer-rental incomes. In Freedom Square, only financial assets[26] contributed to households' larger houses, not income and rental incomes. This suggests that households with more financial resources could afford to build larger houses. Thus, highlighting a broader range of factors influencing dwelling sizes in Indio Guayas compared to Freedom Square.

Moreover, the type of social capital linked with larger houses varied between the two studies. In Freedom Square, the demand to build more rooms resulted from the need for more space to accommodate the growing number of households members. Hence, the number of people per household was a contributing factor; thus, suggesting that households with more family

[26] Calculated as the sum of loans, credit cards, store cards, hire purchase agreements, and bank accounts that households in Freedom Square had access to.

members tended to have larger houses due to the demand for space that will accommodate all household members. Contrastingly, the type of social capital in Indio Guayas influencing dwelling size was community participation. This meant that households with greater community involvement tended to have larger houses.

In terms of assets, Freedom Square households have more assets than when households first settled before 1990. Second-generation settlers in Freedom Square could cope better with poverty. However, household incomes have not increased. The above findings support the main argument that informal settlement upgrading contributes to asset accumulation in similar and different ways to Moser's theory and findings.

8.2.4 Intergenerational transfer of household assets from first-generation to second-generation settlers is an important creator of assets

The study found that there has been a significant intergenerational transfer of households assets since upgrading (see Chapters 5 and 7). The upgrading of Freedom Square created a stable environment that allowed housing consolidation. Parents passed the consolidated house down to the children creating intergenerational value. This intergenerational value of the house was not only in terms of economic value but in the form of ontological security, providing the next generation with notions of control, relaxation, permanence, continuity and security.

The evidence also pointed to several aspects of these second-generation households being better off than first-generation households. For example, they have more assets, which increased from 1.79% in 1990 to 4.84% in 2020, compared to the first generation's 1.24% in 1990 to 3.99% in 2020, and higher wealth rankings, which increased from an average of 2.92% in 1990 to 3.13% in 2020 (see Chapter 5). Moreover, 41.5% (second-generation) had employment, compared to 36.3% of first-generation households. These findings confirm that in this case upgrading the informal settlement contributed to second-generation settlers' improved well-being.

8.2.5 Asset accumulation in Freedom Square has created ontological security for households

Often a house is only seen as a physical structure. But once occupied by a family, it becomes a home. This relationship between a house and its inhabitants underlies the concept of home. A home has psychological, temporal, economic, affective and behavioural links. The concept *home* has been associated with ontological security. Ontological security refers to a sense of control, relaxation, permanence, continuity and security that over time translates to household stability. Therefore, the stability provided by the home becomes a base for household asset accumulation, and further fosters the household's ontological stability (see Chapter 7).

The qualitative interviews highlighted that the upgraded house was critical in creating stability that laid the foundation for asset accumulation (see Chapter 7). For example, an upgraded house in Freedom Square meant a home, shelter, investment in improving it and stability (ontological security). This house formed a foundation for households to foster child rearing, which, over time, leads to asset accumulation as the children grow up and start working. It also provides refuge for those in need, and business opportunities which could lead to asset accumulation.

Moreover, an address offered by the house ensured that respondents had access to credit applications and savings accounts. Furthermore, respondents with an address could build their credit scores through access to clothing accounts and cell phone contracts. This means that households in Freedom Square now have access to such resources that form the core of asset-building, as these resources have the potential to assist households when in distress, also the possibility to move low-income households out of poverty. Chapter 6 showed that access to these financial assets has assisted in expanding the initial two-roomed houses. These findings emphasised the significant role of an upgraded house in the efforts of low-income households to escape poverty.

8.2.6 Value of longitudinal research

Longitudinal studies allow researchers to detect changes over time. There is a need that informal settlement upgrading should consider long-term processes (Ntema and Marais, 2013). Most studies are once-off case studies. This study provides a longitudinal assessment of over 30 years of housing changes in Freedom Square. It is the only South African study and one of a handful of studies worldwide that does this. The longitudinal nature of this study emphasises the time element associated with development. For example, it was possible to analyse demographic, social, economic and infrastructure changes over time (see Chapter 5). Overall, it helps to understand the development trajectories, track the differences between first and second-generational households, and track asset transfers. For example, the results showed that second-generations are generally better off than first-generation households and confirmed the intergenerational transfer of assets first identified by Moser. Once-off case studies cannot do this due to their less reliable method of data collection by asking questions retrospectively, which can be biasedly affected if respondents forget certain information about a phenomenon under investigation.

