



**THE IMPACT OF**

**LAND SYSTEMS ON**

**MICRO-ECONOMIC INVESTMENTS**

**IVORY PARK CASE STUDIES**

Andrew Charman  
Thireshen Govender  
Sarah de Villiers

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*Authors*

Andrew Charman  
Thireshen Govender  
Sarah de Villiers

Sustainable Livelihoods Foundation  
Cape Town  
South Africa

First published in 2017 by SLF  
This edition published in 2017

*Design by*

UrbanWorks Architecture & Urbanism

[www.livelihoods.org.za](http://www.livelihoods.org.za)  
[www.urbanworks.co.za](http://www.urbanworks.co.za)  
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MASHALLAH

ST HOME FURNITURE



**“The way law stays  
alive is by remaining  
in touch with social  
contracts pieced  
together among  
real people on the  
ground.”**

- Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*



# EXECUTIVE SUMMARY

The right to use land as well as restrictions on land use have been decisive in shaping South African cities. Land management influenced the social, spatial and economic project of apartheid. Today's land use management systems are tasked with the challenge of addressing the historic burden of spatial injustice whilst being transformative and enabling productive opportunities. There is considerable evidence that current mechanisms fall short of being meaningfully beneficial for the vast majority of urban residents, and specifically the poor who now occupy the inherited apartheid landscape.

In the research report titled 'Post-apartheid spatial inequality: Obstacles of land use management on township micro-enterprise formalisation', it is argued that current land use management systems have intentionally (as well as unintentionally) reinforced apartheid-era town planning and spatial injustice in the township economy instead of fostering growth. For township entrepreneurs, the land-related processes which people have to navigate to obtain business compliance resemble a Kafkaesque world: one in which the rules are nightmarishly complex, incomprehensible and illogical. Partially as a result of these challenges, the great majority of township informal micro-enterprises do not comply with land management system requirements and gain few or no benefits. Most informal micro-enterprises have no alternative but to trade illegally. We refer to this process as 'enforced informalisation'.

This report provides detailed evidence to support the case for land system reform. The aim is to investigate land-related enterprise constraints in specific case contexts that nevertheless reflect a wider reality. The 11 case studies provide evidence of the various ways in which informal land use presents an opportunity for developing businesses, but simultaneously poses a substantial constraint for those enterprises that seek to formalise.

From the perspective of opportunity, the report argues that informal land use systems enable residents and micro-entrepreneurs to realise their 'rights' for residency and economic opportunities in post-apartheid cities. The cases provide examples of how, under conditions of secure tenure, land use has been optimised. Where tenure is insecure, in contrast, land has been sub-optimally utilised, though the manner of land use still conveys an expression of 'rights' to land and economic opportunities. Settlement pressure has necessitated that Ivory Park (and similar townships) densifies and diversifies to accommodate a range of land uses for residential, businesses, cultural and recreation purposes.



Spatial change has tended to manifest through small-scale iterative investment. These investments assume common forms, including:

- Backyard dwellings;
- Conversion of the front of house to business/shop;
- The vertical extension onto first floors;
- Intense interior arrangement to optimise income;
- Conversion of entire dwelling for commercial use;
- Encroachment outside property boundaries to provide business infrastructure; and
- Provision of passageways to open up pedestrian movement.

Whilst typically non-compliant with land use zoning, municipal by-laws and building regulations, these changes are often bound to social processes of regulation. For example, property boundaries are adjusted through mutual agreement between neighbours or adjacent land users.

From the constraints perspective, informal land use systems prevent township micro-entrepreneurs from translating their economic rights into institutional rights as conveyed through licences and other forms of regulation and opportunities. In the case of early childhood development centres (ECDCs, or 'educares') and taverns, the loss of opportunity is material. Educares that successfully register with the Department of

Social Welfare and Development (DSWD) are entitled to obtain a grant for each registered child, the value of which currently exceeds the monthly fees charged in the two case examples. Taverns that obtain liquor licences have greater flexibility in trading, face less compliance pressure from the police (raids and stock confiscation), and are able to secure supply agreements and investment with distributors and manufacturers. A further challenge is the inability of property owners to raise capital for business investment from formal institutions in situations where they do not hold a legally secure title and whose buildings are non-compliant with municipal land use regulations.

The report argues that micro-enterprise formalisation and land use systems are desirable goals, though the systems are currently highly inflexible. We therefore argue for revising and reforming institutional systems to enable greater fluidity and flexibility, though maintaining regulatory pressure on business activities. In the case of both educares and taverns, we found evidence of where entrepreneurs have undertaken compliance-driven investments which materially improve the business and facilities for children (such as shaded play areas) and patrons (toilets) respectively. Such investments might not have arisen had the entrepreneurs not sought to position their businesses in compliance with regulatory standards.

Taken collectively, the 11 case studies highlight universal non-compliance in land use systems and business regulations. It is impossible for the state to even consider remedying infrastructural deviations on a wide scale. Alternative terms for land use/business regulation need to be articulated. The report concludes that most land use system non-compliance is fixable provided a supportive legal and institutional framework is established. The case evidence underlines the need to prioritise and support micro-enterprises attain regulatory land use compliance since the entrepreneurs have demonstrated their capacity to sustainably invest in their properties and amend land use. In our recommendations, we reiterate several state-driven actions we believe could contribute towards an enabling land use management solution. Foremost in the list, we advocate:

- The Spatial Planning and Land Use Management Act (SPLUMA) should be amended to mandate spatial development frameworks (SDFs) to make explicit the linkage between spatial justice and land reform. In municipal SDFs, plans should indicate where additional land will be made available for township micro-entrepreneurs to establish business activities, specifying, inter alia, localities for those enterprises with high social and environmental externalities.
- Municipal land use management systems need to be simplified and made more flexible in terms of accommodating a mixture of residential, business, cultural and social uses.
- Mixed land use should be permitted without a menagerie of preconditions. Zoning schemes should not impede individuals or households from the pursuit of an

economic livelihood, except where the activities pose a demonstrable and serious risk to the health and safety of the area, and where measures cannot be instituted to reduce these risks.

- Municipalities should investigate the feasibility of establishing local community planning tribunals to oversee land use applications.
- There is a need to establish new ways of recognising land ownership given the growing disparity between formal records of ownership (title deeds) and the actual (informal) ownership of properties in townships. Until an appropriate system such as this can be implemented, the requirements regarding ownership of land contained in land use management systems and building regulations should be treated with the greatest possible degree of flexibility.
- The National Building Regulations and Building Standards requirements should be re-assessed to recognise vernacular architecture and the utilisation of non-standard building materials for enterprise purposes.
- National government should develop a policy on micro-enterprise formalisation. The policy should afford all three tiers of government a shared competency in regulating business and supporting formalisation. The objective should be to create a universal framework for micro-enterprise regulation, specifying, inter alia, land use requirements and specific additional criteria for certain classes of enterprise (such as educares, house shops, house taverns).

## EXECUTIVE SUMMARY

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# ACKNOWLEDGEMENTS

This report was undertaken as part of the Sustainable Livelihood Foundation (SLF) project, Unlocking Land for Micro-Enterprise Growth (ULMEG). The ULMEG project aims to lead a policy engagement process on the land-related constraints that impact on the growth and formalisation of micro-enterprises in townships. The ULMEG project has received funding from multiple donors for the various project components. We acknowledge the South African Breweries (SAB) for its donation towards the research and the Swedish Research Council Formas for providing funding through research lead by Dr. Henrik Ernstson (NOTRUC Project/MOVE; Dnr: 211-2011-1519).

The current study was undertaken through a collaboration between the SLF and Urbanworks Architecture & Urbanism (UW).

Field research was undertaken in June 2017. The researchers were Andrew Charman, Thireshen Govender and Sarah de Villiers. The lead researchers were supported by Bongani Macheque, Izak Potgieter and Julien Thiney. We acknowledge the field research contribution of Harriet Pietersen and Steven Matabula. We thank Simon Chislett for editorial support.

Other major studies produced within the ULMEG framework are:

- Transformative leisure economies: Eveline Street, Katutura, Windhoek. [http://www.livelihoods.org.za/wp-content/uploads/2017/03/Transformative\\_Leisure\\_Economies.pdf](http://www.livelihoods.org.za/wp-content/uploads/2017/03/Transformative_Leisure_Economies.pdf)
- Development-oriented township land use management: Learning from Eveline Street, Katutura, Windhoek (published by SA Cities Network).
- Post-apartheid spatial inequality: Obstacles of land use management on township micro-enterprise formalisation. [http://www.livelihoods.org.za/wp-content/uploads/2017/09/SLF\\_Post-Apartheid\\_Spatial\\_Inequality\\_-\\_lr\\_version.pdf](http://www.livelihoods.org.za/wp-content/uploads/2017/09/SLF_Post-Apartheid_Spatial_Inequality_-_lr_version.pdf)



# ABBREVIATIONS

<b>BRT</b>	Bus Rapid Transit
<b>COJ</b>	City of Johannesburg
<b>DSWD</b>	Department of Social Welfare and Development
<b>ECDC</b>	Early Childhood Development Centre, or 'Educare'
<b>LUM</b>	Land Use Management
<b>NPO</b>	Non-Profit Organisation
<b>NBRBSA</b>	National Building Regulations and Building Standards Act, 1977
<b>pm</b>	Per Month
<b>RDP</b>	Reconstruction and Development Programme
<b>SAB</b>	South African Breweries
<b>SAPS</b>	South African Police Service
<b>SDF</b>	Spatial development Framework
<b>SLF</b>	Sustainable Livelihoods Foundation
<b>SMMEs</b>	Small, Medium, or Micro-Sized Enterprises
<b>SPLUMA</b>	Spatial Planning and Land Use Management Act, 2013
<b>TOD</b>	Transit-Oriented Development
<b>ULMEG</b>	Unlocking Land for Micro-Enterprise Growth
<b>UW</b>	UrbanWorks





# 1. INTRODUCTION

The right to use land as well as restrictions on land use have been decisive in shaping South African cities. Land management influenced the social, spatial and economic project of apartheid. Today's land use management systems are tasked with the challenge of addressing the historic burden of spatial injustice whilst being transformative and enabling productive opportunities. There is considerable evidence that current mechanisms fall short of being meaningfully beneficial for the vast majority of urban residents, and specifically the poor who now occupy the inherited apartheid landscape. Under conditions of rapid urbanisation, townships play the role of an 'arrival city', accommodating job-seekers and providing an infrastructure platform to support urban life. It is important, therefore, that we ensure that land use systems within the township are best calibrated towards emerging opportunities for undertaking business and providing accommodation. This report seeks to provide a clear perspective on the South African land system requirements.

The research findings complement the study of the Sustainable Livelihoods Foundation (SLF) titled 'Post-apartheid spatial inequality: Obstacles of land use management on township micro-enterprise formalisation'. The collective body of research was undertaken within the framework of the SLF project, Unlocking Land for Micro-Enterprise Growth (ULMEG). The report on post-apartheid spatial inequality sets out the legal and institutional framework of land management systems in South African townships. It argues that current land use management systems have intentionally (as well as unintentionally) reinforced apartheid-era town planning and spatial injustice in the township economy instead of fostering growth. For

township entrepreneurs, the land-related processes which people have to navigate to obtain business compliance resemble a Kafkaesque world: one in which the rules are nightmarishly complex, incomprehensible and illogical. Partially as a result of these challenges, the great majority of township informal micro-enterprises do not comply with land management system requirements and gain few or no benefits. Most informal micro-enterprises have no alternative but to trade illegally. We refer to this process as 'enforced informalisation'.

To advance an understanding of land systems and their potential for shaping a more productive and just city, the current report examines existing practices that are starting to demonstrate alternative practices on land rights and uses. Our focus is on marginalised contexts (townships) where entrepreneurship must be understood in the context of limited macro-economic growth and unprecedented levels of unemployment. It is no coincidence that these sites demonstrate a concentration of alternative land practices, not least since rapid urbanisation and struggles for livelihoods survival are most intense in these environments.

## STUDY RATIONALE

The report provides 11 case studies which detail the implications of land system constraints and 'enforced informalisation' on different micro-enterprise situations, including taverns, shops, early childhood development centres (ECDCs, or educare), street businesses and property-focused investments to provide 'backyard accommodation' and business rental units. Together these cases explain why township micro-enterprises do not adhere to current land use management systems in terms of:

- Zoning rights or consent use rights;
- The proportion of floor space utilised by business activities;
- The absence of a separation between business and residential activities;
- The absence of approved building plans;
- The failure to adhere to municipal by-laws relating to environmental health, food safety and the use of business signage; and
- The failure to adhere to informal trading by-laws and restrictions on trading activities within roads.

Through focusing on specific infringements, the aim of the research is to advance our argument that South Africa requires a land use system that can more effectively operationalise the principles embodied in the 2013 Spatial Planning and Land Use Management Act (SPLUMA) of spatial justice and spatial resilience. We will argue that an appropriate land system needs to recognise the fluidity of urban conditions and the multiple uses of land within the township for business, social, cultural and residential purposes.

Whilst we recognise that aspects of land use management are justifiable, not least to minimise the external impact of commercial and business activities, the report argues that so too should the state regard enterprise formalisation as a strategic development objective. Apart from seeking to protect people and the environment, formalisation enables the state to regulate business practices (to permit new entrants and competition), ensure adherence to social standards and promote public health objectives, secure tax revenue, and curtail the production and distribution of illegal

goods. Such objectives are aligned with inclusive economic growth. Apart from fostering the objectives of inclusivity, formalisation can facilitate enterprise investment and growth. In the context of the current poor macro-economic outlook and need to foster self-employment, the productive capacity of land should be optimised for entrepreneurial opportunity in ways that democratise and make our urban economies more inclusive.

### **CASE STUDY FOCUS**

The report investigates land-related constraints on business in specific case contexts that nevertheless reflect a wider reality. The 11 case studies include those sectors that confront particularly onerous land system related challenges to enterprise formalisation. Two such sectors are house taverns (and other home enterprises selling liquor) and educares. The township leisure economy (in which taverns fulfil a central role) and social welfare economy (in which educares fulfil a central role) have helped to produce economic diversity and wholeness, rendering neighbourhoods simultaneously more complex in the way land is utilised. Our lens also focuses on house shops (or spaza shops). These micro-enterprises similarly confront land system inflexibility, though formalisation within the grocery retail sector is neither mandatory under law (except where perishable goods are sold) nor rewarded through state incentives.

There are two cases where the respective property owners have developed 'backyard' accommodation units for rental and/or use by extended family members. Rental income from backyard accommodation provides a major income source for township property, particularly in the newer settlements where land use management systems are weakly

enforced. One case examines 'under-utilised' land with high commercial potential. The low-level use of this land is due, in part, to insecurity of land tenure. In other such instances of 'under-utilised' land within the Ivory Park case study context, there is misalignment between the current land use and cadastre boundaries drawn up in the original land survey process. The case shows how these factors prevent such land parcels from undergoing commercial development. Finally, the research considers the case of street traders and the role of the street verge as a space for conducting business. This case highlights the insecurity of tenure, the absence of enabling public infrastructure and the consequential stunting of developmental investments.

### RESEARCH LEGACY

In 2012, SLF undertook a 'small area census' study of all micro-enterprise activity within a section of Ivory Park township. The area under study is 1.6km<sup>2</sup>. The research entailed a census (recording) of all micro-entrepreneurial activities; and the research methodology is described in Charman, Petersen, Piper, Liedeman and Legg (2015). Additionally, SLF conducted an enterprise-focused survey with all entrepreneurs in five economic sectors. The target sectors were: house shops (spaza shops), house taverns (both licensed and unlicensed), ECDCs (educares), traditional healer businesses, and hair salons (including barber shops). The survey gathered quantitative and qualitative data. It specifically sought to understand the challenges of township entrepreneurship, focusing on topics that included business registration, the challenges of crime including police responsiveness, business employment and spatial constraints.

In these interviews with the business owners, the SLF researchers learnt that spatial constraints were recognised as a significant obstacle to business operation and growth, although they also resulted in innovation. The specific obstacles that the entrepreneurs listed included:

- Unfavourable business location;
- Inadequate business (trading) infrastructure;
- Insecurity of tenure with respect to the requirements for business registration and licensing; and
- Spatial constraints within the property with respect to expanding the physical size of the enterprise and having space for business-related activities.

The influence of land 'constraints' on economic opportunity and business growth were similarly identified in subsequent research projects. In 2013, SLF, in collaboration with UW, undertook a socio-spatial study of street traders along the high street. A central objective of the research was to understand, in spatial terms, the relational dynamics of informal micro-enterprises operating on public space. The research findings are described in Charman and Govender (2016). The research included a participatory action research component in which eight street photographers captured images of 'street life' over a one month period. The project drew on the photographs as well as architectural drawings and case studies to generate a dialogue on the significance of street trading and the need for greater policy flexibility towards this segment. The project method and outputs are described in Charman and Kotzen (2013). Outputs from these research components are accessible via the emergentcity portal ([www.emergentcity.co.za](http://www.emergentcity.co.za)). Then, in 2015, SLF and UW collaborated to develop a township economy revitalisation strategy for Ivory Park. The proposed strategy

was an integrated enterprise development and infrastructure project wherein we recommended, *inter alia*, enhancing the high street environment for traders through shelter and street lighting, the provision of business infrastructure within a retail/service/recreation hub on under-utilised land situated adjacent to the taxi rank, and the improvement of social infrastructure. This work gave SLF/UW exposure to the significant challenges that relate to 'unlocking' both the road reserve along the high street for street traders and 'under-utilised' land, inflexible by-laws (including restrictions on mobile trading), land tenure insecurity and uncertainty, to name some of the constraints.

Our research concluded that the majority of micro-entrepreneurs operate informally on an involuntary basis due to legal and resources barriers. The involuntary informality of poor micro-enterprises differs from the informal businesses activities operated by the non-poor, some of whom wilfully sought to avoid formalisation since the entrepreneurs had the financial and human capital means to comply with laws and regulations. Whilst most of the micro-enterprises in this study embrace informality (towards land and business regulation) on an involuntary basis, some of the entrepreneurs accept the risks of operating outside the law.

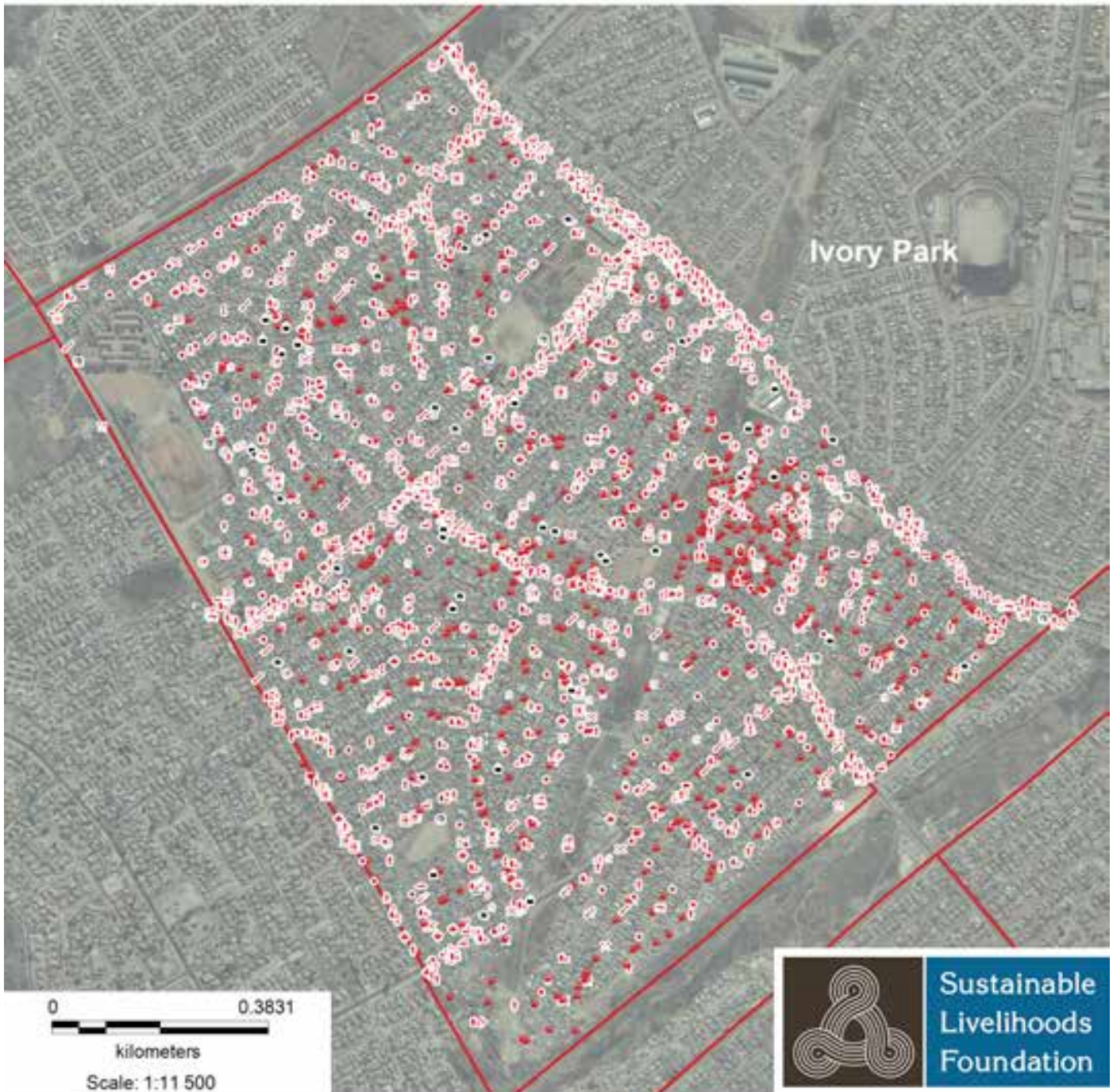
## RESEARCH METHODS

The research plan was to re-engage with the entrepreneurs and individuals with whom SLF had conducted research in 2012 and subsequent projects in 2013–15. These prior engagements provided baseline data against which the researchers were able to assess changes in enterprise dynamics. The focus of the new research was on three

enterprise spatial situations: i) home-based micro-enterprises and business activities; ii) traders and businesses operating in public space; and iii) businesses operating on commercial sites. The research methodology entailed in-depth ethnographic and social-spatial analyses of each case. Due to the labour demands of this method, the number of cases was restricted to 11. These comprised two educarees, three business operating both a spaza shop and tavern, a business selling liquor for off-consumption, four cases where the core business entailed property rental (including backyard accommodation and commercial properties), and a case of street traders situated on the high street. The specific historic relationships with the 11 case studies is described in Table 1.

Field research was undertaken in June 2017. To support the research, we recruited two persons from the Ivory Park community to liaise with the case entrepreneurs, especially with those whom the SLF researchers had not personally interviewed in prior research. Because the researchers aimed to interview at least one property owner in Ivory Park who leased a building for use as a spaza shop to an immigrant entrepreneur, we had to identify a new informant as the candidates on our database were either unavailable or unwilling to talk about their property rental arrangement. In this particular case, the investigation was, in the end, hampered by the limited information that the property owner was willing to share with the informants as well as by the inability of the spaza shop employee to communicate with the researchers in one of the South African languages. In all other cases, the informants supported the research process by providing access to their properties and were open to discussing the land-related constraints on their

**DISTRIBUTION OF MICO-ENTERPRISES BY ENTERPRISE CATEGORY, IVORY PARK, JUNE 2012**



Enterprise category and count of enterprises

Liquor sales	623	Appliance repair	44	Gambling	15
Street trading	293	Health services	39	Community resources	13
Spaza	230	Phone shop	39	Personal services	11
Hair salon	143	Business services	36	Transport	9
Take aways	140	Educare	36	Agriculture	7
Green grocer	138	Specialist store	35	Butchery	7
Recycling	103	Tailoring	31	Tuck shop	6
House shop	89	Shoe repair	30	Art and craft	5
Mechanical repair	65	Religious services	24	Drug dealer	4
Manufacturing	55	Hawker	24	Entertainment	3
Building services	52	Car wash	17		

MAP 1: 2012 Enterprise Mapping

Case	Sector	Prior Engagement
Case 1	Property	Community informant in 2014
Case 2	Property	Community informant in 2012
Case 3	Educare	Bussiness surveyed in 2012
Case 4	Educare	Business surveyed in 2012
Case 5	Property	New informant
Case 6	Spaza Tavern	Business surveyed in 2012
Case 7	Spaza Tavern	Business surveyed in 2012
Case 8	Tavern off-sales	Business surveyed in 2012
Case 9	Spaza Tavern	Business surveyed in 2012
Case 10	Property	Community informant in 2012
Case 11	Traders	Business surveyed in 2012 and 2015

TABLE 1: Prior Engagement with Research Subject

business. The researchers spent between 3–5 hours collecting information from each case. The data-gathering process entailed the following components:

- An in-depth interview in which the researchers asked about the history of acquiring the property and business establishment, the investments made, and current challenges, especially with regard to enterprise formalisation and land use compliance;
- An inspection of legal and business-related documents, including lease agreements, title deeds and rates bills, business licences and business plans;
- A detailed illustration of the property, including the residential and business buildings, infrastructure and any encroachments onto boundary lines;
- Photographs of key aspects of the property and business activities, including the street relationship;
- In the case of street traders, the researcher undertook a business survey of all the street traders and micro-enterprises operating on one side of the high street situated within 300m of the taxi rank. The survey was confined to the side of the high street with a wide (8m) road reserve and neighbouring residential properties. The research sought to investigate the relationships between the traders and the adjacent residential property owners. The findings of the survey are presented in the case write-up; and
- Follow-up interviews to address knowledge gaps.

After gathering data in the field, the qualitative and quantitative data were analysed. We then developed a socio-spatial profile for each case, drawing on the primary data/sources to produce a detailed site plan. High resolution aerial photographs of the surrounding properties were utilised to

provide a situational perspective of the case and to enable the researchers to indicate the misalignment between actual use and the cadastral plan. In an attempt to capture and illustrate the rate and nature of change, our intention was to use historical Google Earth aerial maps over a timeframe of 15 years, but we discovered that the resolution of the images at the individual property scale was insufficient to reveal subtle nuances. This was then substituted by documenting the changes of each property in a drawing based on the interview with the property owner/operator.

Each case comprises a narrative summary of the case insights and an analysis of how it adds value to understanding the problem of land use in terms of micro-enterprise opportunities and constraints. A drawing of the existing property is recalibrated with the interviews. These reveal how the spaces are used, what functions and infrastructure were added and when, encroachments, spatial relationships between residential and business spaces, and access points. The purpose of the drawings is to identify and illustrate the specific tensions between the inherited (compliant) infrastructure and the appropriated/adapted infrastructure. Through this exercise we are able to measure the nature of deviation and how it relates to existing policies (by-laws).

We have endeavoured to uphold the anonymity of the cases. However, it has been important to situate the cases within the settlement context of Ivory Park, showing their rough locations within the study area.

## 2. IVORY PARK OVERVIEW

### SETTLEMENT HISTORY AND DEMOGRAPHY

Ivory Park is a post-apartheid township. It was established around 1992 on a site at which an informal settlement had emerged. The new settlement accommodated residents from overcrowded townships including Alexandra and Tembisa. As a result of the informal process of settlement, urban planning had to align with land claims and settlement patterns. The street layout is haphazard apart from the 'high streets' that bisect the settlement and provide transport corridors linking Ivory Park to Tembisa and the major north-south freeway arteries. The broader township comprises an area of 9.21 km<sup>2</sup>, with a population of 206,000 as of the 2011 census. Ivory Park falls into Region A of the City of Johannesburg (CoJ).

The case studies are situated in sections 2 and 5, with both sections falling in Ward 79. The street pattern reflects the rapid settlement of the area before the process of land surveying was finalised. In surveyed residential sites, the occupiers were given demarcated stands, the boundaries of which were defined with steel bars and a 1.2m-high, three-strand wire fence. There is evidence that the surveyors were, in some cases, flexible in their accommodation of some of the early settlers' land claims (case 2), entitling them to plots corresponding to their claims. Over time, settlements have expanded onto non-residential sites and open land, where homes now exist informally in shack settlement and on parcels of land that have been subject to incremental upgrades to the street network and bulk infrastructure.

All land within the township (apart from a few parcels reserved for commercial activities, including case 10) is occupied with settlement. The property occupiers were

initially provided with lease agreements by the then Midrand Municipal Council. In some instances, case 4, these lease agreements remain valid (though the land has been transferred to the CoJ), whilst in other cases the property owners have managed to acquire title deeds. It is unclear why some residents have not received title. There is evidence, case 7, where the property occupiers have purchased the property from the original occupier without legal consent or, as in case 3, where the occupier has held the property informally in 'trust' on behalf of a family land claim with the original occupier having long since deceased.

In the surveyed sites and sites of incremental upgrades, the home owners have independently constructed brick and mortar houses irrespective of their tenure position. It is important to note that informal forms of tenure security have not prohibited the development of the individual properties for residential and business purposes. It should also be noted that only some of the property occupiers have benefited from national housing subsidies, including the Reconstruction and Development Programme (RDP). These individuals received a small building as a top-structure, which was positioned in the middle of the property.

Unemployment is high (31.4% in Ivory Park, narrow definition). In terms of income distribution (using the 2011 Statistics South Africa census data, categorised in quintiles), see Table 2, about 1/5 of households report 'no-income', 40% earn between R9,600–R38,000 per annum, and a further 24% earn between R38,001 and R153,800 per annum. The latter cohort approximate to full-time salaried workers. The combined 'middle class' comprises less than 5% of the population.



Ivory Park accommodates a substantial community of migrants and immigrants. The census data indicates that 29% of the population gave their home language as Xitsonga, isiNdebele and other; thus potentially including Mozambicans and Zimbabweans. Some of the new settlers reside in shack settlements, which accommodate 13% of the population, though most migrants/immigrants are accommodated in single dwelling 'backyard' structures built by the property owners, who have thus acquired a potentially profitable and reliable income stream (cases 1 and 2).

The settlement has received a modicum of social infrastructure, including schools, a taxi rank, a police station and clinic. This infrastructure does not adequately serve the

increasing population of the neighbourhood, which has no means to regulate its size. As a result, these examples of public infrastructure do little to meet the demands and needs of the inhabitants. This service/infrastructure delivery shortcoming has stimulated entrepreneurial responses, including the provision of social facilities and leisure offerings. In the context of the study site, the most influential public infrastructure on social and economic activities is the taxi rank, situated at the intersection of 21st August Drive and 29th September Drive. It is influential in the sense that it has the capacity to inform the growth and operation of the settlement, and offers a rare form of spatial guidance. Both streets equate to 'high streets' in transit-oriented development (ToD) dynamics, which include a high concentration of street trading activities.

% Above R614 400	0.2
% R153 801-R614 40	2
% R38 201-R153 800	24
% R9601-R38200	40.6
% R1-R9 600	10.6
% No Income	22.6
% Population in Informal Settlements	13
% Female Population	46
Total Households	19.146
Total Population	45.5

Table 2: Socio-Demographic Status

### THE MICRO-ENTERPRISE ECONOMY

The 2012 research identified and mapped 2,509 micro-enterprises. We categorised all the identified activities into 34 enterprise groups. The spatial distribution of the identified informal businesses is shown on Map 1. A more comprehensive analysis of the Ivory Park informal economy is described in Charman (2017). In proportional terms, there are 55.1 micro-enterprises for each 1,000 persons. This result indicates a far greater rate of participation in informal self-employment among the residents of Ivory Park than the other eight sites in which SLF has replicated the research method. In terms of enterprise categories, the top five are house shops (17.1%), street trade (12.5%), taverns (9%), grocery retail (spaza shops) (7.2%), and green grocer and takeaways (tied at 5.7%). The sale of food (groceries, fresh produce, meat and poultry), beverages (cool drinks and alcohol) and prepared foods (street food, takeaways and restaurants) equates to over 50% of all business activities. A full ranking of enterprise categories, showing the number of enterprises per 1,000 population, is shown in Figure 1.

Business activities are conducted in different spatial localities. The home (residential site) is especially important for retailers operating within a house/shack and selling groceries, snacks, cool drinks, liquor and fast food. Education services, such as crèches and educares, are usually home-based. Scrap material traders who need the storage space are another example of a micro-enterprise that is predominately home-based. In the case of grocery and liquor retailers, SLF research has identified a distinctive spatial economic logic to the pattern of enterprise distribution whereby separate businesses are situated in distinct localised geographical niches, predominantly serving a customer base residing within a radius of between 50–100m distant from the

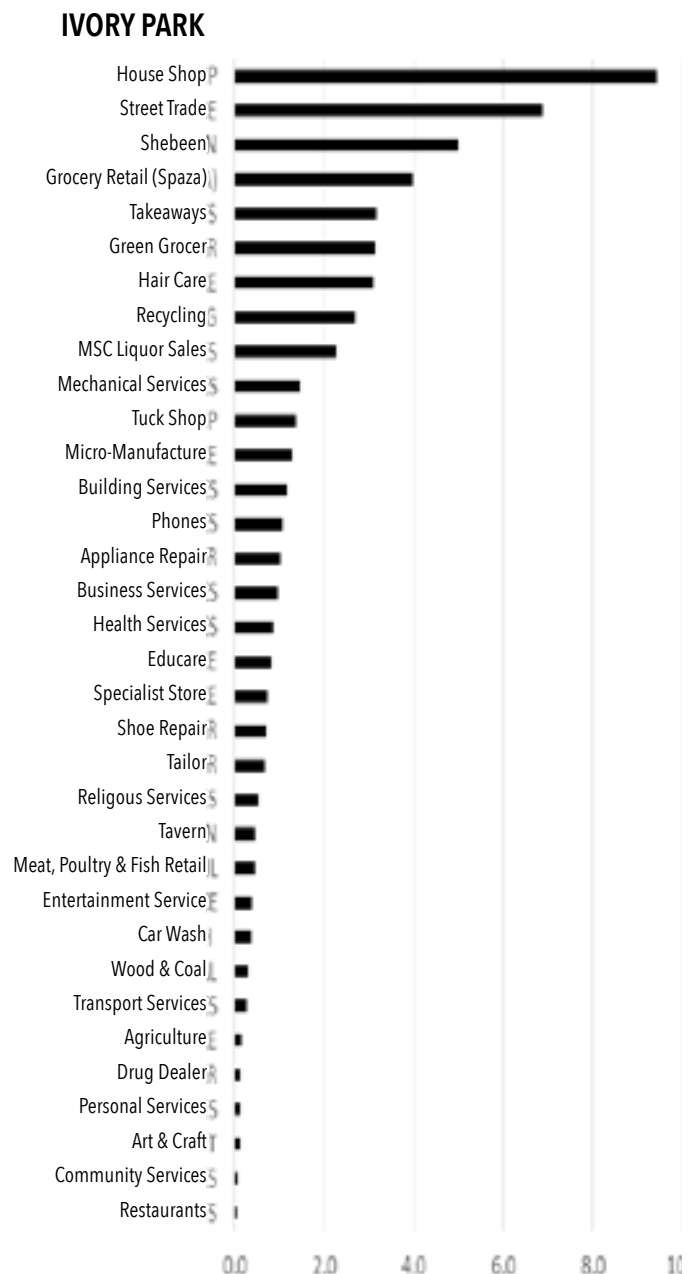


Figure 1: Number of Businesses per 1000 Population

business. This spatial logic accounts for the high number of enterprises within these categories. In the case of grocery shops, the predominant logic within a geographic niche are factors of product availability and affordability, whereas in liquor-drinking venues, cultural considerations are important in influencing business frequency and distribution, and result in a diversity of non-competing venues with different businesses oriented to different socio-cultural market segments. The street hosts a diverse range of businesses. These include green grocers, street fast-food outlets (such as braai stands), haircare businesses and ambulatory hawkers selling anything from clothes to homeware (brooms, dish towels, dusters, etc.). Of all identified business, 31% operated from high street locations.

Spatial logic not only determines where enterprises are situated but influences the nature of the business infrastructure itself. On the high street, notably in places with high pedestrian density such as transport nodes, residential properties have been converted into business units that in turn sustain an infrastructure of signage, public entrances and verandas that encroach onto (and appropriate) public space. Permanent structures include containers, shacks and kiosks, while semi-permanent stands include gazebos, tarpaulin and posts, rudimentary trading counters and umbrella stands. These are often located between the original dwelling structure and the street property boundary. This space has a by-law setback that is not adhered to, as most structures aim to be as close to the streets as possible to gain a trading advantage. Some traders use open land (for car repair and manufacturing activities) or display their goods on the ground. There are also a range of mobile businesses and entrepreneurs whose minimal space

requirements enable them to position their trade in sites of high pedestrian density. In contrast, home-based businesses such as spaza shops or house taverns tend to occupy a single room or outbuilding, such as a shack.

# 3. CASE STUDIES



# CASE STUDIES



- Case study site
- Municipal zoning
- Undetermined zoning
- Main road
- Secondary road
- 200m radius locality

Case Studies



## *i. M's BACKYARD DWELLINGS*

### **SYNOPSIS**

Gender: male

Age: pensioner

Property/business income: R10,000 per month (pm)

The case concerns a home-based micro-enterprise that has built, and now manages, 'backyard' accommodation units for commercial income. Whilst the space of the property has been optimally used, the high density of residents poses risks. None of the property expansions have council-approved building plans, nor do the structures comply with NBRBSA regulations.

Over time the property owner has built ten units. The spatial layout of building on the property has changed in time, expanding towards the boundary line and filling in space to increase the number of units. The ten separate units share a single toilet and water source. Some of the units are situated on the boundary line and encroach onto the servitude and building lines. The front of the property is undeveloped and has been reserved for fruit trees and a small garden in which he has placed dove cages.

The investment in the rental units includes:

- Semi-detached units with a single window and door, and each unit has a separate entrance from a court yard;
- Each unit has a separate electricity meter.

The entrepreneur is a butcher and lives alone. He expressed the view that he had no need, in terms of spatial requirements, to expand the house. He is a Zimbabwean and former ZIPA freedom fighter who had once received training in the Soviet Union. He came to South Africa in the late 1980s and might have acquired South African permanent residence status. As one of the first settlers in Ivory Park (part of the Alexandra 'green section' group), he selected the stand because he wanted to reside in a corner property and the stand he selected is slightly larger than neighbouring stands. He recalls engaging with the original surveyor to negotiate the boundary of his plot.

### **TENURE STATUS**

The owner has secure tenure. But it is unclear whether or not he has received a title deed.

### **ENTERPRISE DYNAMICS**

The entrepreneur was interviewed in 2012. At that time he was making and selling furniture in addition to renting accommodation units. Over time the accommodation units have become his main source of income. The number of units has increased since 2012. Currently the ten units are leased for rents ranging between R800–R1,200 pm, excluding electricity, billed individually to each lessee. The property owner only rents to families (husband and wife, and possibly children), irrespective of family size. The potential monthly rental income from the ten units is around R10,000. It is unclear whether or not rates are paid.

### **OBSTACLES TO FORMALISATION**

The main challenge to formalising the property as a legitimate source of income generation are the town planning requirements with respect to the need for approved building plans, authorisation in respect to boundary-line encroachment and the development of the property in terms of rules governing subsidiary dwelling units. In respect of the latter, the draft CoJ Land Use Scheme only permits subsidiary dwelling units on land zoned Residential 1, specifying that the owner may only erect a maximum of two subsidiary units. A subsidiary unit is considered to be equivalent to three rentable rooms. The scheme specifies that the habitable space shall not be less than 9m<sup>2</sup> or 6m<sup>2</sup> per person for more than one person. In some units the habitable space per person might be smaller than these thresholds.

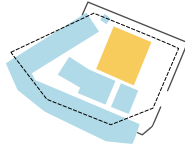
### **EXTERNAL INFLUENCES**

The high density of residents presents several risks. The safety and well-being of the tenants could be compromised as a result of the constrained living conditions with no cap on the number of family members per unit. From a settlement-wide perspective, informal densification may undermine efforts at city planning, especially in respect of the provision of bulk infrastructure as well as social infrastructure.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE FOCUS: 'BACKYARD' DWELLINGS

Characterised by insertion of accommodation units in addition to the main house; often managed by a single occupant who collects rent, and serviced by common amenities.

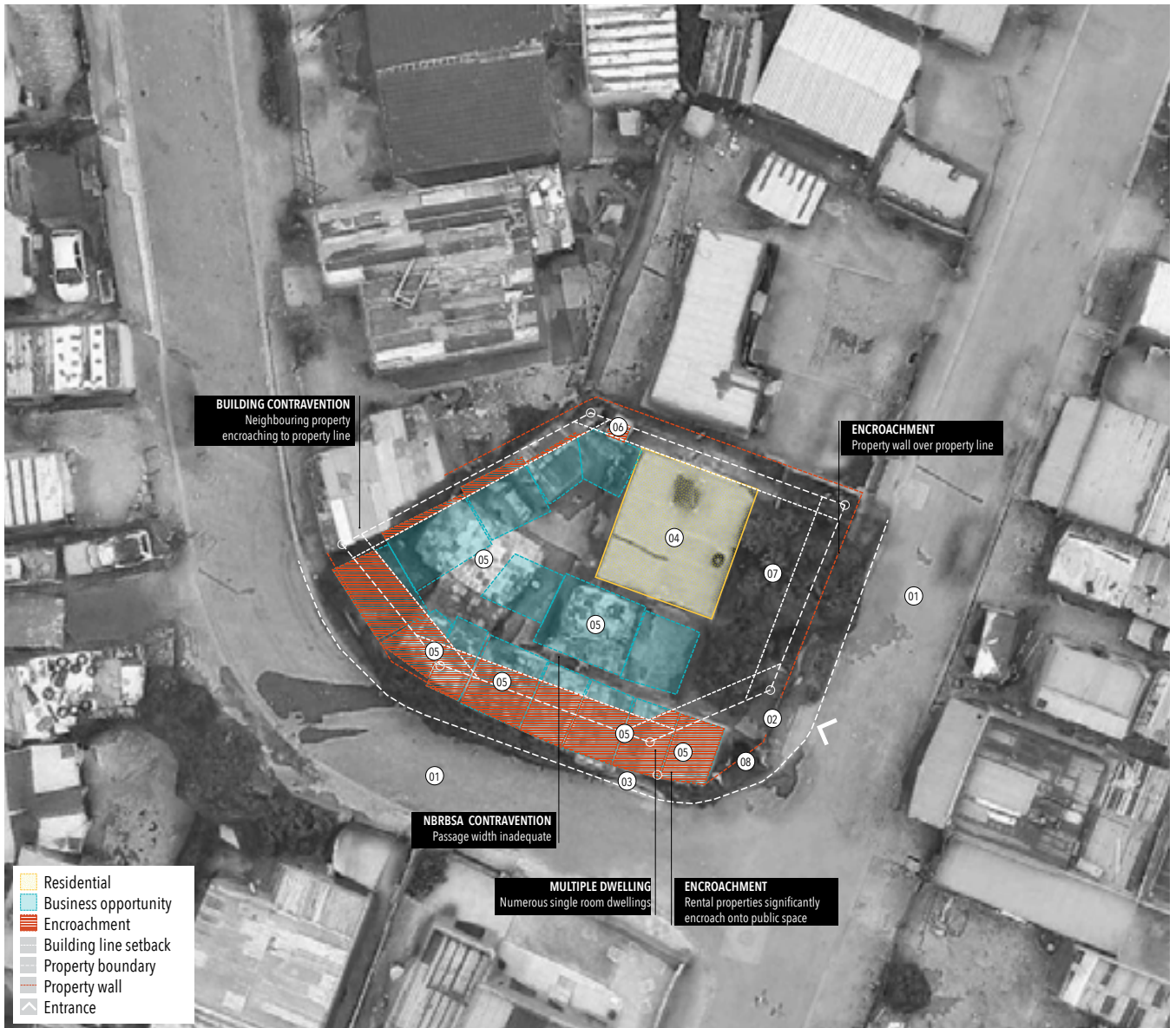


### PROPERTY DATA

Tenureship status	CITY OWNS PROPERTY, BUT OCCUPANT HAS SECURE TENURE
Operator	OCCUPANT
Business type	RENTED ROOMS
Site area	272m <sup>2</sup>
Dwelling : Business	41m <sup>2</sup> : 134m <sup>2</sup>

### COMPLIANCE STATUS

Zone use	LEGAL: RESIDENTIAL 1 (ACTUAL: RESIDENTIAL 2)
Title deed	NONE
Property boundary	ENCROACHMENT (X3)
Rates & taxes	UNKNOWN
Approved building plans	NONE
NHBRC compliant	PARTIAL, INSUFFICIENT TOILETS
Company registration	NOT REGISTERED
Regulating authority for operations	'SHEBEN PERMIT' 2007 (OUTDATED)
Parking	NONE



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

01. Neighbourhood street with mountable kerb separating sidewalk 02. Driveway entrance 03. Sidewalk for pedestrian movement (narrow) 04. Main house 05. Rented room 06. Toilet addition 07. Bird coups 08. Trading stall



## CASE STUDIES: M's BACKYARD DWELLINGS

### A. PROPERTY INVESTMENT

An incremental series of investments have been made to the property over time to optimise usage and maximise income. The following investments have been made (in chronological order)

01. Boundary fence
02. Backyard dwelling (brick) - phase 1
03. Backyard dwelling (brick) - phase 2
04. Backyard dwelling (brick) - phase 3
05. Workshop shed (sheet metal) - currently being converted into brick structure



### B. PROPERTY CONFIGURATION

The private residential property provides the basis for more intense property uses and is illustrated through the accompanying axonometric drawing.