Furthermore, the longitudinal design assisted in establishing cause-and-effect relationships that also closely related to the critical-realist approach followed in this study. For example, the logistic regression model helped to determine the relationships between socio-economic variables and the number of rooms at various points. The longitudinal work helps build an understanding of household stability over time. While identifying how the asset accumulation choices of the first generation have affected the second generation, the analysis also shows how asset accumulation patterns differ between generations. These findings highlighted the value associated with the study's longitudinal setting in an attempt to understand the meaning of an upgraded house and assets from the perspective of the households.

8.2.7 Asset-building requires stable economic environments

The evidence shows that the asset-building efforts in Freedom Square have been significantly affected by the Covid-19 pandemic (see Chapters 5 and 6). The Free State province experienced negative economic growth and increased unemployment due to the hard lockdown during the Covid-19 outbreak. As a consequence of the negative economic growth (-0.4% in 2019 to -5.2% in 2020) and lockdown, households in Freedom Square experienced a significant decline in average annual income from R19 766.00 in 2014 to R8 984.00 in 2020, with the percentage of households without income increasing from 5% to 31.7% in the same period. Furthermore, there was an increase in the unemployment percentage of the workforce aged 15–65, from 35,8% in 2008 to 62% in 2020 (see Chapter 5).

The Covid-19 disruption resulted in a decline in households' access to financial assets that played a role in households having a large or smaller house (see also Chapter 5, Figure 5.1). However, on average, household assets significantly increased from 2.45 in 2014 to 4.2 in 2020. Similarly, houses were, on average, still bigger in 2020 compared to 2008 (see Chapter 5), indicating the significance of housing consolidation accompanying informal settlement upgrading. However, the disruptive nature of lockdown measures under Covid-19 resulted in housing extensions slowing down. Thus, emphasising Moser's (2007a) theory on household stability, providing a foundation for households to build and accumulate assets (see Chapter 3). The results showed improvement in housing size but implied that economic instability could damage asset-building.

8.2.8 Social, economic and physical factors contribute to asset-building

The logistic regression model revealed that the following factors contributed to households having a larger or smaller house in Freedom Square: financial assets, the share of household members married or cohabiting, household size (people per household), having Grade 12 and being over 18, and the year the surveys took place (see Chapter 6). These results showed that economic or financial factors play a role, but that household size, marriage and educational levels were significant social contributors. Research often highlights the economic factors, while the results in this study pointed to a combination of social and economic factors. The role of ontological security highlighted in Chapter 7 is further evidence of the importance of non-economic factors in creating stability and providing a foundation for the accumulation of assets.

Households in Freedom Square have no access to mortgage financing, and their access to financial assets is mostly informal loans like *mashonisa* loans or loans from friends and family, or through store credit. However, they still managed to use such access to extend their households, most likely because it provided the cash flow for housing extensions. The mechanism may simply be that access to this credit increased their ability to spend their income on extending their houses. This finding contrasts the fact that income did not play a role.

These findings emphasise that one asset type cannot move households out of poverty. A combination of asset types is essential for households' successful accumulation of assets, which helps them escape poverty over time.

8.3 Recommendations

The key recommendations concerning the study's main findings are outlined n Table 8.1.

Table 8.1 Main findings and key recommendations

Main findings	Reference to chapter	Key recommendations
Policy debates in South Africa must consider a more nuanced classification of welfare state theory characteristics	Chapters 2 and 4	South Africa's housing policy system analysis should emphasise a hybrid system instead of exclusive political-economic frameworks
Both asset-based and income-based welfare have limitations and should not be overemphasised	Chapters 2, 3 and 4	The informal settlement upgrading policy must be expanded to incorporate intangible assets (education, marketable skills, knowledge, employment and savings).

Informal settlement upgrading contributes to asset accumulation but also in different ways than those proposed by Moser	Chapters 5 and 7	
The intergenerational transfer of household assets from first-generation to second-generation settlers	Chapters 5 and 7	
Asset accumulation in Freedom Square has created ontological security for households	Chapter 7	
The value of longitudinal research	Chapters 5 and 6	
Asset-building requires stable economic environments	Chapter 6	
Social, economic, and physical factors contribute to asset-building.	Chapter 6	Informal settlement upgrading and asset-building policies should place emphasis on the need for asset-type integration

Source: Author (2023).

8.3.1 South Africa's housing policy system analysis should emphasise a hybrid system

The South African housing policy embodies features of the liberal, corporatist, and social democratic welfare regimes (see Chapter 2 and Chapter 4). Evidence in this study revealed that the South African housing system is hybrid. Therefore, the study proposes that, rather than just labelling South Africa's housing policy as neoliberal or state-centric, a more nuanced way of explaining the many elements of different welfare regime features in the policy is essential. In practice, welfare does not only have to be based on political-economic neoliberal and state-centric frameworks. Asset-based welfare provides a concrete way for low-income households to escape poverty through accumulating assets that provide a safety net to use in the event of income reduction.