01. Quiet neighbourhood street
02. Sidewalk with corner trading structure
03. Boundary fence (visually permeable)
04. Landscaped garden (for owner's use)
05. Workshop shed (sheet metal) - currently being converted into brick structure
06. Backyard dwelling (brick)
07. Passage ways
08. Utility yard
09. Original house
10. Toilet (as original)



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The corner stand and placement of the original house allows for the open spaces to be optimised for development. The plot is contained with a single entrance and allows for no vehicular parking on the premises. A landscaped front garden outside the main house allows for it to be used privately by the owner.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS



01. Landscaped front yard of original house used by owner for socialising



02. Boundary condition with houses built on and over property line



03. Passageway for circulation to individual residential units



04. In-progress addition (furniture workshop for owner)



**STREET ENTRANCE:** Street relationship showing enclosed residential plot with dwelling on periphery

01. Neighbourhood street with mountable kerb. 02. Pedestrian entrance with visual permeability from street 03. Trading structure 04. Back-yard dwellings built on boundary edge 05. Original house

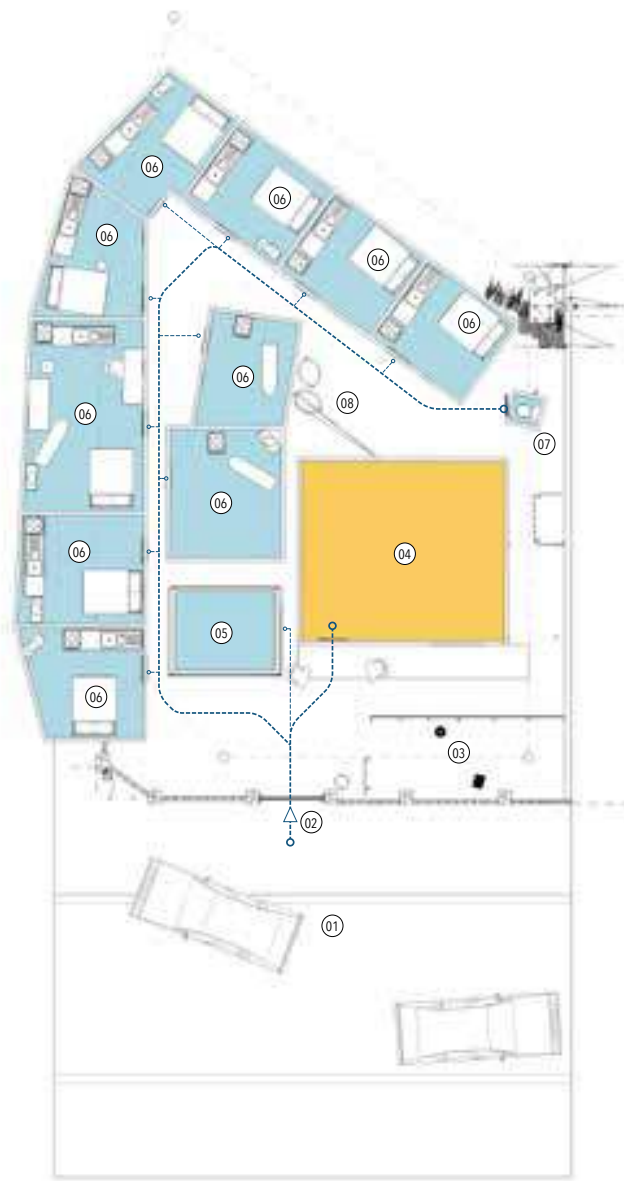
## CASE STUDIES: M's BACKYARD DWELLINGS

### CASE STUDY DESCRIPTION & SYNOPSIS

The case concerns a home-based micro-enterprise that has built, and now manages 'backyard' accommodation units for commercial income. Whilst the space of the property has been optimally used, the high density of residents poses risks. None of the property expansions have council-approved building plans, nor do the structures comply with NHRBC regulations.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 20 years
<i>Number of employees</i>	NA
<i>Monthly income</i>	R10 000
<i>Key business variables</i>	Accommodation units x 10
<i>Other business investments</i>	None
<i>Key business risks</i>	COJ Non-payment of leases Fire or such hazards
<i>Formalisation opportunities</i>	None / unclear
<i>External considerations</i>	Sustains potentially unhealthy living conditions



- Circulation
- △ Main entrance
- Primary entrance
- Secondary entrances

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Neighbourhood street with mountable kerb **02.** Driveway entrance (pedestrian only) **03.** Private garden **04.** Main house **05.** Workshop for owner **06.** Backyard dwelling **07.** Toilet **08.** Utility Yard

## ii. W's BACKYARD DWELLINGS & RETAIL

### SYNOPSIS

Gender: male

Age: mature adult

Property/business income: R9,200 pm

The case provides an example of how secure land tenure coupled with space availability and high street frontage at a busy location permit opportunities for an entrepreneur to develop multiple property-rental income streams through informal land use. Whilst the space of the property has been optimally used, the high density of residents poses risks. The commercial properties in this case encroach onto the road reserve, whilst others are situated on servitudes. None of the property expansions have council approved building plans, whilst the structures do not comply with NBRBSA regulations.

### TENURE STATUS

The property owner and entrepreneur was one of the original Ivory Park settlers from the Alexandra group who formerly resided in the 'green section'. He arrived in Ivory Park in 1990. As a community leader, the owner was able to acquire a relatively large corner plot, situated along one of the major neighbourhood branch roads and adjacent to the high street. He obtained title to the property in 2010. The transfer fee was R4,470. A residential house was established on the site in 2008, though it is unclear if this investment was undertaken by the property owner or through the state housing subsidy programme. The house has since been extended to include a larger internal bathroom. The building is separate from outbuildings. The owner shares use of the outdoor courtyard. The irregular and comparatively larger land shape has ample space to introduce additional accommodation, with the space along the street being used for businesses.

### ENTERPRISE DYNAMICS

The property owner runs a small gym, colloquially known as 'gym at your own risk'. Gym membership fees are R50 pm. The informant was interviewed in 2012. Over time the main business has become the rental of commercial property. In 2012 there were a few shipping containers situated on the site from which businesses were conducted. These have since been replaced with brick and mortar structures. The investment to develop the two largest commercial properties was apparently undertaken by the tenants in lieu of a reduced rental. The site is favoured due to its proximity to the high street. The lease agreements with the two business investors is verbal, 'flexible', and subject to one month's notice.

The property portfolio current comprises the following buildings which collectively provide a monthly income of R9,200:

- Shop rented as an egg depot for R4,000 pm;
- Shop rented as a pharmacy for R2,500 pm;
- Shop rented to a takeaways business for R1,500 pm;
- An accommodation unit rented for R450 pm;
- An accommodation unit rented for R750 pm; and
- Two accommodation units provided on a reciprocal basis to family members.

The property income streams provide a profitable and sustainable business. The rental price excludes the provision of electricity. The residential and business tenants use a common toilet situated at the rear of the site. Passages and access points need to be carefully arranged to manage the sharing of resources.

**OBSTACLES TO FORMALISATION**

The property owner has no incentive to formalise the property development. He does not pay rates (he says that he 'wants to be free like Mandela'). It is unclear whether the additional property investments have affected the level of rates. The informality of investment and land use provides him with a high degree of flexibility to charge tenants, redevelop and repurpose his commercial properties, consolidating or disaggregating units in response to market demand.

**EXTERNAL INFLUENCES**

As in Case 01, the high density of residents on the site has risks. The living conditions in the backyard units are constrained. All tenants share a single toilet. There is no additional provision for the management of household waste. Some of the building structures are potentially unsafe for human habitation and their proximity to each other and the narrow walkways are a fire hazard. The buildings encroach onto public land and municipal servitudes. The title deed specifically states that 'no building ... shall be erected within the aforesaid servitude area'. From a settlement-wide perspective, informal densification may undermine efforts at city planning, especially with respect to the provision of bulk infrastructure as well as social infrastructure.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: GYM, BACKYARD RENTAL & RETAIL

This property demonstrates a variety of enterprises and land use on one erf, with rental residential units to the rear and retail-business units to the street front.

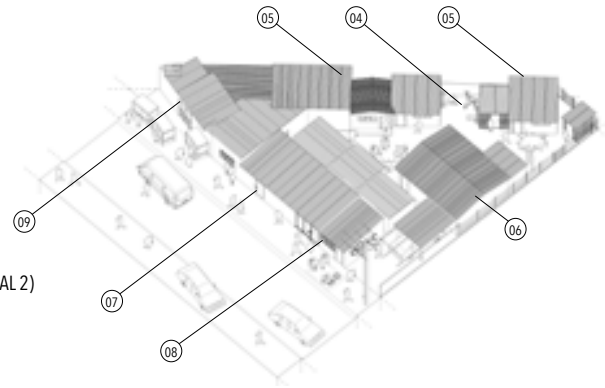


### PROPERTY DATA

Tenureship status OCCUPANT OWNS PROPERTY  
 Operator OCCUPANT AND LEASING ENTREPRENEURS  
 Business type RENTAL RESIDENTIAL, GYM, PHARMACY, EGG SHOP  
 Site area 445m<sup>2</sup>  
 Dwelling : Business 49m<sup>2</sup> : 242m<sup>2</sup>

### COMPLIANCE STATUS

Zone use LEGAL: RESIDENTIAL 1 (ACTUAL: BUSINESS 2, RESIDENTIAL 2)  
 Title deed CURRENT  
 Property boundary ENCROACHMENT (X3)  
 Rates & taxes REFUSAL TO PAY  
 Approved building plans NONE  
 NHBC compliant PARTIAL  
 Company registration NOT REGISTERED  
 Regulating authority for operations NO PERMIT FOR PERISHABLES' SALE  
 Parking DRIVEWAY (2 BAYS)



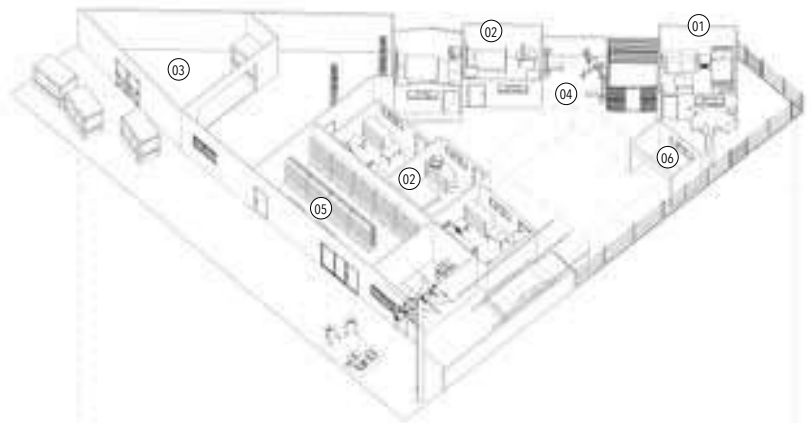
**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

- 01. Neighbourhood street with mountable kerb separating sidewalk
- 02. Street entrance
- 03. Sidewalk for pedestrian movement
- 04. Open plan 'gym at your own risk'
- 05. New residential rental backyard units
- 06. Main house
- 07. Pharmacy shop
- 08. Spaza shop
- 09. Egg shop
- 10. Outdoor toilet

**A. BUSINESS INVESTMENT**

*A incremental series of investments have been made to the property over time to support the business. These range in nature from removable, fixed, temporary and are premised on making the business more profitable. The following investments have been made (in chronological order)*

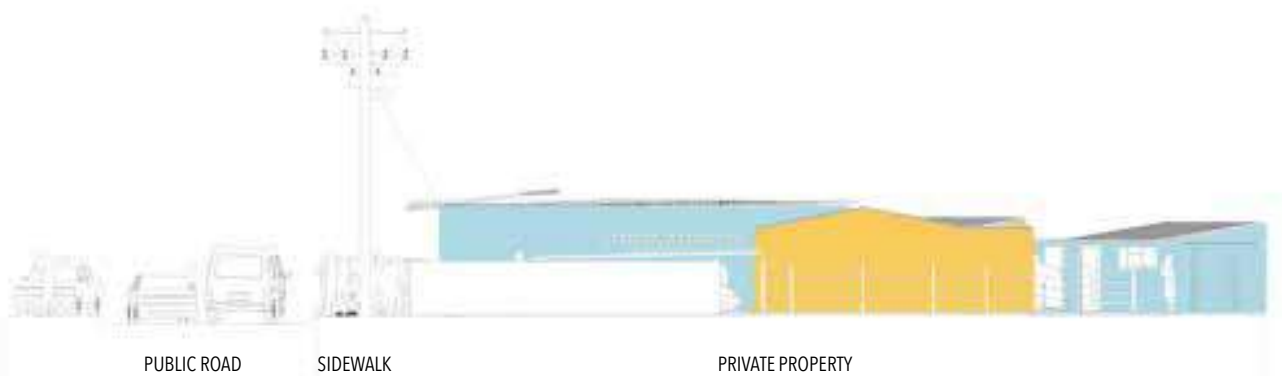
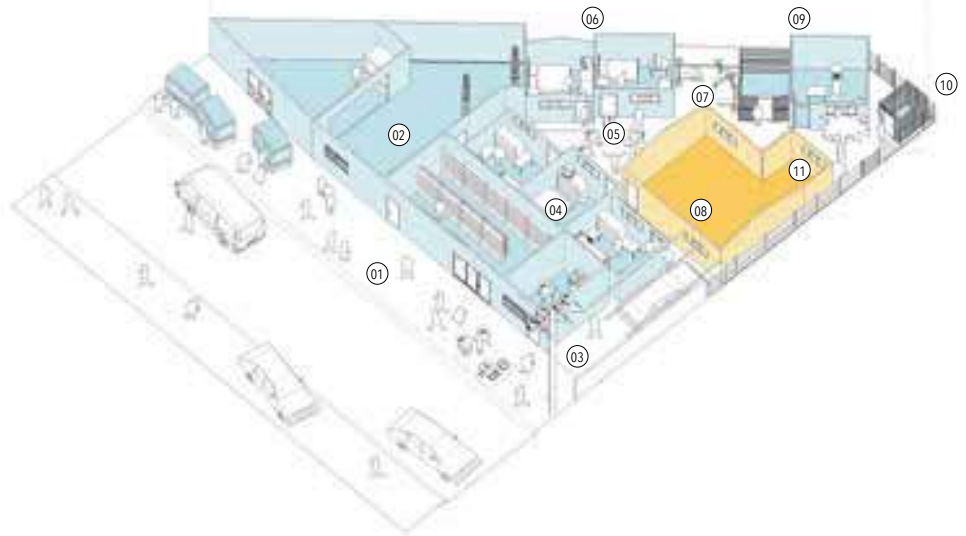
- 01. Backyard dwelling (brick)
- 02. Backyard dwelling (brick)
- 03. Shop (brick)
- 04. Gym
- 05. Shop (brick)
- 06. Private internal toilet to main house



**B. PROPERTY CONFIGURATION**

*The private residential property provides the basis for augmented business uses and is illustrated through the accompanying axonometric drawing.*

- 01. Road reserve used for loading, trading and walking
- 02. Retail shops accessed off street
- 03. Driveway and pedestrian access
- 04. Dwelling unit
- 05. Yard for socialising and washing
- 06. Dwelling units
- 07. Outdoor gym
- 08. Main residential dwelling
- 09. Dwelling unit
- 10. Toilet
- 11. Toilet addition (to private house)



**SPATIAL ARRANGEMENT:** *Spatial arrangements of various property functions and their relationship to public and private property.*

The centrally placed original dwelling made inefficient use of the land which was capitalised upon by the occupant to introduce further infrastructure to optimise the property. New retail-oriented buildings edge the street while residential units are positioned along the internal boundary wall.



01. Yard showing gym and backyard dwellings



02. Accessway between properties



03. Street frontage and driveway



04. Yard for socialising and washing



**STREET ENTRANCE:** Formal masonry structures of the property edge the street.

01. Neighbourhood street with barrier kerb and mountable kerb. 02. Trading structures (extension to adjacent shop) 03. Shops built along property line edging sidewalk  
04. Shop fronts of shops relate directly to sidewalk (with overhang) 05. Main site entrance



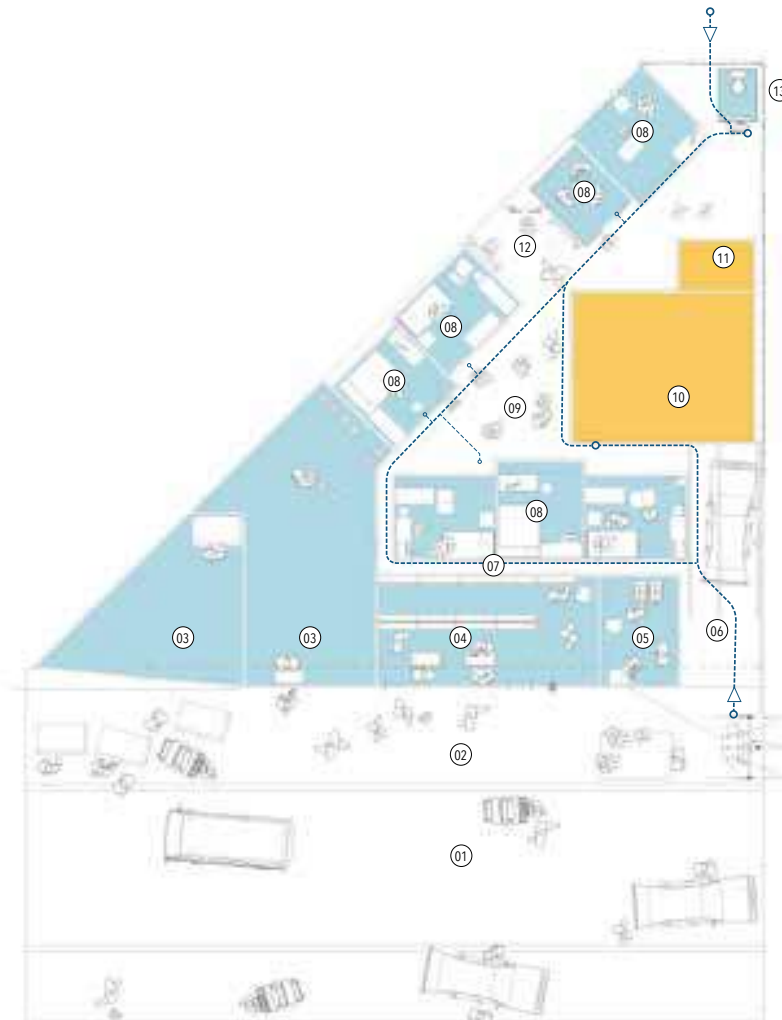
## CASE STUDIES: W's BACKYARD DWELLINGS & RETAIL

### CASE STUDY DESCRIPTION & SYNOPSIS

The case provides an example of how secure land tenure coupled with space availability and high street frontage at a busy location permit opportunities for an entrepreneur to develop multiple property-rental income streams through informal land use. Whilst the space of the property has been optimally used, the high density of residents poses risks. The commercial servitudes in this case encroach onto the road reserve, whilst others are situated on servitudes. None of the property expansions have council approved building plans, whilst the structures do not comply with NBRBSA regulations.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 20 years
<i>Number of employees</i>	NA
<i>Monthly income</i>	R9 200
<i>Key business variables</i>	3 commercial shop units 4 accommodation units
<i>Other business investments</i>	Gym and equipment
<i>Key business risks</i>	CoJ compliance inspection Non-payment of leases Fire or such hazards
<i>Formalisation opportunities</i>	Land title could permit the business owner access to finance to further develop shops on high street
<i>External considerations</i>	Sustains potentially unhealthy living conditions



- Circulation
- △ Main entrance
- Primary entrance
- Secondary entrances

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Mixed traffic street **02.** Surfaced sidewalk **03.** Shop (eggs and chicken) with street kiosks **04.** Shop (pharmacy) **05.** Ice cream shop **06.** Driveway and entrance to dwellings **07.** Narrow passageways **08.** Backyard dwelling **09.** Yard for washing and socialising **10.** Main dwelling **11.** Bathroom extension to main dwelling **12.** Outdoor gym **13.** Toilet

### *iii. C's EDUCARE*

#### **SYNOPSIS**

Gender: female

Age: pensioner

Property/business income: R11,700 pm

The case concerns an educare that has been in business for more than ten years, operating informally. The case provides evidence of how insecure tenure can negatively impact on the endeavours of entrepreneurs to formalise their business. The business owner unsuccessfully applied for registration with the Department of Social Welfare and Development (DSWD). The predicament of 'enforced informalisation' has prevented the entrepreneur from access to the state subsidy for ECDCs (educares), which in turn has limited the resources available for reinvestment in business infrastructure and facilities.

The entrepreneur has made substantial investments overtime in the businesses. The buildings are not approved in terms of council plans or NBRBSA compliance. Some of these investments have sought to comply in the spirit (though not the technical or legal requirements) of the norms and standards for approved ECDCs. These investments include:

- Shade canopy;
- Sliding gate (creates a secure property and safe spaces for children);
- Brick boundary walls;
- Additional classrooms and furniture;
- An external toilet; and
- The cumulative infrastructure and business investments exceed R40,000.

There are major disadvantages to operating without registration. The state ECDC subsidy exceeds the monthly fee charged per child (R330 versus R300) and would double enterprise revenue. Despite the disadvantages of operating without registration, informality has permitted the business to make incremental investments and to utilise the land and property flexibly. One example of spatial flexibility is the construction of the toilet for the children on the neighbouring property since there was no space available for this development on her land. These soft boundaries (informally negotiated) circumnavigate developmental constraints as prescribed by by-laws.

#### **TENURE STATUS**

The occupier was 'deployed' by her family to reside on the property around 1992. The property was originally held by her uncle, who resided in a hut. He subsequently died, leaving no heir. She then built a shack with finance loaned from her sister. Although the informant has secure tenure in terms of her customary and informal claims to the property, which has enabled her to develop the land, her ownership is not legally recognised. The rates bill is simply addressed to the 'occupier' of the stand. She has an outstanding rates debt of R1,400.

### **ENTERPRISE DYNAMICS**

The business operator is a pensioner. The business is registered as a non-profit organisation (NPO). The business evolved from a livelihood activity. At the outset, the informant was unemployed and therefore offered to take care of her sisters' children whilst she went out to work. Neighbours then sent their children to the educare. Over time the business grew and in 2012, when the SLF team first interviewed the informant, the educare had 32 children. The business employed two workers. Today the business currently cares for 15 babies (0–1 years) and 24 children (2–6years), and still employs two workers. The employees earn R1,400 and R1,500 pm respectively.

Since 2012 the informant has converted one of the classrooms from an iron shack to a brick structure. The development has been financed, in part, through family loans. In one instance the informant borrowed R18,000 from her sister, who in turn raised the capital through a commercial bank loan. The enterprise provides an important service to parents by providing a safe space and education-focused environment for their children. Security, safety and play spaces are key elements of the business and have guided the nature of infrastructure investments.

The business is able to secure sponsorships with donors for food support and educational materials.

### **OBSTACLES TO FORMALISATION**

The first obstacle to formalising the business is her land-tenure status. Whilst her investments are secure, her tenure is not legally recognised. She is thus unable to apply to have the property rezoned for business use (as an ECDC), a requirement of the municipal zoning scheme. As the land owner, she would then need to ensure that the property was compliant with building plans and standards, which it might achieve with difficulty as recently added buildings currently encroach onto neighbouring properties and boundary lines.

Additionally, the business would not comply with ECDC norms and standards because of the non-provision of a sick bay and inadequacy of toilets. The business has too many children relative to the property size and does not meet the required 1.5m<sup>2</sup> of indoor space per child (or 2m<sup>2</sup> for toddlers). Notwithstanding the architectural retro-fitting efforts to meet the standards for ECDC norms, property zoning remains the fundamental constraint.

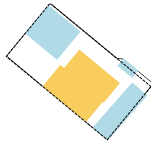
### **EXTERNAL CONSIDERATIONS**

The business operator is dedicated to the care of the children. Yet the informal status of the business presents risks. Should harm befall any of the children, the entrepreneur might be held liable and in such a situation would not have access to state protection. Furthermore, state endeavours to promote national norms and standards are undermined.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: EDUCARE

Educares offer basic child-minding and educational services to the community. These businesses are required to be registered by the Provincial Government Department of Social Welfare and Development.

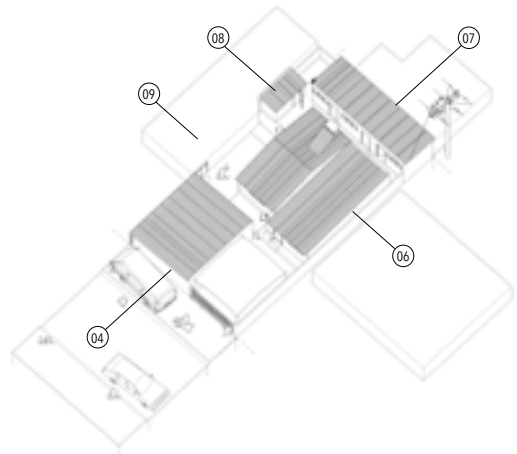


### PROPERTY DATA

Tenureship status OCCUPANT RENTING FROM COJ  
 Operator OCCUPANT  
 Business type EDUCARE  
 Site area 225m<sup>2</sup>  
 Dwelling : Business 100m<sup>2</sup> : 125m<sup>2</sup>

### COMPLIANCE STATUS

Zone use LEGAL: RESIDENTIAL 1 (ACTUAL: EDUCATIONAL)  
 Title deed NONE  
 Property boundary ENCROACHMENT (X3)  
 Rates & taxes OUTSTANDING  
 Approved building plans NONE  
 NHBC compliant PARTIAL  
 Company registration REGISTERED NPO  
 Regulating authority for operations NOT REGISTERED, UNSUCCESSFULLY APPLIED  
 Parking NO PARKING ON SITE



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

- 01. Neighbourhood street with mountable kerb separating sidewalk
- 02. Driveway entrance
- 03. Sidewalk for pedestrian movement
- 04. Open plan educare facility
- 05. Covered play area
- 06. House
- 07. Educare support facilities (kitchen, office, classroom)
- 08. Toilet addition
- 09. Neighbouring property (house)

**A. BUSINESS INVESTMENT**

An incremental series of investments have been made to the property over time to support the business. These range in nature from removable, fixed, temporary and are either premised on making the business more efficient or compliant. The following investments have been made (in chronological order)

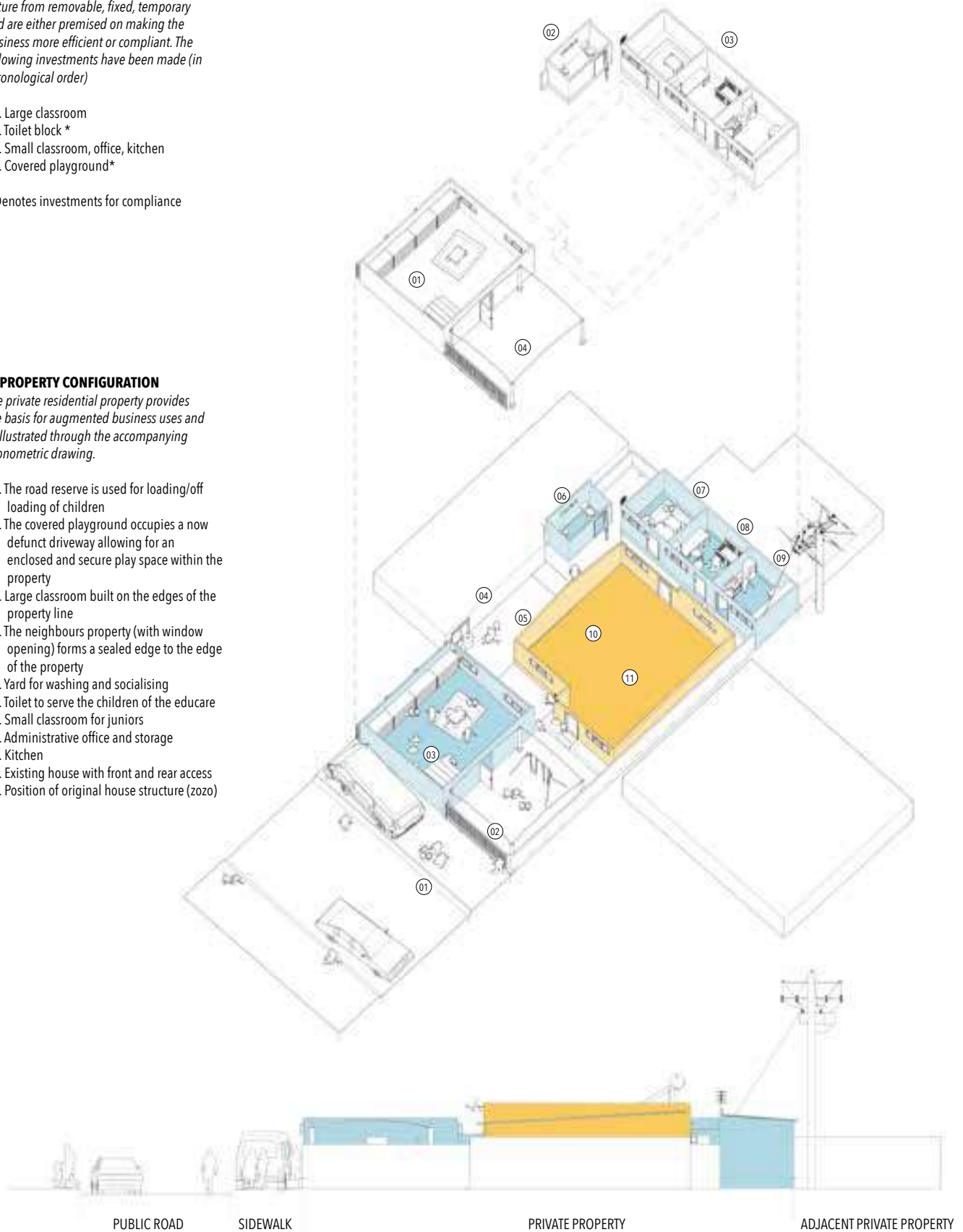
- 01. Large classroom
- 02. Toilet block \*
- 03. Small classroom, office, kitchen
- 04. Covered playground\*

\* Denotes investments for compliance

**B. PROPERTY CONFIGURATION**

The private residential property provides the basis for augmented business uses and is illustrated through the accompanying axonometric drawing.

- 01. The road reserve is used for loading/off loading of children
- 02. The covered playground occupies a now defunct driveway allowing for an enclosed and secure play space within the property
- 03. Large classroom built on the edges of the property line
- 04. The neighbours property (with window opening) forms a sealed edge to the edge of the property
- 05. Yard for washing and socialising
- 06. Toilet to serve the children of the educare
- 07. Small classroom for juniors
- 08. Administrative office and storage
- 09. Kitchen
- 10. Existing house with front and rear access
- 11. Position of original house structure (2020)



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The property is enclosed on all sides with a single secured entry for both the residence and educare. The front and back spaces of the original land have been utilised to expand the economic opportunities of the property.



01. Interior of educare classroom.



02. Internal play area for children (previous driveway)



**STREET ENTRANCE:** Front gate leading onto property with front facade signage of business.

01. Neighbourhood street with mountable kerb separating sidewalk 02. Pedestrian entrance with visual permeability from street 03. Signage on facade 04. Open plan educare facility 05. Covered play area 06. Main house

## CASE STUDIES: C's EDUCARE

### CASE STUDY DESCRIPTION & SYNOPSIS

The case provides evidence of how insecure tenure can negatively impact on the endeavours of entrepreneurs to formalise their business. The business owner unsuccessfully applied for registration with the Department of Social Welfare and Development. The predicament of 'enforced informalisation' has prevented the entrepreneur from access to the state subsidy for ECDC's which in turn has limited the resources available for reinvestment in business infrastructure and facilities.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 20 years
<i>Number of employees</i>	2
<i>Monthly income</i>	R11 700
<i>Key business variables</i>	15 babies and 24 children Equipment Purpose built class rooms, kitchen, sick room, office play area
<i>Other business investments</i>	NA
<i>Key business risks</i>	CoJ compliance inspection DSWD compliance inspection Non-payment of school fees
<i>Formalisation opportunities</i>	Subject to land title deed, zoning and building compliance, the entrepreneur could potentially access to DSWD grant
<i>External considerations</i>	None / unclear. Business may be recommended to comply to pupil:room capacity.



- Circulation
- △ Main entrance
- Primary entrance
- Secondary entrances

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** The road reserve is used for loading/off loading children **02.** The covered playground **03.** Large classroom **04.** Yard for washing and socialising **05.** Toilet to serve the children of the ECDC **06.** Small classroom for juniors **07.** Administrative office and storage **08.** Kitchen **09.** Existing house with front and rear access **10.** Position of original house structure (zozo)

## *iv. J's EDUCARE*

### **SYNOPSIS**

Gender: female

Age: pensioner

Property/business income: R8,750–R10,000 pm

The case concerns an educare than has been in business for about nine years, operating informally. The case provides evidence of how the form of tenure can negatively impact on the endeavours of the entrepreneur to formalise their business. The business owner unsuccessfully applied for registration with the DSWD. This 'enforced informalisation' has prevented the entrepreneur from being able to access the state subsidy for ECDCs, which in turn has limited the resources available for reinvestment in the business.

The entrepreneur has made substantial investments over time to comply with the norms and standards for ECDCs (though not with the legal or technical requirements). Part of this investment was reactive, as a consequence of the business being issued with a municipal compliance order. The buildings are not approved in terms of council plans or NBRBSA compliance. The sum of investments over time include:

- Shade canopy;
- Sliding gate;
- Brick boundary walls;
- A new kitchenette, classrooms and furniture;
- An external toilet; and
- The cumulative infrastructure and business investments exceed R35,000.

There are major disadvantages to operating without registration. The state ECDC subsidy exceeds the monthly fee charged per child (R330 versus R250) and would double the enterprise's revenue. Whilst enforced informalisation has necessitated unforeseen investments in infrastructure to address non-compliances, the opportunities of informality have permitted the business to make incremental investments and flexibly utilise the property. The construction of business infrastructure on the building line has enabled the informant to maximise space availability, in particular to accommodate the need for a children's play area.

### **TENURE STATUS**

The occupier originally resided in Ivory Park with her mother at another address. She acquired a lease to the site in the early 1990s via a lease agreement with the Midrand 'Rabie Ridge' Ivory Park Metropolitan Substructure. In terms of the lease, the lessee could utilise the site for residential purposes only, though she was entitled to build 'a prefabricated building on the site' subject to the submission of a building plan. The occupier presumably submitted a building plan (which the researcher inspected) and built a residential house with the finance obtained from a retirement package of R42,000. It is unclear why the lease has not been converted to a title deed since neighbouring property owners claim to have legal ownership. In 2017 the lease agreement was updated on the CoJ property system. The name of the occupier appears on the rates bill. She has an outstanding rates debt of R14,000.



### ENTERPRISE DYNAMICS

The business operator is a pensioner. The informant established the business in her retirement, having formally worked as a domestic worker and caregiver. In 2012 the business had 32 children and employed two persons. The educare provided English language tuition. The informant reported that the business then made a profit (equivalent to a salary for the owner) of R4,000 pm. By 2017 the number of children had risen to 40, though was reduced to 35 after the receipt of a municipal compliance order. In a letter to seek funding, the informant gave her monthly income from school fees as R8,750 against an expense outlay of R8,600. The business still employs two persons who are paid R1,200 pm. School fees have risen from R230 pm in 2012 to R250 pm in 2017. The business is registered as an NPO.

### OBSTACLES TO FORMALISATION

Because the property legally belongs to the CoJ, the occupier as a leaseholder does not have consent to operate a business (in terms of the lease agreement) and in addition cannot obtain the necessary land use consent to run an educare. This predicament may account for the fact that her efforts to register the business have been unsuccessful.

In January 2017 the business was inspected by an environmental official from the CoJ and issued with a compliance order. The specific non-compliances mandate the business to effect the following changes within 21 days:

- Provide a kitchen for the day-care (separate from the household);
- Provide toilet facilities (for children);
- Provide a sickbay; and
- Reduce overcrowding in classes.

The informant has since endeavoured to address these issues. She has re-registered the business as an NPO (which does not require land use consent), updated her lease agreement, partially constructed a sick-bay and built a dedicated kitchen for the educare. The required independent kitchen was situated between the private house and classroom. The kitchen is on the boundary wall and does not comply with the by-laws and, furthermore, constitutes a second kitchen. From a business perspective, there is little incentive to redevelop the toilets for children as the existing facilities are functional.

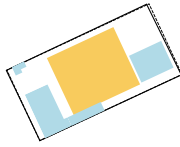
### EXTERNAL CONSIDERATIONS

The business operator is dedicated to the care of the children. Yet the informal status of the business presents risks. Should harm befall any of the children, the entrepreneur might be held liable and in such a situation would not have access to state protection. Furthermore, state endeavours to promote national norms and standards are undermined. From the perspective of the entrepreneur, the compliance-driven changes to the buildings might compromise future use of the property should the educare be forced to close.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: EDUCARE

Educares offer basic child-minding and educational services to the community. These businesses are required to be registered by the Provincial Government Department of Social Welfare and Development.

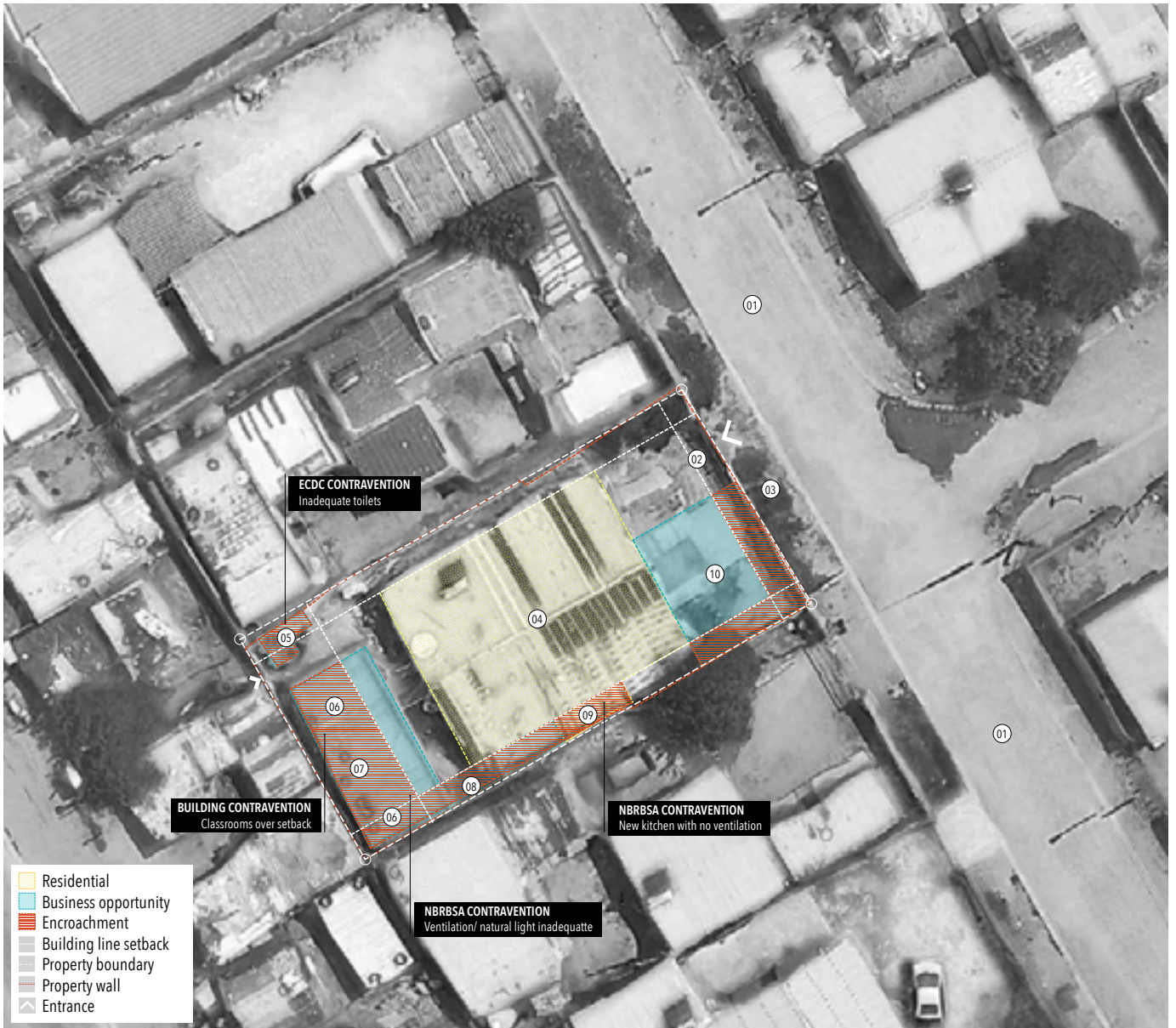
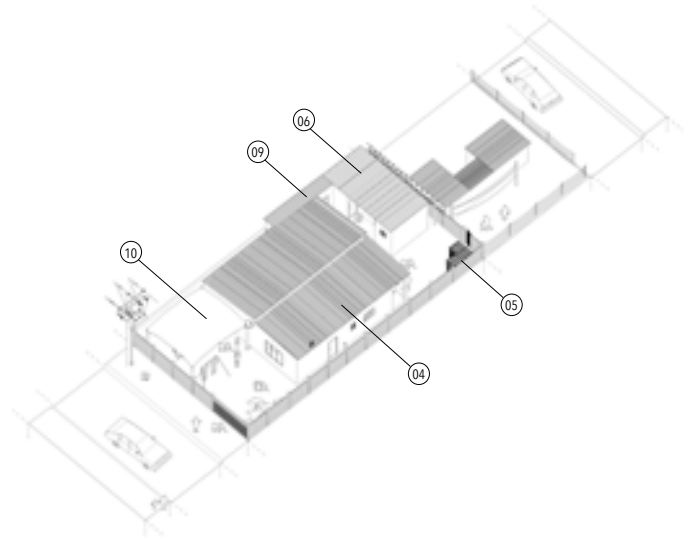


### PROPERTY DATA

Tenureship status	CITY OWNS PROPERTY: LEASING FROM STATE
Operator	OCCUPANT
Business type	EDUCARE
Site area	298m <sup>2</sup>
Dwelling : Business	59m <sup>2</sup> : 105m <sup>2</sup>

### COMPLIANCE STATUS

Zone use	RESIDENTIAL 1. NON-COMPLIANT
Title deed	NONE - ONLY LEASE AGREEMENT
Property boundary	ENCROACHMENT (X2)
Rates & taxes	ARREARS OF R14 000
Approved building plans	OUTDATED
NHBRC compliant	NON-COMPLIANT
Company registration	REGISTERED AS NPO
Regulating authority for operations	NOT REGISTERED AS ECDC
Parking	NONE



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

- 01. Neighbourhood street with mountable kerb separating sidewalk
- 02. Driveway entrance
- 03. Sidewalk for pedestrian movement
- 04. Main house
- 05. Children toilet addition
- 06. Classroom addition
- 07. Sick room addition
- 08. Kitchen addition
- 09. Storage room addition
- 10. Covered play area addition