8.3.2 Informal settlement upgrading policy needs to be expanded to incorporate intangible assets (education, marketable skills, knowledge, employment and savings)

Chapters 2, 3 and 4, showed that income-based welfare alone could not help low-income households escape poverty. Asset-based welfare could provide better results. However, asset-based welfare could lead to social stratification and is often operationalised as one-dimensional land titling programmes. Furthermore, South Africa's housing policy overemphasises asset-building through housing and upgrading. The evidence in this study has revealed that the housing policy championed housing provision and upgrading as asset-building strategies.

Although housing and upgrading play an essential role in low-income households building assets, there is a need for a complementary policy. Instead of focusing on housing and upgrading as asset-building strategies, this policy will have to ensure that asset-building is promoted, together with education and savings (which would assist in addressing the high unemployment rate in SA and also high rates of debts by South Africans), and ensure that there is improvement in households' well-being through good locations. Moreover, the government should ensure that the economy is viable. This means that the economy should have diverse industries, a stable and reliable monetary system, a skilled and educated workforce, and sound fiscal policies. Although various industries contributed to South Africa's economy, South Africa still boosts a weak or racist monetary system (World Bank, 2023), a high unemployment rate of skilled and educated graduates (Stats SA, 2022), and poor fiscal responsibility as unfruitful spending and corruption scandals plague South Africa's municipalities and government (Legal Mind, 2020).

8.3.3 Informal settlement upgrading and asset-building policies should emphasise the need for assets type integration

Chapter 6 argued that financial-productive, human, physical, and social asset capital types contributed to households having larger houses. Evidence from this study supported this argument, as financial assets, the share of household members married or cohabiting, household size (people per household), extended, having Grade 12 and being over 18 contributed to households having a larger house in Freedom Square. This study suggests that for low-income households to build assets and escape poverty, households should not only be encouraged to accumulate one asset type, for example financial assets. They should accumulate a mix of asset types, for example, financial, social, physical, and human, as one asset alone can erode and result in the households' asset-building efforts diminishing, thus leaving them stuck in poverty.

8.4 Contribution of the study

The following points validate the contribution of this study:

- Although several postgraduate studies have focused on informal settlement upgrading since the early 1990s, this thesis is the second longitudinal study in South Africa to address informal settlement upgrading and asset-building. It follows an earlier thesis by Ntema (2011). Despite the vast literature on informal settlement upgrading and asset-building, once-off case studies dominate. Understanding demographic, social, economic and physical change over 30 years helps to see how informal settlement upgrading alleviates poverty.

- The study makes a conceptual contribution to the relationship between housing and welfare provision. Linking housing to the broader welfare state theory broadens the housing provision debates. Furthermore, it also helps in understanding South African housing policy more nuancedly.
- The mixed methods design has contributed to analysing assets and poverty levels and provided a qualitative understanding of asset-building processes. The reference to the stability created through ontological security is central to the qualitative aspects of the mixed method design.
- The thesis addressed the research question on how households use their upgraded houses to accumulate assets, which over time, helps to alleviate poverty. Despite informal settlement upgrading being a popular research discourse, only one known previous study addressed how an upgraded settlement contributed to low-income households accumulating assets, namely that of Caroline Moser in 2007. This thesis showed that the upgraded houses provided households with the foundation to build assets through secure tenure (stability). Stability means that households in upgraded informal settlements could participate in the secondary housing market and begin developing financial, human, physical, and social capital asset types.
- This study also advances the South African housing policy and BNG. The study suggestions in the previous section show that in its current form, South Africa's housing policy and BNG are still lagging in asset-building efforts. Therefore, the study suggests that instead of the asset-building strategy being rooted in housing provision and upgrading only, there should be a shift in policy to include education, by encouraging households to acquire a higher educational level that has the potential to propel households into getting a higher paying job), household savings, and marketable skills, ultimately leading to employment opportunities. Although structural conditions in SA really work against education being a route to these things without a lot of other intervention and bigger structural changes too.
- The thesis will also contribute to the academic debate in that a book chapter and at least two peer-review articles from research conducted for the study will be published.