**A. BUSINESS INVESTMENT**

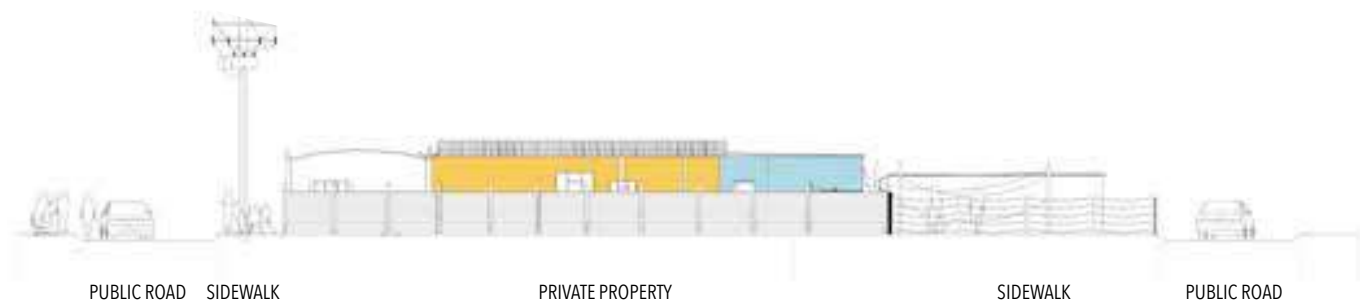
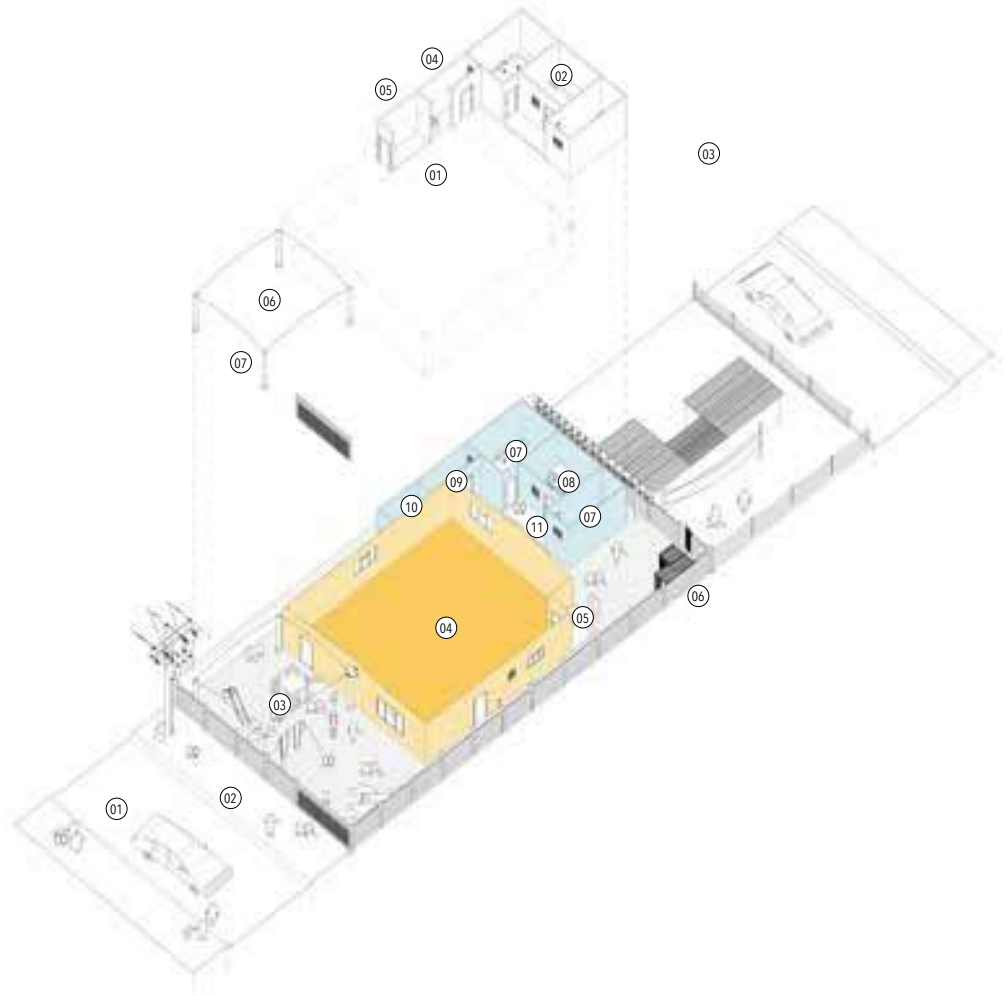
An incremental series of investments have been made to the property over time to support the business. These range in nature from removable, fixed, temporary and are either premised on making the business more efficient or compliant. The following investments have been made (in chronological order)

- 01. Extensions to main house
- 02. Additions of classrooms
- 03. Toilets for children
- 04. Kitchen for children
- 05. Sick bay for children (later converted to store room)
- 06. Shade netting over play area
- 07. Front wall built from brick

**B. PROPERTY CONFIGURATION**

The private residential property provides the basis for augmented business uses and is illustrated through the accompanying axonometric drawing.

- 01. Quiet neighbourhood street
- 02. Pavement with mountable kerb
- 03. Play area with shade net covering
- 04. Dwelling
- 05. Veranda where child-minder sits
- 06. Toilets for children
- 07. Classroom
- 08. Sick bay and office (formally classroom)
- 09. Kitchen for children
- 10. Store room
- 11. Unshaded outdoor sitting area for children



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The property is flanked by two streets and is accessed through controlled access points. The centrally located original house allows for additions and alternations to main house making use of the available space between house and boundary wall.

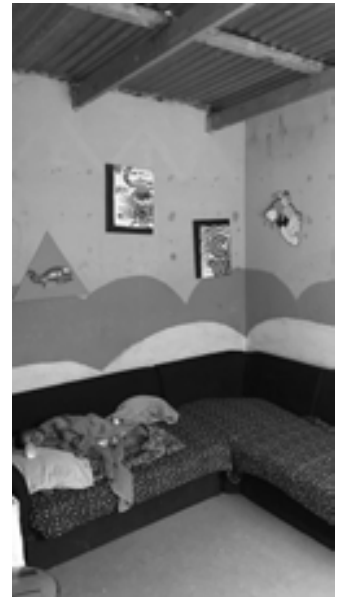
# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS



01. Outdoor space next to classroom entrance with service area at rear (kitchen and store)



02. Sick bay and admin office



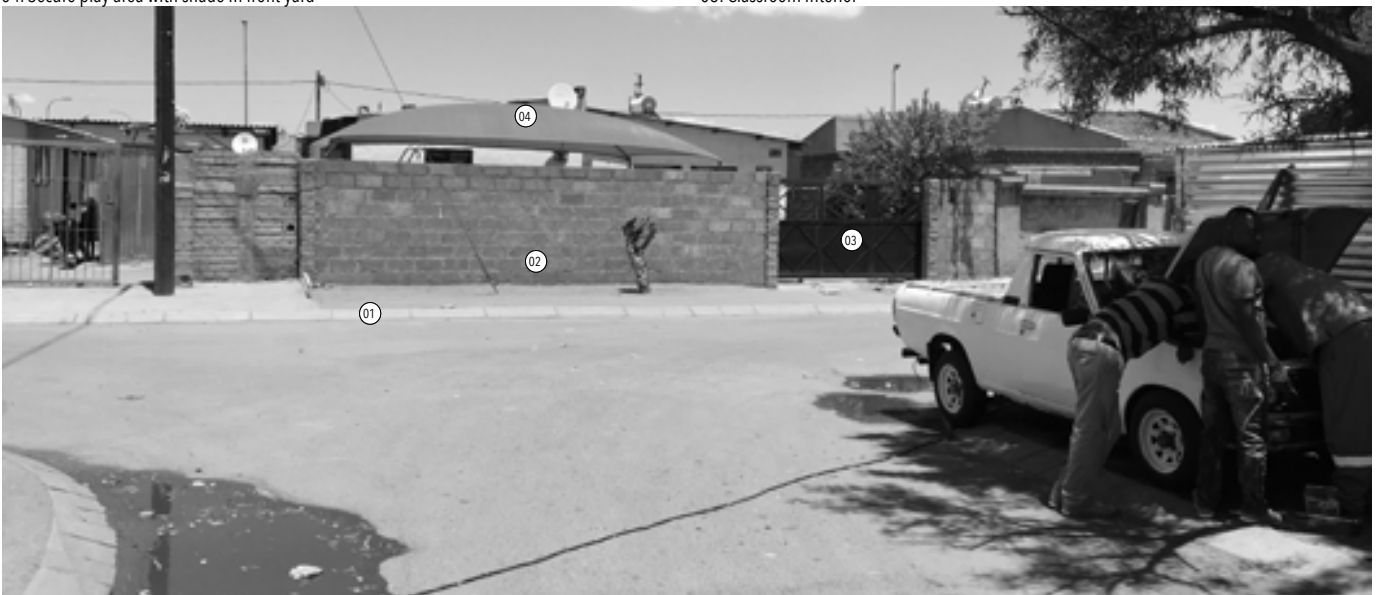
03. Classroom



04. Secure play area with shade in front yard



05. Classroom interior



**STREET ENTRANCE:** A new boundary wall with gate secures the property from the street.

01. Neighbourhood street with mountable kerb separating sidewalk 02. Masonary wall (newly built) 03. Pedestrian gate with visual permeability 04. Carport providing shade for play area

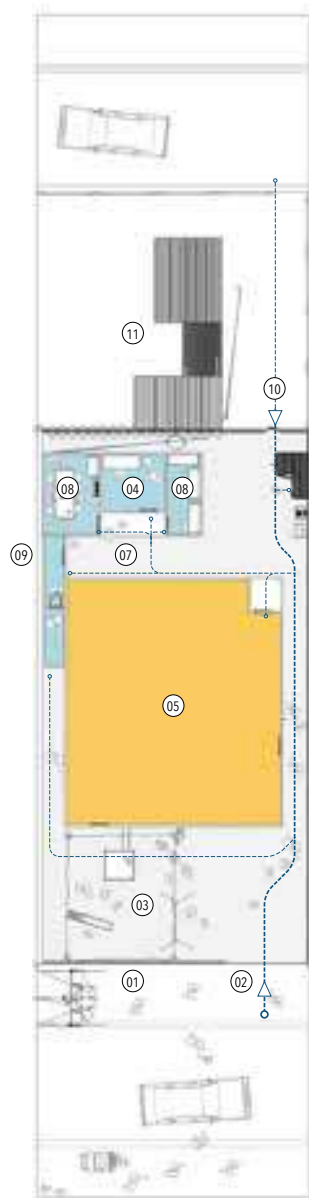
## CASE STUDIES: J's EDUCARE

### CASE STUDY DESCRIPTION & SYNOPSIS

The case provides further evidence of how the form of tenure can negatively impact on the endeavours of the entrepreneur to formalise their business. The business owner unsuccessfully applied for registration with the DWS. This 'enforced informalisation' has compelled the entrepreneur to make substantial investments over time to comply with the norms and standards for ECDC's (though not with the legal or technical requirements). Part of this investment was reactive, as a consequence of the business being issued with a municipal compliance order.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 20 years
<i>Number of employees</i>	2
<i>Monthly income</i>	R8 750-R10 000
<i>Key business variables</i>	35 children Equipment Purpose-built classrooms, kitchen, sick room, office play area
<i>Other business investments</i>	Mango achar
<i>Key business risks</i>	CoJ compliance inspection DSWD compliance inspection Non-payment of school fees
<i>Formalisation opportunities</i>	Subject to land title deed, zoning and building compliance, the business owner could potentially have access to DSWD grant.
<i>External considerations</i>	None / unclear. Business might exceed recommended pupil: room capacity.



- Circulation
- △ Main entrance
- Primary entrance
- Secondary entrances

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Boundary wall with signage **02.** Entrance gate **03.** Play area **04.** Sick room **05.** Main house **06.** Toilet and extension **07.** Outdoor gathering area **08.** Classroom **09.** Kitchen and storage **10.** Secondary exit **11.** Informal housing on road reserve

## V. A'S CORNER SHOP

### SYNOPSIS

Gender: male

Age: young adult

Property/business income: > R20,000 pm (estimate)

The case concerns a unit within a residential property that has been rented out to entrepreneurs to operate a spaza shop on an informal basis. In the 2012 SLF survey, the property was utilised as a hair salon. The entrepreneur(s) are migrants from Ethiopia. There are two shopkeepers who operate the business; both of whom are Ethiopians. The shopkeepers reside in the shop and have access to a toilet situated at the rear of the property.

The shop is positioned on a corner stand of a busy high street and a quieter neighbourhood street. The shop was developed through a conversion to a garage/outbuilding with serving hatches opening onto the two respective streets. The serving hatch facing onto the high street (16th June) is no longer used because of the relatively insecure situation of the hatch with respect to the street environment and general surveillance. The spaza shop has security bars on the serving hatches. The spatial position affords the shop visibility to vehicular and pedestrian traffic. The façade has been painted and branded by a local telecom company (Cell C).

Internally the shop has been partitioned to create a sleeping area; one of the shopkeepers is able to rest whilst the other person operates the shop. The shop is open from 06h00–22h00. Within the business, the following investments have been made:

- Security bars;
- Wi-Fi;
- Shelving;
- Business fridges;
- Satellite television; and
- Painting (by sponsor).

The business is non-compliant with land use and the building is non-compliant with building line setbacks and NBRBSA regulations.

### TENURE STATUS

The entrepreneurs have a short-term lease agreement with the property owner. The owner indicates that the agreement is month-by-month, an unusual arrangement given the relatively high level of investment to convert the premise into a shop. The monthly rental is R2,500, including water but excluding electricity.

### ENTERPRISE DYNAMICS

The shop is situated in very close proximity to other shops. Since 2012 the number of Ethiopian shopkeepers running spaza businesses in Ivory Park has significantly increased. The 2012 SLF survey found that 31% of spaza shops were run by South Africans, whereas in 2017 the number of South African businesses identified in a comparative survey has fallen to 11%. Over the same period the number of Ethiopian-run spaza shops had increased from 53 to 81.

The shop is well stocked. The business appears to be profitable. Crime and xenophobic attitudes are obstacles to certain immigrant-run businesses, notably spaza shops. According to the property owner, the shopkeepers get harassed by children and drunk men. The children are attracted to the wide range of sweets available in the shop and engage in conflict with the shopkeeper in the process of obtaining sweets. The children then run home complaining to their parents about the conduct of the shopkeepers and mobilise community opposition. Sometimes men who are drunk go to the shop to purchase cheap cigarettes (contraband). After lighting a cigarette these men are tempted to claim that they had purchased an expensive cigarette variety rather than the contraband and so a conflict between customer and shopkeeper ensues. The landlord (property owner) is then called to intercede in these conflicts and plays an important role in sustaining both his own business interests as well as that of the shopkeeper as they are economically dependent on each other. The shopkeepers have been confronted by thieves on several occasions. There is a security company's (ADT) sign on the shop which might indicate that the entrepreneurs have sought to contract ADT to minimise the crime impact. The property owner is a former trade unionist who is well regarded in the community and thus able to afford his tenant a degree of protection from harassment.

### **OBSTACLE TO FORMALISATION**

The spaza shop operates informally. Although the business sells perishable foods, it does not have the mandatory municipal licences, as required by the Business Act of 1991. The separation between shop and sleeping place is also in contravention of municipal planning laws. In terms of the proposed CoJ Draft Land Use Scheme, 2017, the business is subject to the following criteria:

- Neighbours along the street frontage have the right to object to the business operation, through notifications and written submissions to the CoJ;
- Business rights are restricted to the owner/occupier of the house;
- The spaza shop business must be conducted from a fixed structure for which building plans have been approved;
- The shop size may not exceed 36m<sup>2</sup>; and
- Parking might be deemed necessary, not least for the off-loading of stock.

### **EXTERNAL CONSIDERATIONS**

Unchallenged informality in the spaza sector has resulted in wholesale changes. South African micro-entrepreneurs have been replaced by more competitive enterprises, most of which are run by non-township residents. These enterprises have thrived on voluntary informality. As informal businesses, these enterprises pose particular risks. One set of risks relates to product integrity as a result of contraband goods or a situation where the shopkeepers sleep within the store. Another set of risks relates to community social cohesion as a result of conflicts between shops run by residents and shops run by non-residents.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: LIVE-WORK SPAZA SHOP

Spaza shop outlets sell items for daily consumption to residents. As these shops sell perishable goods, they are required to obtain permits from the municipality in addition to complying with other aspects of business regulations.

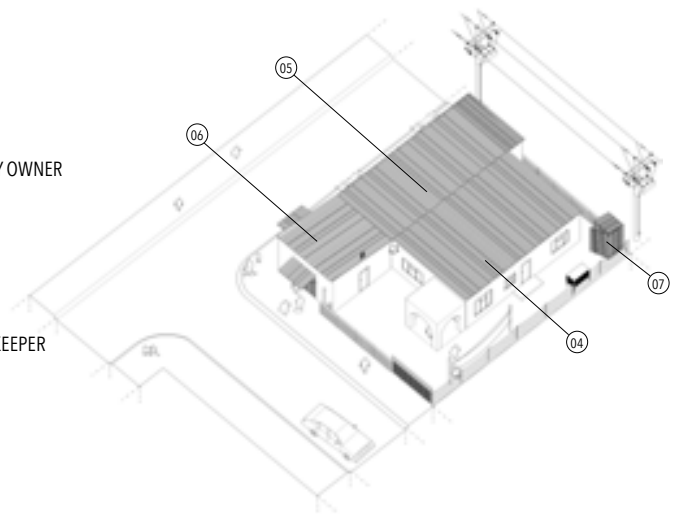


### PROPERTY DATA

Tenureship status MONTHLY LEASE AGREEMENT WITH PROPERTY OWNER  
 Operator FOREIGN-NATIONAL ENTREPRENEUR  
 Business type SPAZA SHOP  
 Site area 266m<sup>2</sup>  
 Dwelling : Business 135m<sup>2</sup> : 27m<sup>2</sup>

### COMPLIANCE STATUS

Zone use RESIDENTIAL 1 (NON COMPLIANT - THE SHOPKEEPER RESIDES IN THE SHOP)  
 Title deed CURRENT  
 Property boundary ENCROACHMENT (X3)  
 Rates & taxes UNKNOWN STATUS  
 Approved building plans NONE  
 NHBC compliant PARTIAL  
 Company registration NOT REGISTERED  
 Regulating authority for operations NO PERMIT FOR PERISHABLE GOODS OR ENVIRONMENTAL HEALTH AND SAFETY  
 NONE NEAR RETAIL OUTLET



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

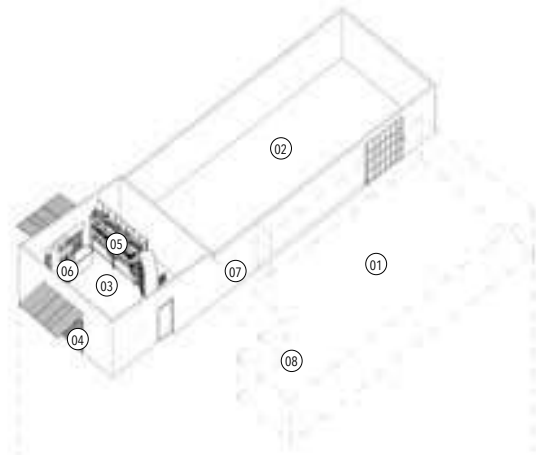
01. Neighbourhood street with mountable kerb separating sidewalk 02. Driveway entrance 03. Sidewalk for pedestrian movement 04. Main house 05. Accommodation for family addition 06. Spaza shop and shop operator's room 07. Communal toilet



## A. BUSINESS INVESTMENT

The private residential property provided the basis for augmented business uses with the building now used for commercial purposes as illustrated through the accompanying axonometric drawing. The following investments have been made:

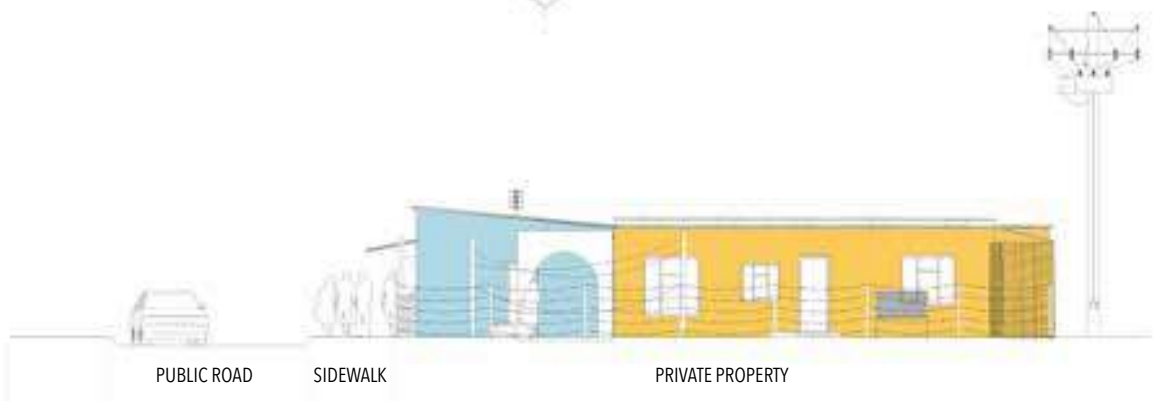
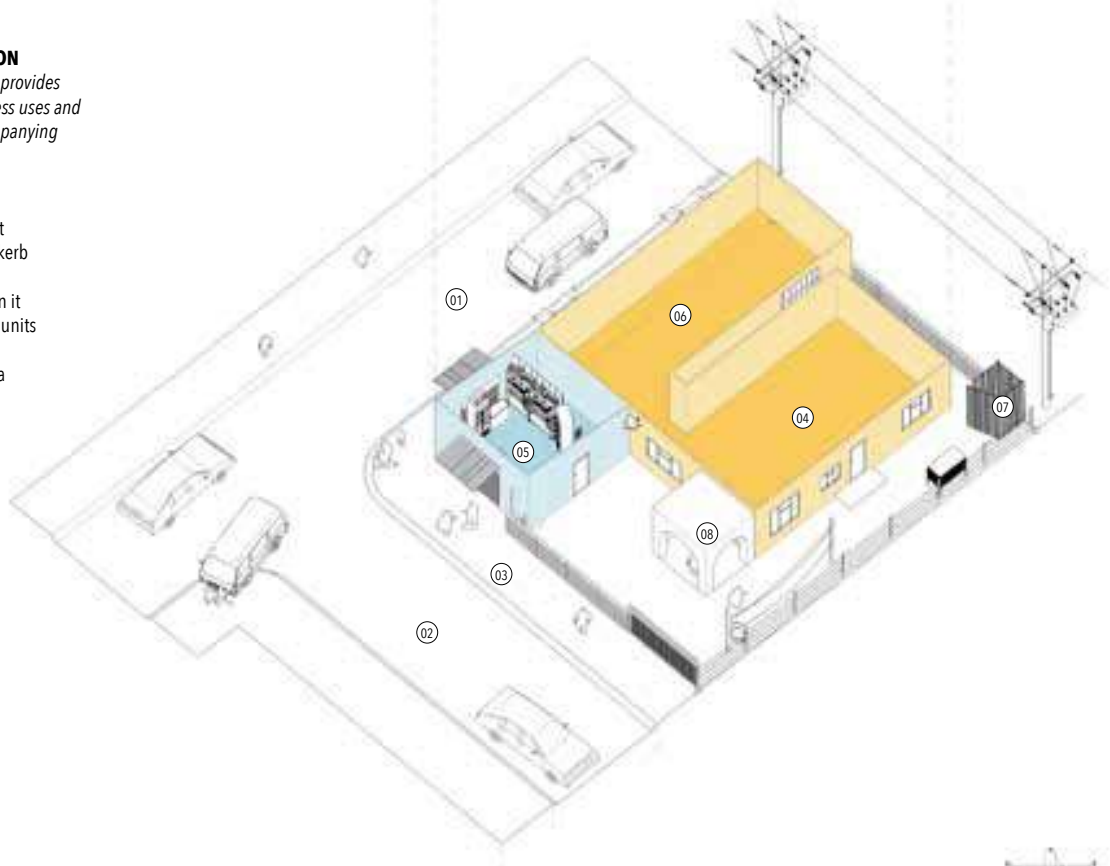
- 01. Main house
- 02. Extensions to main house (rooms for relatives)
- 03. Spaza shop addition
- 04. Security bars
- 05. Shelving
- 06. Fridges
- 07. Satellite television
- 08. Additional entrance veranda



## B. PROPERTY CONFIGURATION

The private residential property provides the basis for augmented business uses and is illustrated through the accompanying axonometric drawing.

- 01. Busy neighbourhood street
- 02. Quiet neighbourhood street
- 03. Pavement with mountable kerb
- 04. Dwelling
- 05. Spaza shop with bedroom in it
- 06. Additional accommodation units
- 07. Toilet
- 08. Additional entrance veranda



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The centrally placed original dwelling gives way for the available open land to be used for new structures. Retail-orientated function is located on the corner of the two streets. An accommodation wing has been added back-facing a busy street, with the opportunity to re-orientate toward the street for retail function.



01. Shop interior (not accessed by customers)



02. Outside (original) toilet



03. Secured front yard with single door to shop.



04. Walkway to backyard dwelling



**STREET ENTRANCE:** A new boundary wall with gate secures the property from the street.

01. Busy street with mountable kerb separating sidewalk 02. Trading structure 03. Backyard dwelling built on boundary line 04. Branded corner shop with two openings (shop not accessed) 05. Entrance porch to main house 06. ADT security 07. Product branding 08. Secure entrance 09. Backyard dwellings 10. Well stocked facility 11. Television

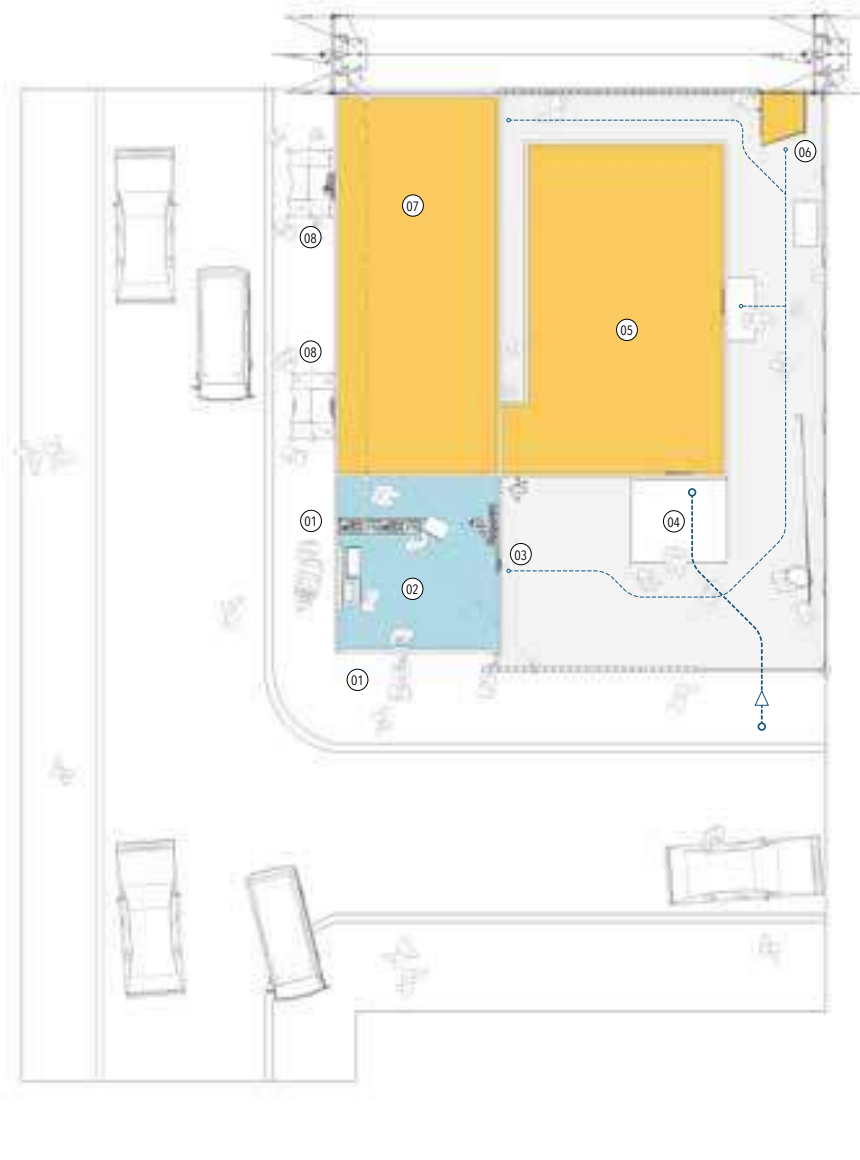
## CASE STUDIES: A's CORNER SHOP

### CASE STUDY DESCRIPTION & SYNOPSIS

The case provides further evidence of how the form of tenure can negatively impact on the endeavours of the entrepreneur to formalise their business. The business owner unsuccessfully applied for registration with the DWSD. This 'enforced informalisation' has prevented the entrepreneur from making substantial investments over time to comply with the norms and standards for ECDC's (though not with the legal or technical requirements). Part of this investment was reactive, as a consequence of the business being issued with a municipal compliance order.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 2 years
<i>Number of employees</i>	2
<i>Monthly income</i>	>R20 000
<i>Key business variables</i>	Merchandise Fridges and stands
<i>Other business investments</i>	None
<i>Key business risks</i>	CoJ compliance inspection Police inspection Xenophobia
<i>Formalisation opportunities</i>	None / Unclear
<i>External consideration</i>	The shop-keepers work for an absent employer. The two men sleep in store. The unlicensed shop presents a potential health risk to the product integrity and food safety. The business sells contraband (cigarettes) and unregulated (medicine) products.



**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Sidewalk with overhang for shop **02.** Shop interior (secure) **03.** Private shop entrance **04.** Main house entrance porch **05.** Main house **06.** Toilet (shared with shop keeper) **07.** Backyard dwelling **08.** Informal trading stall

## vi. S'S GAMES TAVERN & SPAZA

### SYNOPSIS

Gender: male

Age: mature adult

Property/business income: > R20,000 pm

The case concerns a business with four aspects: a spaza shop, a takeaway, a tavern and games facilities (arcade games and pool table). The case illustrates how a residential property undergoes transformation to business usage. The entrepreneur is assisted by his wife and one employee. The entrepreneur resides in Daveyton and commutes daily to run the business. A security guard resides on the property. The business is run on a semi-formal basis. Whilst the entrepreneur has obtained a shebeen permit, he has not obtained a municipal permit for selling perishable goods and the use of the buildings are non-compliant. The validity of the permit is also uncertain. The business is profitable. With the profit, the entrepreneur has made the following investments over time:

- Expanded the original house forwards and sideways;
- Established two inter-leading game rooms;
- Put up business signage;
- Installed business equipment (kitchen, shelving, storage); and
- Installed security.

The property is situated along one of the major high streets to which the business is oriented. Most of the alcohol sales are for off-consumption. There is no seating in the venue as socialisation is centred on playing pool.

The business is non-compliant with land use and the building is non-compliant with building line setbacks and NBRBSA regulations.

### TENURE STATUS

The family acquired the site at the time Ivory Park was first being settled through a process known colloquially as 'zabalising'. The owner family resided in Daveyton. When the father of the current owner learnt that new stands were being issued to settlers in Ivory Park, he managed to acquire a stand upon which a member of the family was settled. At first the occupiers erected a shack. The owner then built a brick and mortar dwelling on the property in about 1993; the property was subsequently registered in the name of his mother. This occurred in 2011.

The entrepreneur purchased the property from his mother in 2007. In 2012 he reported having paid a purchase sum of R230,000. As part of the purchase arrangement he acquired another property for her elsewhere in Ivory Park. The purchase sum was possibly used to acquire this property and erect a house for his mother. Since the sale was informal, the title deed has not transferred from his mothers' name into his name. The property is subject to a 3m servitude along the street boundary, 2m servitude along the rear boundary and a minimum 1m along the side boundary.

### ENTERPRISE DYNAMICS

The entrepreneur commenced trading from the property in about the year 2000. He once had formal employment, but lost his job and fell on hard times when subsequent business ventures were unsuccessful. Operating from his mother's home, he started selling popcorn using a machine he purchased for R500. The business returned about R70 per day in profit from an investment of about R9.50 in popcorn. He then expanded the business to sell cool drinks, sweets and (legal) cigarettes. At that time there were few competing spaza shops in Ivory Park. The cigarette component of the

business underwent a boom in the period 2001–2002, prior to the widespread availability of contraband tobacco. The further expansion and transformation of the enterprise was undertaken in response to 'feedback from the street': customers started to request bread, then beer, then entertainment facilities.

The entrepreneur was surveyed in 2012. The business then employed four persons. He reported that the spaza shop component was significantly impacted as a consequence of competition from immigrant spaza entrepreneurs from about 2007 onwards. He felt that the beer sales were the only way that the shop could be 'salvaged'.

The business has continued to evolve, with liquor sales now constituting the most profitable component. The entrepreneur sells about 135 crates (12x750ml) of beer a week. The business carries about R150,000 in stock, of which liquor products comprise R90,000. He receives beer deliveries directly from South African Breweries (SAB) and has a R50,000 line of credit with the company which needs to be reimbursed on a weekly basis. The spaza shop accounts for approximately 25% of the business turnover. The games space component provides the owner with around R4,000 pm income from the pool table and about R1,000 pm income from arcade games.

The games space is situated within the shop floor and is in direct relationship to the sidewalk through large openings.

### **OBSTACLES TO FORMALISATION**

The entrepreneur has been unable to acquire a tavern licence, partly because of the insecurity of land tenure and partially due to the stringent land use requirements. He managed to obtain a shebeen permit to operate the business from his home in Daveyton in 2007. The permit entitles the entrepreneur to sell a maximum of 60 crates (12x750 ml) of beer a week. In 2012 he then transferred the permit to the property in Ivory Park. The permit was officially valid until 2013.

To formalise, the entrepreneur would need to acquire legal title, obtain building-plan approval and have the property rezoned. The current buildings encroach onto the servitudes. There are no public toilet facilities. A further obstacle in respect to the proposed CoJ draft land use scheme is that the entrepreneur is expected to be a permanent occupant on the site, in other words to reside on the premises. The scheme specifies that in respect to spaza shops, 'no amusement machines of any kind shall be permitted on the premises'.

### **EXTERNAL CONSIDERATIONS**

The business is too large to be informal. This status presents a risk to the community (in terms of product integrity and poor regulatory control) and to the large formal businesses that supply the business. As a largely off-consumption business, it has a potentially lower impact on the neighbourhood than other case studies due to its position on the high street and accommodation of entertainment on the premises. Yet the arcade games do attract children and the children are hence exposed to the environment of the pool room where alcohol is consumed.

CASE TYPE: **ENTERTAINMENT VENUE & SPAZA SHOP**

Provides pool tables and arcade games for patrons, and supporting retail to their needs; including liquor, take-away food and daily supermarket-type item consumption.

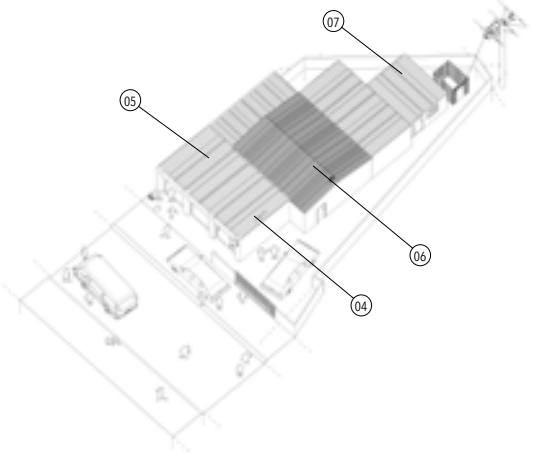


**PROPERTY DATA**

Tenureship status	ENTREPRENEUR'S MOTHER LEGALLY OWNS PROPERTY
Operator	INFORMAL OWNER AND ENTREPRENEUR
Business type	TAVERN, SPAZA SHOP, GAMES FACILITY, TAKE AWAY.
Site area	212m <sup>2</sup>
Dwelling : Business	16m <sup>2</sup> : 145m <sup>2</sup>

**COMPLIANCE STATUS**

Zone use	LEGAL: RESIDENTIAL 1 (ACTUAL: BUSINESS 1 & RESIDENTIAL 1)
Title deed	CURRENT, BUT NOT IN OWNER'S NAME
Property boundary	ENCROACHMENT (X2)
Rates & taxes	STATUS UNKNOWN
Approved building plans	NONE
NHBRC compliant	PARTIAL
Company registration	NOT REGISTERED
Regulating authority for operations	'SHEBEEN PERMIT' (2013), NO PERMIT FOR PERISHABLE SALES
Parking	1 BAY



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

- 01. Neighbourhood street with mountable kerb separating sidewalk
- 02. Driveway entrance
- 03. Sidewalk for pedestrian movement (used for parking)
- 04. Spaza shop area
- 05. Games and entertainment area
- 06. Liquor storage area
- 07. Rental bedroom
- 08. Communal toilet
- 09. Arcade space
- 10. Bedroom

## CASE STUDIES: S's GAMES TAVERN AND SPAZA

### A. BUSINESS INVESTMENT

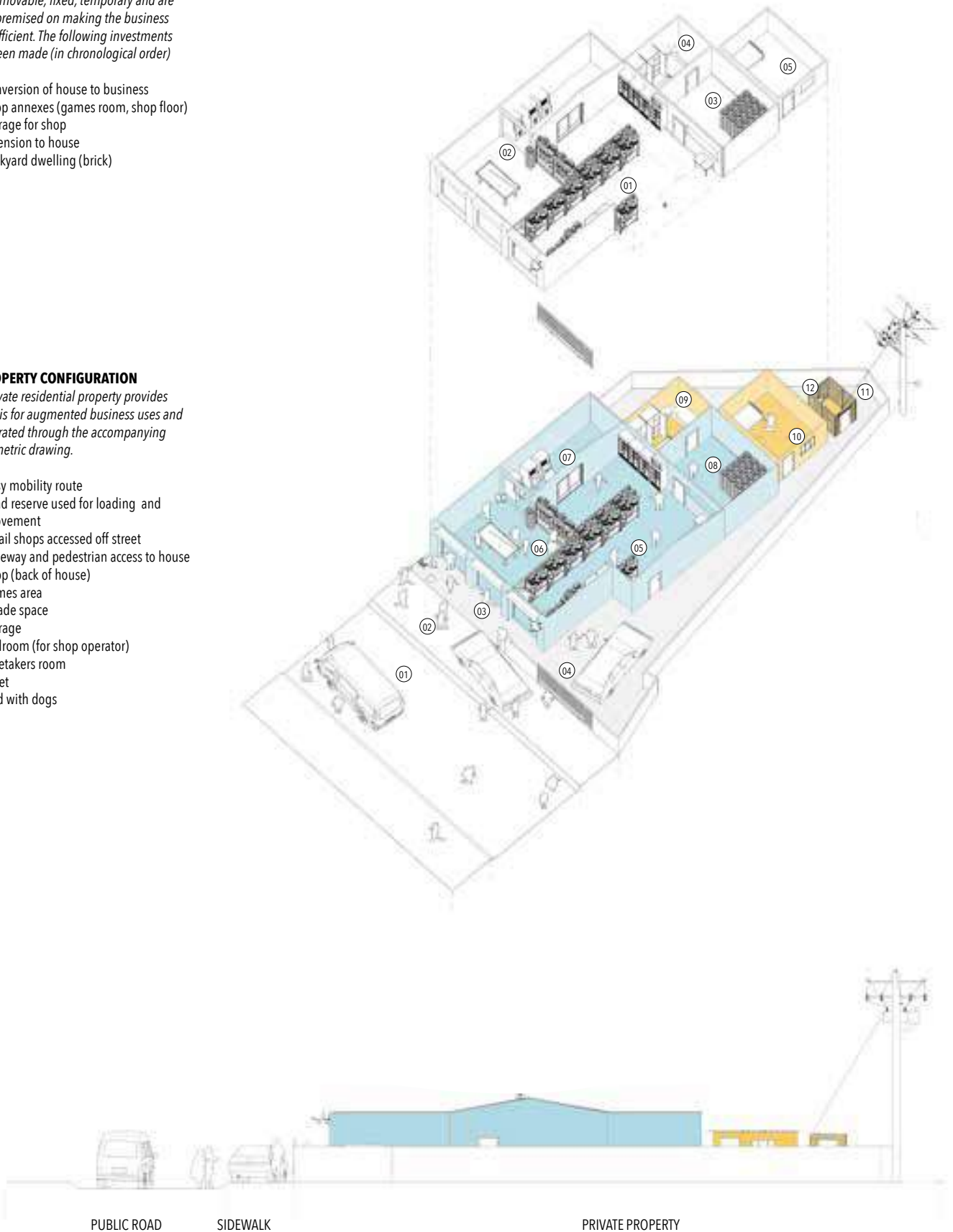
An incremental series of investments have been made to the property over time to support the business. These range in nature from removable, fixed, temporary and are either premised on making the business more efficient. The following investments have been made (in chronological order)

01. Conversion of house to business
02. Shop annexes (games room, shop floor)
03. Storage for shop
04. Extension to house
05. Backyard dwelling (brick)

### B. PROPERTY CONFIGURATION

The private residential property provides the basis for augmented business uses and is illustrated through the accompanying axonometric drawing.

01. Busy mobility route
02. Road reserve used for loading and movement
03. Retail shops accessed off street
04. Driveway and pedestrian access to house
05. Shop (back of house)
06. Games area
07. Arcade space
08. Storage
09. Bedroom (for shop operator)
10. Caretakers room
11. Toilet
12. Yard with dogs



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The centrally placed original dwelling gives way for the available open land to be used for new structures. Retail-orientated functions are located along the busy street front. A provision is made for on-site parking integrated with a passage leading to a dwelling unit at the rear.



02. Shop floor with pool table playing space in direct relationship to counter and street.



03. View from games room towards shop floor and street



**STREET RELATIONSHIP:** Two large roller shutters and a sliding gate allow for the shop to have a good street relationship whilst maintaining security fixtures.

01. Busy street with barrier kerb 02. Sliding gate to secure property 03. Large roll-up doors to open shop to sidewalk 04. Shop interior 05. Walls used for signage to attract passers by 06. Vehicular gate to driveway and access to backyard dwelling 07. Serving hatch 08. Satellite 09. Entrance and exit 10. Arcade space



## CASE STUDIES: S's GAMES TAVERN AND SPAZA

### CASE STUDY DESCRIPTION & SYNOPSIS

The case concerns a unit within a residential property that has been rented out to entrepreneurs to operate a spaza shop on an informal basis. The unit was once utilised as a hair salon. The shop was developed through a conversion to a garage/outbuilding with serving hatches opening onto the two respective streets. The business is non-compliant with land use is non-compliant with building line setbacks and NBRBSA regulations. The entrepreneurs are migrants from Ethiopia. There are two shopkeepers who operate the business; both of whom are Ethiopians. The shopkeepers reside in the shop and have access to a toilet situated at the rear of the property. The shop is open from 06h00-22h00.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 15 years
<i>Number of employees</i>	3
<i>Monthly income</i>	>R20 000
<i>Key business variables</i>	135 crates of beer per week 3 games machines Grocery merchandise Fridges and stands
<i>Other business investments</i>	A backyard accommodation unit
<i>Key business risks</i>	CoJ compliance inspection Police inspection Crime
<i>Formalisation opportunities</i>	Subject to land title, zoning and building plan approval, the business owner would be able to apply for a tavern permit. This would provide him with further business opportunities for on-consumption activities and an expansion of food services.
<i>External considerations</i>	The venue permits on-consumption, notably amongst the players and spectators in the pool room. There are no public toilets for the patrons of the games room. There is no spatial segregation between the arcade games (which are played by children) and the pool room.