8.5 Further research

The study aimed at investigating how upgrading Freedom Square contributed to households' building assets, alleviating poverty, and economic inclusion into the formal property market (Chapter 1). Informal settlement upgrading and asset-building are dynamic and complex issues. Several aspects arose during the research and may be considered for future research. The following aspects deserve further research:

- The thesis highlighted the hybrid nature of South African housing policy. As such, there is a need for further research into developing a more nuanced classification. For instance, how can the South African housing policy be classified to account for all the welfare features it exhibit?
- Income-based welfare has failed to address poverty, and asset-based welfare became a state response to address poverty as a complementary policy. However, there has been a growing call for a UBI grant as a complementary policy to income- and asset-based welfare (Sadiq and Du Preez, 2021). Therefore, there is a need for more research to investigate this phenomenon in more detail.
- The findings in Freedom Square revealed that fewer households used their houses for business even though most were unemployed. Therefore, more studies are needed to help understand the dynamic nature behind households using their houses for businesses. For instance, why do most Freedom Square households not use their households for business?
- Evidence showed that in Freedom Square, households became dissatisfied with several housing aspects of their upgraded houses over time (see Chapter 5). Therefore, there is a need for a study to investigate how such households use their houses to build assets, if any at all. For instance, are households dissatisfied with the overall upgrading work using their houses to accumulate human, social, financial-productive or physical assets?
- This thesis discovered that only five factors contributed to households having housing assets. However, every case study would probably have different factors. As such, there is a need for more studies to be conducted in different locations and settings to investigate other factors that contribute to households accumulating housing assets. Should the factors be the same, a proper framework of contributing factors can then be developed.

- There is a need for more qualitative longitudinal studies investigating the role that an upgraded house plays in the efforts of low-income households to build assets and escape poverty. Although this study addressed this, it only used 19 from the initial sampled 42 households as a sample. Therefore, there is a need for another study that would employ a larger sample size to help understand the hidden meaning of an upgraded house to low-income households in these settlements with the emphasis on more respondents. There is also a need for a narrow focus on specific issues associated with a home.
- The upgraded houses provided comfort, security, and stability for households in Freedom Square. However, the positive impacts of having a home were thus being undermined by poor municipal services and administration (see Chapter 7). This is important because the hypothesis is that the informal settlement upgrading intervention three decades ago has led to benefits, as reported by residents. Still, due to the municipality not functioning well, it does not mean that settlement upgrading is a poor intervention; however, it means that a broader governance context can frustrate potential long-term benefits of upgrading. As such, there is a need for a study to investigate the consequences of how poor municipal services and administration affect asset-building efforts for low-income households.

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Appendix 1

Demographic Information of Interviewed Households in Freedom Square

Household No.	History (place of origin)	Age	Gender	Education	Occupation	Category
1	Botshabelo (Steve Tshwete Local Municipality)	64	Female	Primary education (Form 3)	Employed	Original
2	Bloemfontein (Mangaung Metro)	69	Female	Secondary education (Standard 6)	Unemployed	Original
3	Bloemfontein (Mangaung Metro)	56	Male	Primary education (Standard 1)	Unemployed	Original
4	Phelindaba (Mangaung Metro)	67	Female	No formal schooling	Unemployed	Original
5	Reddersburg (Kopanong Local Municipality)	54	Female	No formal schooling	Piece jobs (not full-time employed)	Original
6	North West province	-	Female	No formal schooling	Unemployed	Original
7	Phahameng (Mangaung Metro)	57	Female	Primary education (Form 1)	Unemployed	Bought
8	Phase 6 (Mangaung Metro)	53	Female	Secondary education (Grade 10)	Self-employed	Bought
9	Brandwag (Mangaung Metro)	33	Female	Secondary education (Grade 12)	Employed	Bought
10	Kroonstad (Moghaka Local Municipality)	69	Female	No formal education	Unemployed	Bought
11	North West province	-	Male	No formal education	Unemployed	Bought
12	North West province	-	Male	No formal education	Unemployed	Bought
13	Mpumalanga province	55	Male	No formal education	Employed	Renting
14	Gauteng province	26	Female	Secondary education (Grade	Unemployed (Student)	Renting

Household No.	History (place of origin)	Age	Gender	Education	Occupation	Category
				12), enrolled at CUT		
15	Rocklands (Mangaung Metro)	54	Female	Secondary education (Standard 6)	Unemployed	Inherited
16	Bloemfontein (Mangaung Metro)	41	Female	Primary education (Standard 5)	Unemployed	Inherited
17	Langenhoven Park (Mangaung Metro)	-	Male	Secondary education (Grade 12)	Unemployed	Inherited
18	Botshabelo (Steve Tshwete Local Municipality)	40	Female	Secondary education (Grade 10)	Unemployed	Inherited
19	Bultfontein (Tswelopele Local Municipality)	50	Female	Primary education (Standard 5)	Employed	Inherited