- Circulation
- △ Main entrance
- Primary entrance
- Secondary entrances

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Mixed traffic street **02.** Surfaced sidewalk **03.** Shop entrance set back from boundary **04.** Shop interior (social space) **05.** Shop (games area) **06.** Shop (back of house) **07.** Storage **08.** Single room for operator **09.** Backyard with guard dogs **10.** Dwelling (caretaker) **11.** Toilet **12.** On-site parking and driveway **13.** Boundary wall erected over property line

## vii. T'S TAVERN & TAKEAWAY

### SYNOPSIS

Gender: female

Age: mature adult

Property/business income: > R20,000 pm

The case concerns a combined spaza, restaurant and tavern located within a residential neighbourhood context. It provides a further case that illustrates how a residential property undergoes transformation into business usage. Furthermore, the case offers an example of how the absence of legal land title prevents the business entrepreneur (a woman, with support from her husband and sons) from formalising the business and obtaining a tavern licence. The business operates informally. This has negative consequences for the entrepreneur (in terms of police raids) and the surrounding community (for example, in terms of long operating hours). The business proprietor has made significant investments in the property, converting an original RDP house into purposed rooms. The informant reported having spent about R120,000 on business investments, which include:

- Business equipment (branded fridges, tables and chairs, kitchen equipment);
- Entertainment equipment (television, pool table);
- Security enhancement; and
- Repurposing the building to provide seating space, storage space, public toilets and a takeaway hatch.

The takeaway portion of the business relates directly to the street and does not necessitate patrons entering the property. Inside the venue, investments such as a clean floor surface, lighting, seating and shade have been made to enhance the customer experience. Customers enter the property via a courtyard (covered driveway). The business is non-compliant with land use and the buildings are non-compliant with building line setbacks & NBRBSA regulations.

### TENURE STATUS

The business owners are a husband and wife team who reside with their five children in Carstenhof, a neighbouring middle-class area. Although the evidence we could obtain on the property ownership was contradictory, triangulation from various informants indicates that the owners informally purchased the house in about 2003. One story is that the owners did not complete the full payment to the original property holder. For this reason (or another), the business owners are unable to obtain title to the property. The researchers were unable to ascertain whether a title deed has been issued on this erf.

### ENTERPRISE DYNAMICS

The house was originally a family residence with significant investments made to improve the residential space. The business commenced as a spaza shop. The street-facing shop provides a welcome amenity for the neighbourhood to acquire basic supplies. Around 2006, the entrepreneur had diversified the shop and was operating an unlicensed tavern and takeaway. She applied and received a shebeen permit in 2006, thus entitling her to sell small volumes of alcohol under more restrictive conditions than applicable to taverns. The initial permit was valid until 1 May 2007. The current status of the permit is unclear, though most shebeen permits have lapsed. The SLF team visited the business in 2012 and interviewed one of the employees. Then, police harassment was reported as the major challenge to the business. The entrepreneur has not obtained the relevant municipal licences for selling perishable foods via the spaza shop and takeaway, as required under the Business Act.

The business is profitable. It provides the sole income to the family and provides sufficient income to enable the entrepreneur to pay for her son to attend university. One son is employed in the business and earns R2,000 pm. The entrepreneur purchases between R2,000–R5,000 per week on alcohol products. We noted 122 empty beer crates (12x750ml) in the store room, indicating that the business is a mid-level retailer.

The entrepreneur owns a vehicle, which is securely parked in the covered driveway and, during business hours, is repurposed as a seated area for the tavern patrons. At some point the business secured branding support from liquor and soft-drink suppliers. The current level of support appears to be minimal.

### **OBSTACLES TO FORMALISATION**

The informalisation of the property, in terms of ownership and land use, has resulted in both benefits and constraints. For the entrepreneur, it has enabled her to acquire a residential property (probably) below market value through informal sales, whilst the development of the property has sought to maximize the use of space. The incremental additions and extensions have resulted in the entire erf being under one roof with the buildings encroaching on setbacks and servitudes. A serving hatch for takeaways encroaches onto the street verge where additional seating is provided. In negative terms, the non-legal tenure of the property has prevented the entrepreneur from obtaining a tavern licence. The business is ideally capitalised to operate as a tavern with separate storage and serving rooms, various seating options, a restaurant service, entertainment & toilets.

To obtain a tavern licence, the entrepreneur would need to acquire legal ownership of the property (or a rental agreement with the owner) and obtain consent from the municipality to operate the business in a residential area. Furthermore the architectural structure would need to be amended to comply with building setbacks and regulations, whilst further investment would be needed to upgrade the toilet facilities & stockroom. A further obstacle in respect to the proposed CoJ draft land use scheme is that the entrepreneur is expected to be a permanent occupant on the site, in other words to reside within the premises. To manage this obstacle, her son, who is employed in the business, lives on the premises in a previous bedroom. This further mitigates against break-ins, which are a common occurrence necessitating the presence of someone on the site at all times.

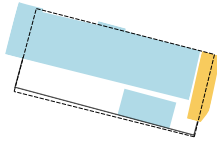
### **EXTERNAL CONSIDERATIONS**

The business is too large to be informal. This status presents a risk to the community (in terms of product integrity and poor regulatory control) and to the large formal businesses that supply the business. The unlicensed situation has negative implications for both the entrepreneur and surrounding community. For the entrepreneur, there is a constant threat of police raids. There are major disadvantages to operating without a tavern licence. The venue has been raided by the police on several occasions. In June 2015 the informant was arrested at 23h00, with the charge sheet stating 'crimen injuria and resisting arrest'. The informant suspects that the police were bribed by a competing business to target her business. She spent three days in prison before going to court, whereupon the case was dismissed. It is unknown whether the business complies with the mandatory operating times. For the community, possible external impacts include noise, parking encroachments, litter & public urination with particular reference to tavern operations.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: TAVERN & TAKEAWY

Business provides an entertainment and leisure service, centred around liquor and food consumption, games and television. Ideally such on-consumption venues should have a tavern licence.

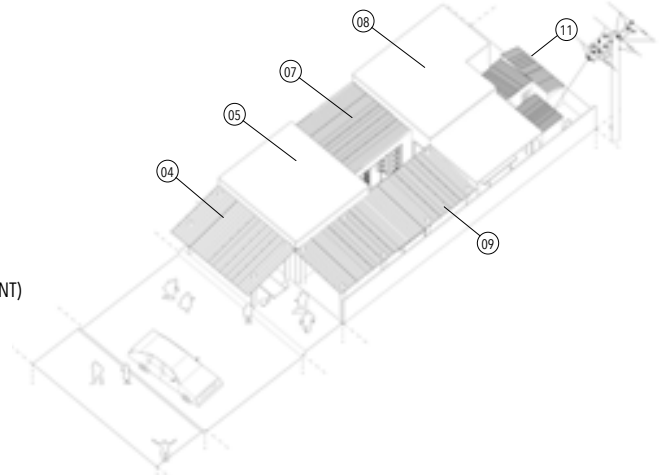


### PROPERTY DATA

Tenureship status CITY OWNS PROPERTY  
 Operator OCCUPANT  
 Business type MID-LEVEL TAVERN  
 Site area 222m<sup>2</sup>  
 Dwelling : Business 26m<sup>2</sup> : 163.2m<sup>2</sup>

### COMPLIANCE STATUS

Zone use RESIDENTIAL 1 (NON-COMPLIANT)  
 Title deed NO. NAME STILL IN PREVIOUS OWNERS' (HIS MOTHER)  
 Property boundary ENCROACHMENT (X3)  
 Rates & taxes STATUS UNKNOWN  
 Approved building plans NONE  
 NHBC compliant NON-COMPLIANT  
 Company registration NOT REGISTERED  
 Regulating authority for operations 'SHEBEEN PERMIT' (2007), EXPIRED. NO PERMT FOR PERISHABLE GOODS OR ENVIRONMENTAL HEALTH AND SAFETY  
 Parking DRIVEWAY (1 - 2 BAYS)



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

01. Neighbourhood street with mountable kerb separating sidewalk 02. Driveway entrance 03. Sidewalk for pedestrian movement 04. Covered pavement seating area 05. Spaza shop area 06. Kitchen area 07. Pool table and entertainment room 08. Bedroom and liquor storage 09. Covered seating area 10. Male and female toilet addition 11. Backyard storage area.

## CASE STUDIES: T's TAVERN AND TAKEAWAY

### A. BUSINESS INVESTMENT

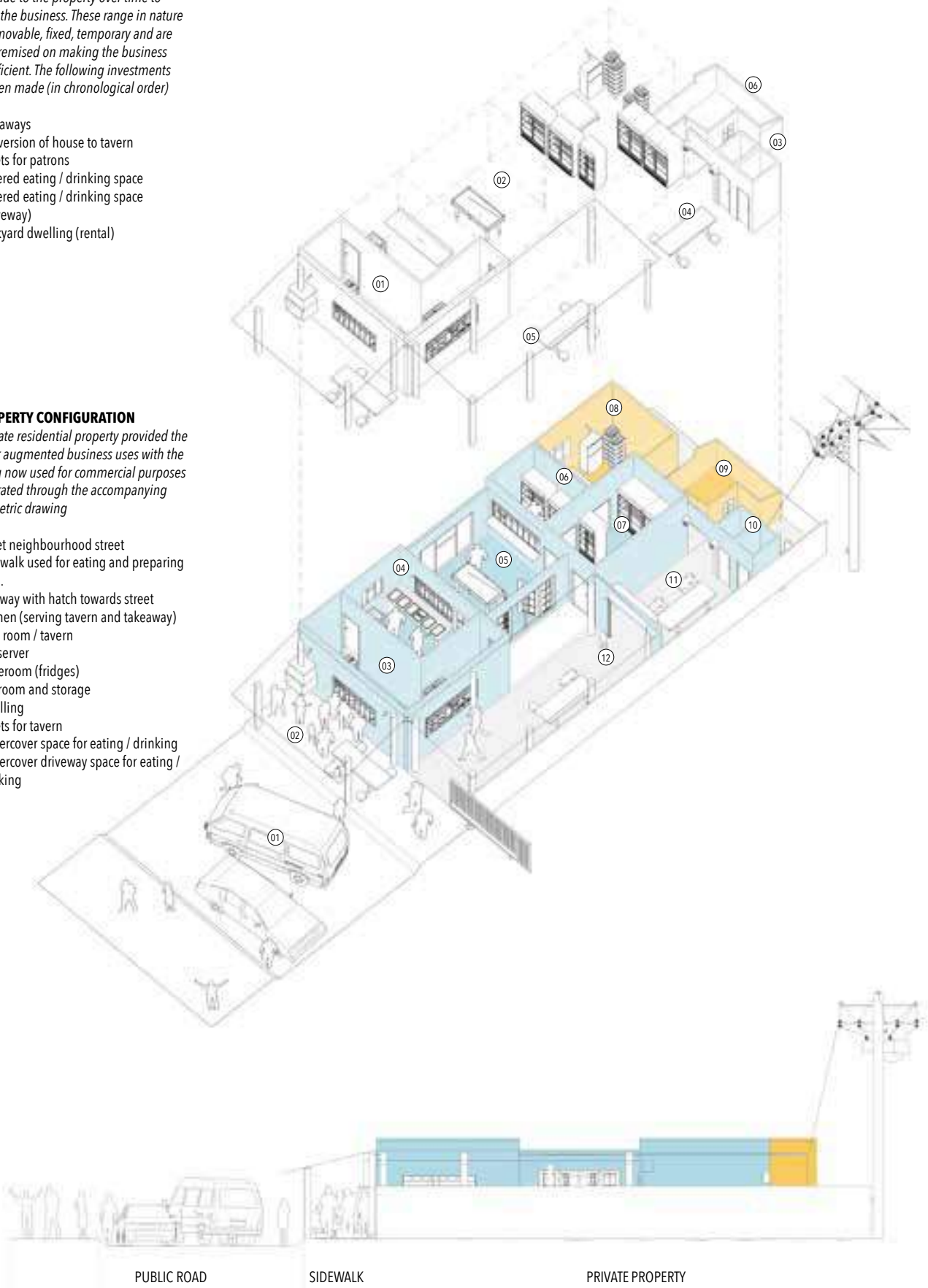
An incremental series of investments have been made to the property over time to support the business. These range in nature from removable, fixed, temporary and are either premised on making the business more efficient. The following investments have been made (in chronological order)

01. Takeaways
02. Conversion of house to tavern
03. Toilets for patrons
04. Covered eating / drinking space
05. Covered eating / drinking space (driveway)
06. Backyard dwelling (rental)

### B. PROPERTY CONFIGURATION

The private residential property provided the basis for augmented business uses with the building now used for commercial purposes as illustrated through the accompanying axonometric drawing

01. Quiet neighbourhood street
02. Sidewalk used for eating and preparing food.
03. Takeway with hatch towards street
04. Kitchen (serving tavern and takeaway)
05. Pool room / tavern
06. Bar server
07. Storeroom (fridges)
08. Bedroom and storage
09. Dwelling
10. Toilets for tavern
11. Undercover space for eating / drinking
12. Undercover driveway space for eating / drinking



PUBLIC ROAD

SIDEWALK

PRIVATE PROPERTY

**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The centrally placed original dwelling has been re-purposed for business use. The accommodation unit has been shifted to the rear of the property. The entire site has been utilised with buildings and structures. At the front, structures have encroached onto the sidewalk.



01. Covered driveway used as entrance and social space for tavern



03. Entrance through covered driveway with eating spaces and toilets towards rear



02. Kitchen (original) used to prepare food for takeaway with visual connection to lounge area



**STREET RELATIONSHIP:** Street customers are served via a hatch.

01. Neighbourhood street with barrier kerb allowing for cars to mount the sidewalk 02. Roof encroachment over sidewalk 03. Hatch for takeaways 04. Barbed wire to prevent criminal access through roof 05. Braai facility to prepare meat bought at takeaways 06. Covered seat and table bolted to sidewalk 07. Main entrance to tavern

## CASE STUDIES: T's TAVERN AND TAKEAWAY

### CASE STUDY DESCRIPTION & SYNOPSIS

The case concerns a combined spaza, restaurant and tavern located within a residential neighbourhood context. It provides a further case that illustrates how a residential property undergoes transformation into business usage. The absence of legal land title prevents the business entrepreneur from formalising the business and obtaining a tavern licence. The business operates informally with negative consequences for the entrepreneur (in terms of police raids) and the surrounding community. The business proprietor has made significant investments in the property, converting an original RDP house into purposed rooms. The property is non-compliant with building line setbacks, NBRBSA regulations and zoning.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 15 years
<i>Number of employees</i>	3
<i>Monthly income</i>	>R20 000
<i>Key business variables</i>	Approx. 100 crates of beer per week Grocery merchandise Fridges and stands Toilets Seating Television
<i>Key business risks</i>	CoJ compliance inspection Police inspection Crime
<i>Formalisation opportunities</i>	Subject to land title, zoning and building plan approval, the business owner would be able to apply for a tavern permit.
<i>External considerations</i>	The business is too large to be informal. The business has been a crime target. The spaza shop and takeaway operates without health and environmental health licenses, thus posing food sanitary risks.



**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Takeaway hatch **02.** Under cover seating area on sidewalk **03.** Mountable kerb **04.** Covered driveway (social space for tavern) **05.** Toilets for patrons **06.** Backyard dwelling **07.** Bedroom and store **08.** Store **09.** Bar **10.** Tavern social space (pool table) **11.** Kitchen **12.** Takeaway

## viii. F'S TAVERN

### SYNOPSIS

Gender: female

Age: mature adult

Property/business income: > R20,000 pm

The case concerns an off-consumption tavern located within a residential neighbourhood. The business has been operating for around 13 years. The entrepreneur is a woman who operates the business with the support of her husband (on a part-time basis) and sons (on a full-time basis). The business operates on a semi-formal basis; whilst she has a shebeen permit, its legal status is questionable. The case highlights the laxity of the regulatory environment where informality is a result of both structural constraints (land issues) and business strategy. The business is highly profitable.

The entrepreneur has made substantial investment into the property to provide accommodation for her family, expand business facilities and to comply with (some) of the regulatory requirements for liquor trading. The major investments include:

- A brick and motor liquor storage structure and accommodation block with two units;
- A three bedroom house (replacing the original prefabricated shack);
- A separate structure for liquor storage and retail;
- Two (public) toilets;
- A hand basin;
- Business signage;
- Branded fridges; and
- A rudimentary shade structure under which customers can consume alcohol and under which the entrepreneur parks her car.

The business is non-compliant with land use and the buildings are non-compliant with building line setbacks and NBRBSA regulations.

### TENURE STATUS

The entrepreneur is one of the original settlers in Ivory Park. She obtained the stand on which they built a prefabricated shack. Subsequently the owners built a dedicated structure for retailing liquor made from iron plates and sheet cladding. The owners (husband and wife) received a title deed for the property in 2010.

The property is subject to a servitude of 3m along the street boundary; a servitude 2m wide along the rear boundary and a servitude along the side boundaries with a minimum width of 1m.

### ENTERPRISE DYNAMICS

From the first years of residing in Ivory Park, the entrepreneur sold snacks and cool drinks to school children, 'kotas' (bread with filling) for takeaways and beers. It would appear as though the business has come to focus solely on selling alcohol. The entrepreneur was surveyed in 2012. She had one employee at the time. She reported selling 66 crates (12x50 ml) of beer a week. At that time, the entrepreneur claimed that the main obstacle to growing the business was the insecurity of the licence. Since this time, volume sales have considerably increased and she now sells 462 crates of beer per week. A key aspect of her business success lies in the supply-chain agreement she has with SAB, who provide alcohol on credit and deliver directly to the property. Whilst the great majority of her sales is for 'off-consumption', some drinking does occur on the premises as well as within the



surrounding public space where clients sit on empty beer crates and other objects. She collects glass for recycling. There are two large baskets with the stored glass situated at the property entrance.

The entrepreneur dreams of establishing a 'proper' venue.

### **OBSTACLES TO FORMALISATION**

The micro-enterprise obtained a shebeen permit, which was valid until 2007. The permit entitled her to sell alcohol from 10h00–14h00. The permit stipulates that she may sell a maximum of 60 crates (12x750 ml) of beer a week. In 2013 the entrepreneur obtained a 'Compliance and Enforcement' notice from the Gauteng Liquor Board, which extended the validity of the permit until 2013. This document might not be legitimate and, in any event, it is unclear whether such a notice has legal validity since shebeen permits are no longer issued. To formalise the business, the entrepreneur would need to obtain building plans and rezone the property to legitimise business activities. The tavern structure is rudimentary and does not provide services for on-consumption. The buildings encroach onto the servitudes.

### **EXTERNAL CONSIDERATIONS**

The high volume of alcohol sold through the business should warrant that the owner acquires a tavern licence. This status presents a risk to the community (in terms of poor regulatory control) and to the large formal businesses that supply the business. The informal status of the business (semi-unregulated liquor trading) may negatively impact on neighbours. The business trades late into the evening. Although its primary function is for off-consumption sales, the business does support on-consumption, either within the yard or on surrounding public land. There is little on-site parking for customers.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: OFF-SITE CONSUMPTION TAVERN

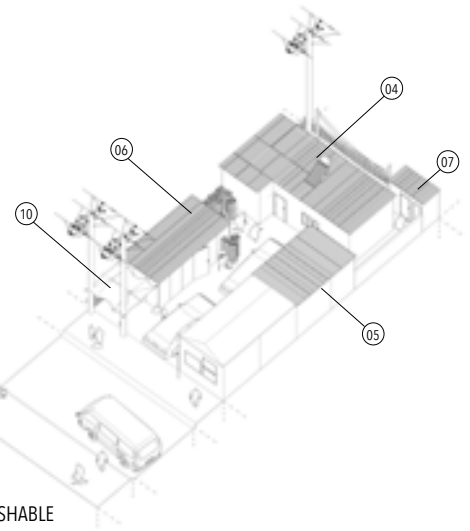
Taverns support a communal entertainment purpose, centred around liquor consumption. Typically, a liquor licence should be in place for operation. Businesses sell liquor for off-site consumption, though some liquor is consumed within the property and adjacent public space. Though the business has a shebeen permit, the high volume of liquor sold necessitates a conventional off-sales liquor licence.

### PROPERTY DATA

Tenureship status OCCUPANT OWNS PROPERTY  
 Operator OCCUPANT  
 Business type LIQUOR OFF SALES AND SPAZA  
 Site area 198m<sup>2</sup>  
 Dwelling : Business 74m<sup>2</sup> : 18m<sup>2</sup>

### COMPLIANCE STATUS

Zone use RESIDENTIAL 1 (NON-COMPLIANT)  
 Title deed CURRENT  
 Property boundary SUBSTANTIAL ENCROACHMENTS (X3)  
 Rates & taxes REFUSAL TO PAY  
 Approved building plans NONE  
 NHBRC compliant NON-COMPLIANT; INSUFFICIENT TOILETS  
 Company registration NOT REGISTERED  
 Regulating authority for operations NO LIQUOR LICENCE; NO PERMIT FOR PERISHABLE GOODS OR ENVIRONMENTAL HEALTH AND SAFETY  
 Parking 1 BAY



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

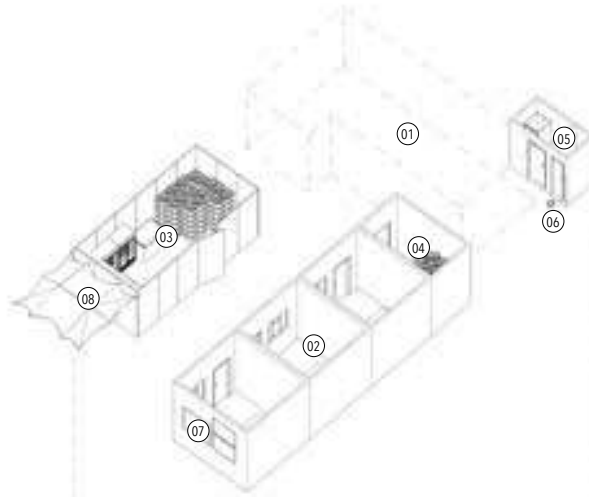
- 01. Neighbourhood street with mountable kerb separating sidewalk
- 02. Driveway entrance
- 03. Sidewalk for pedestrian movement
- 04. Main house
- 05. Accommodation for family addition
- 06. Liquor storage and sale structure
- 07. Toilet addition
- 08. Backyard storage area
- 09. Parking area
- 10. Parking (under tarp attached to electricity pole)

## CASE STUDIES: F's TAVERN

### A. BUSINESS INVESTMENT

An incremental series of investments have been made to the property over time to support the business. These range in nature from removable, fixed, temporary and are either premised on making the business more efficient or more compliant. The following investments have been made:

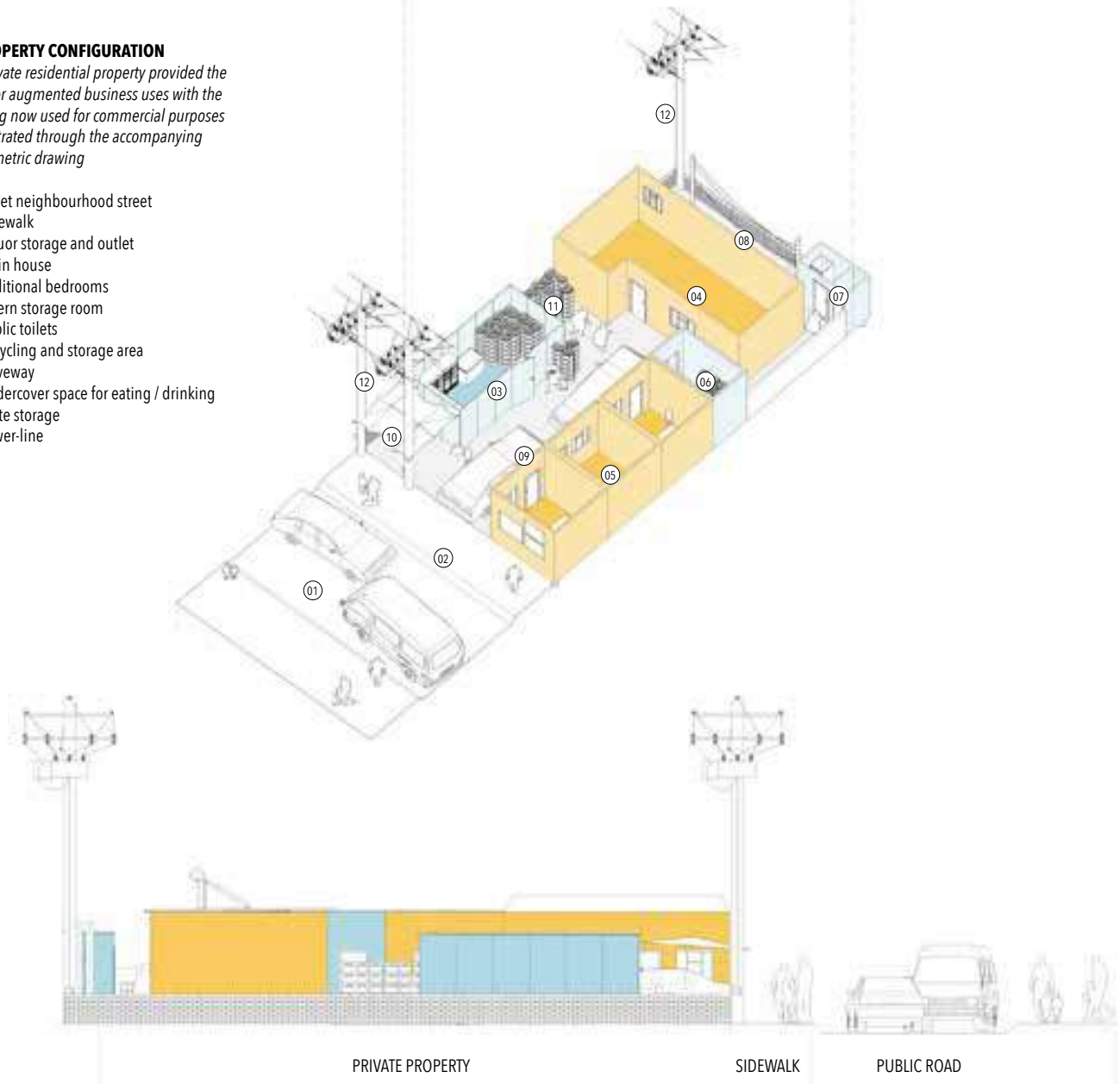
01. Main house (brick)
02. Addition accommodation (brick)
03. Liquor storage shack (steel)
04. Liquor storage space (brick)
05. Public toilets (brick)
06. Handwash basin (tiled)
07. Business signage (steel)
08. Rudimentary shade structure (tarp)



### B. PROPERTY CONFIGURATION

The private residential property provided the basis for augmented business uses with the building now used for commercial purposes as illustrated through the accompanying axonometric drawing

01. Quiet neighbourhood street
02. Sidewalk
03. Liquor storage and outlet
04. Main house
05. Additional bedrooms
06. Tavern storage room
07. Public toilets
08. Recycling and storage area
09. Driveway
10. Undercover space for eating / drinking
11. Crate storage
12. Power-line



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The accommodation is arranged in an L-formation on the site, with an insertion of liquor storage container on its west side. The spaces thus arrange themselves around a deep driveway into the site. There is little space available for on-site consumption except under a temporary cover erected between the powerlines and liquor storage container.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS



01. Backyard storage



02. Shop interior



03. Street relationship



04. Rooms along courtyard



05. Courtyard and tavern outlet with ground cover



06. Toilets and washbasin for clients



**STREET RELATIONSHIP:** The original house is set deep within the property creating an open courtyard flanked by rooms and a tavern.

- 01. Facade of rooms used for advertising
- 02. Open courtyard used for socialising and parking cars
- 03. Tavern storage and dispatch
- 04. Original house leading from courtyard
- 05. Disused covered social space (and decommissioned hatch) for alcohol consumption
- 06. Backyard
- 07. Signage and bales for glass recycling
- 08. Additional storage
- 09. Gender separated toilets and common handwash basin
- 10. Business entrance

## CASE STUDIES: F's TAVERN

### CASE STUDY DESCRIPTION & SYNOPSIS

The case concerns an off-consumption tavern located within a residential neighbourhood. The business has been operating for around 13 years. The entrepreneur operates the business with the support of her husband (on a part-time basis) and sons (on a full-time basis). The business is semi-formal; whilst it has a shebeen permit, the legal status is questionable. The case highlights the laxity of the regulatory environment where informality is a result of both structural constraints (land issues) and business strategy. The entrepreneur has made substantial investment into the property to provide accommodation for her family, expand business facilities and to comply with (some) of the regulatory requirements for liquor trading such as gender-separated toilets. The property is non-compliant with building line setbacks, NBRBSA regulations and zoning.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 13 years
<i>Number of employees</i>	3
<i>Monthly income</i>	>R20 000
<i>Key business variables</i>	462 crates of beer per week Fridges and stands Public toilet
<i>Other business investments</i>	Accommodation unit
<i>Key business risks</i>	CoJ compliance inspection Police inspection Crime
<i>Formalisation opportunities</i>	Subject to land title, zoning and building plan approval, the business owner would be able to apply for a tavern permit.
<i>External considerations</i>	The venue permits on-consumption, and thus presents risks to neighbours. There is no seating for patrons. The business is too large to be informal.



- Circulation
- △ Main entrance
- Primary entrance
- Secondary entrances

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Covered space to serve alcohol (decommissioned) **02.** Courtyard for parking and socialising **03.** Tavern store and dispatch **04.** Main house **05.** Backyard dwellings **06.** Store **07.** Toilets and extension with shower

## *ix. J'S TAVERN AND SPAZA*

### **SYNOPSIS**

Gender: male

Age: pensioner

Property/business income: > R20,000 pm

The case concerns a family business comprising a separately managed spaza shop and tavern (off-consumption), both situated within a single property. The business has been operating for over 20 years. The property on which the businesses operate is spatially positioned with frontage onto two different streets. The tavern operates at one end of the property and is oriented towards the neighbourhood street, whilst the spaza shop is situated at the opposite end and oriented towards the thoroughfare street, which is one of the main high streets in Ivory Park. The street interfaces and functions directly influence the way the sidewalks are used. The entrepreneur has erected a staircase and bridge over the storm water drain to enable pedestrians to access the shop from the high street. It also facilitates the loading of large volumes of goods through the front of the shop. The two micro-enterprises are spatially linked in two ways: publicly via a passageway that runs along the boundary wall, which also enables the public to take a 'short-cut' from one street to the other; and privately through internal passages.

The external passageway also serves as a vehicle parking bay. Within the passageway there is public access to a toilet and hand basin. The case provides an example of the effective use of a property for multiple purposes: a 'business-residence' building in which the extended family of three households utilise the middle portion of the building as well as rooms built on a second story, whilst the businesses are situated on the road frontage. Apart from the controlled passageway, the entire erf is covered – exceeding the coverage allowance.

The passageway is a significant intervention on the private property as the space has public benefit, enhancing the circulation of the building as the kitchen (main entrance) of the house is off this passageway. Some of the business-related investments include:

- Purpose built storage and serving rooms for the spaza shop and tavern;
- Security bars and CCTV on both outlets;
- Paved forecourt;
- Business signage; and
- Branded fridges.

In spite of the scale of investment, the businesses operate informally. The success of the enterprise lies in part in its flexible use of the property and in part through supplier linkages established with manufacturers and food/beverage distributors. The spaza shop and tavern relate to the two different street types that edge the property respectively. The spaza shop operates directly off the busy arterial road while the tavern takes advantage of the quieter neighbourhood street and appropriates the sidewalk as a social space. The existing public street light has been integrated into the building.

The entrepreneur owns a vehicle, which is parked in the passageway and secured by gates when the businesses are not in operation.

**TENURE STATUS**

The property owner was one of the first settlers to move to Ivory Park from Oakmoor, an informal settlement in Tembisa. He acquired a stand and built a hut. Over time he built up the property from one street towards the other. He has acquired legal title, though the researchers were unable to inspect the documents.

**ENTERPRISE DYNAMICS**

The entrepreneur commenced in business by selling sheep heads and intestines, which he purchased at Faraday market. He started the business to 'feed his family'. As a complementary offering to the meat sales, he started selling beer, initially selling two crates (12x750ml) a week. The business grew steadily. In the 2012 survey, the operator reported selling 40 crates a week. He has grown sales considerably and currently sells around 304 crates a week, predominantly for consumption off the premise. Despite not having a licence, the business owner has secured a credit relationship and direct delivery from SAB.

Because he was operating without a licence, the entrepreneur was raided by the police on many occasions in the past. He still has no licence, though the police 'don't bother him'. He has nevertheless succeeded in becoming signed 'into the SAB system', in other words obtaining direct supply and a line of credit. In 2011, as part of the process for applying for a permit, he was able to obtain 'a Suitability Certificate as required by the Gauteng Liquor Act 2 of 2005' from the South African Police Service (SAPS). He feels that one reason that police no longer raid the business is because they may assume he has a liquor licence, though it might also reflect the fact that sales are largely for off-consumption. He is a pensioner and well-known business man in the community.

He has utilised resources from the business to invest in the education of his sons, both of whom have completed university degrees. There is evidence that the two sons have begun to influence the nature of the business, through for example an electronic stock control system.

**OBSTACLES TO FORMALISATION**

It is unclear why the business continues to trade informally. The informant has endeavoured to obtain a liquor licence, though without success. To operate as a tavern, the entrepreneur would need to obtain land use approval for that purpose. This would require the authorisation of building plans, which may then necessitate possible building amendments. The property would also need to be rezoned. Although the liquor business is largely for off-consumption, the entrepreneur accommodates a degree of on-consumption within an enclosed forecourt. For these customers, the seating and other public facilities, such as the toilet, are rudimentary and would need to be upgraded.

**EXTERNAL CONSIDERATIONS**

The business is too large to be informal. This status presents a risk to the community (in terms of product integrity and poor regulatory control) and to the large formal businesses that supply the business. The unlicensed tavern has negative implications for the entrepreneur. Since most alcohol sales are for off-consumption, the business has less impact on the surrounding community than comparative cases.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: SEPERATE TAVERN AND SPAZA SHOP

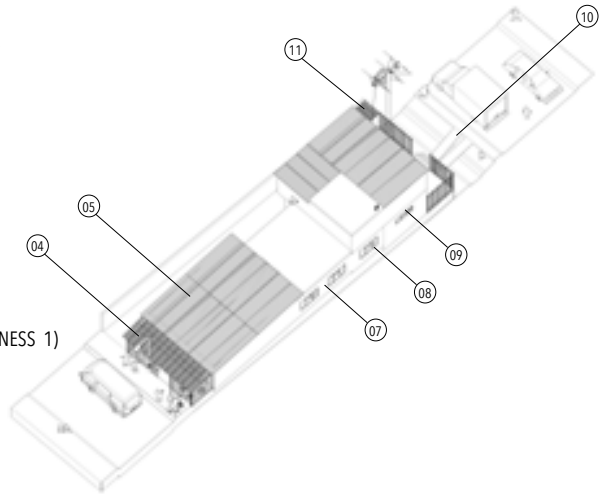
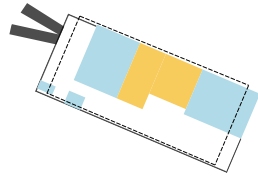
Taverns support a communal entertainment purpose, centred around liquor consumption. Typically, a liquor licence should be in place for operation. Business sell liquor for off-consumption, though some liquor is consumed within the property and adjacent public space. Though the business has a shebeen permit, the high volume of liquor sold necessitates a conventional off-sales liquor licence.

### PROPERTY DATA

Tenureship status OCCUPANT OWNS PROPERTY  
 Operator OCCUPANT & OCCUPANT'S FAMILY  
 Business type LIQUOR  
 Site area 273m<sup>2</sup>  
 Dwelling : Business 128m<sup>2</sup> : 113m<sup>2</sup>

### COMPLIANCE STATUS

Zone use LEGAL: RESIDENTIAL 1 (ACTUAL: BUSINESS 1)  
 Title deed CURRENT  
 Property boundary ENCROACHMENT (X3)  
 Rates & taxes UNKNOWN  
 Approved building plans NONE  
 NHBC compliant PARTIAL (INSUFFICIENT TOILETS)  
 Company registration NOT REGISTERED  
 Regulating authority for operations LIQUOR LICENCE 2011 (OUTDATED), NO PERMIT FOR PERISHABLE SALES  
 Parking NONE



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

- 01. Neighbourhood street with mountable kerb separating sidewalk
- 02. Driveway entrance
- 03. Sidewalk for pedestrian movement
- 04. Covered seating area (tavern)
- 05. Liquor storage area
- 06. Kitchen
- 07. Rental rooms
- 08. Family rooms (above lounge and bedroom)
- 09. Spaza shop
- 10. Added walkway bridge over culvert
- 11. Toilet
- 12. Pedestrian through-way
- 13. High street



## CASE STUDIES: J's TAVERN AND SPAZA

### A. BUSINESS INVESTMENT

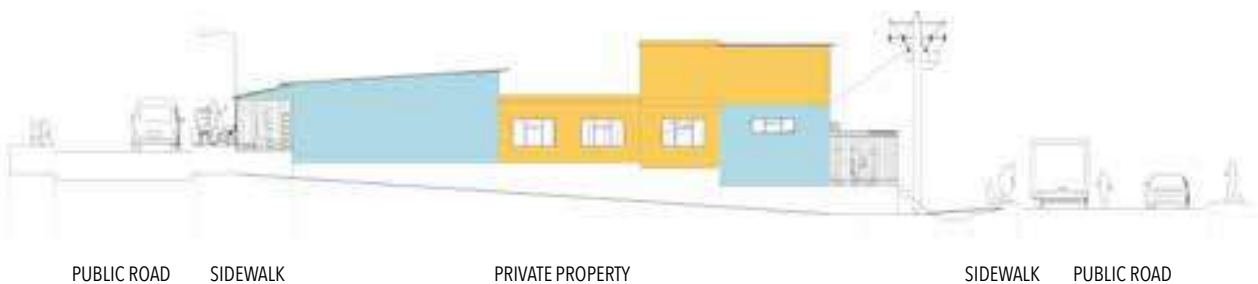
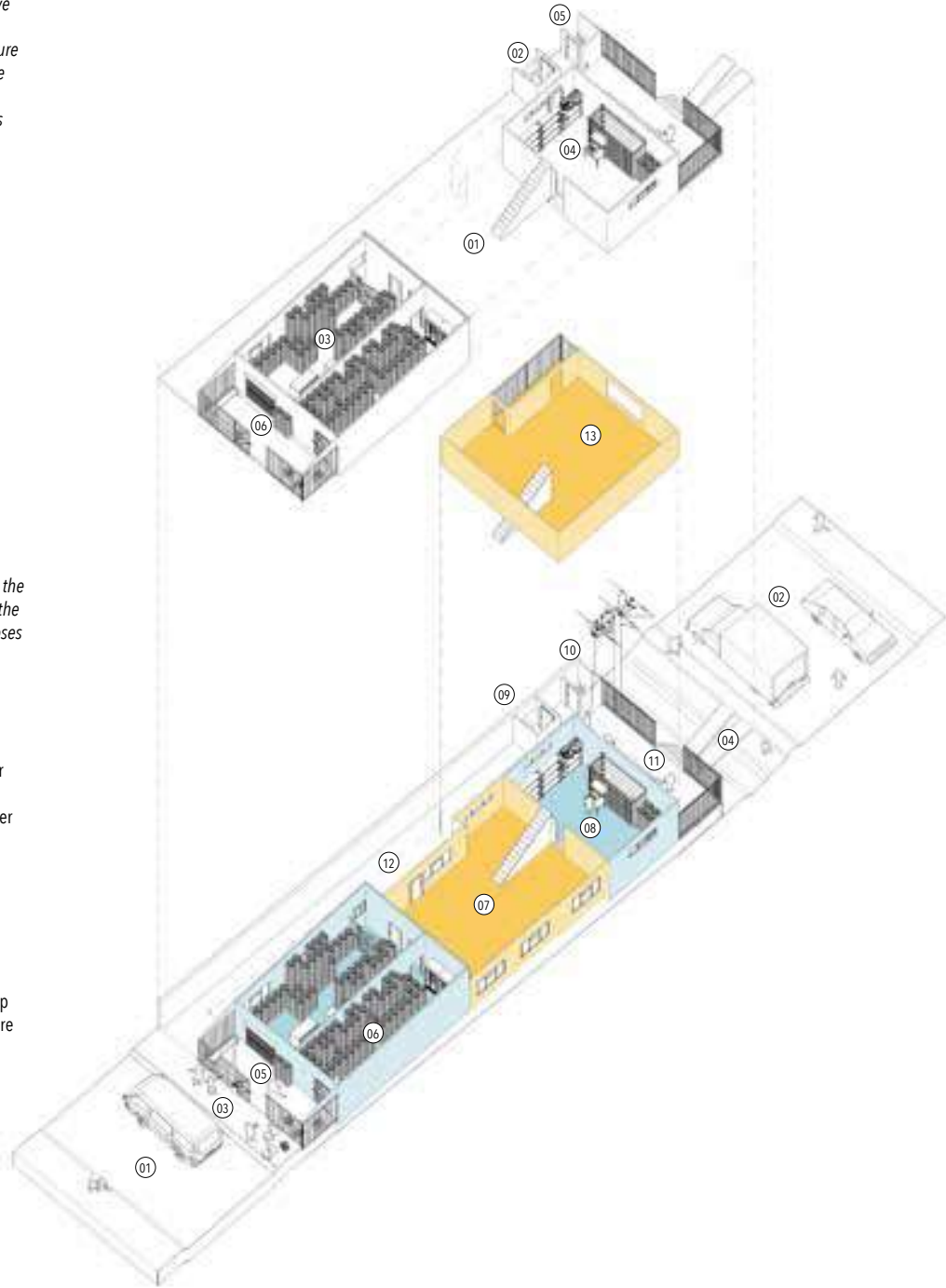
An incremental series of investments have been made to the property over time to support the business. These range in nature from removable, fixed, temporary and are either premised on making the business more efficient. The following investments have been made:

01. Main house (brick)
02. Out toilet (brick)
03. Tavern storage area (brick)
04. Spaza shop (brick)
05. Additional toilet (brick)
06. Tavern seating area (steel)

### B. PROPERTY CONFIGURATION

The private residential property provided the basis for augmented business uses with the building now used for commercial purposes as illustrated through the accompanying axonometric drawing

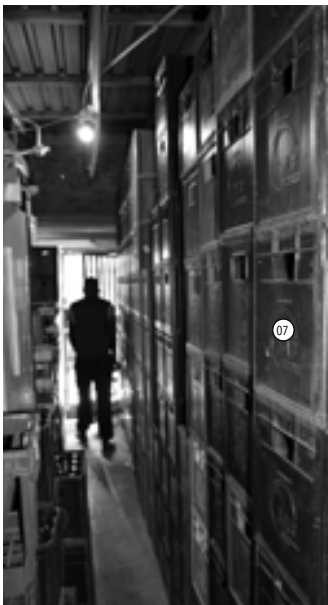
01. Quiet neighbourhood street
02. Busy street
03. Sidewalk used for walking and liquor consumption
04. Walkway placed over large stormwater culvert
05. Veranda for tavern seating
06. Tavern liquor storage
07. Main house (ground floor)
08. Spaza shop
09. Toilet
10. Toilet
11. Raised platform in front of spaza shop
12. Driveway and pedestrian thoroughfare
13. Main house (first floor)



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The dwelling sits between two public roads, providing opportunity for double-sided commercial facing. This has taken place in a tavern which faces one end and a spaza shop on the other. An additional storey of accommodation has been constructed over the shop. The site is maximised except for a passage which straddles the property's length.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS



07

01. Tavern interior



08

02. Shop opening onto rear busy street accessed via steps. Private dwelling above shop.



12

03. Passageway connecting both streets

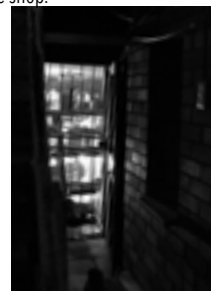


09

04. Delivery of goods to shop



05. Tavern veranda



06. Gate between shop/house



07. First floor private balcony



13

03

05

02

06

11

10

04

01

**STREET RELATIONSHIP:** Tavern built to the edge of the street property boundary with a covered veranda and side thoroughfare.

01. Neighbourhood street with barrier kerb allowing for cars to mount the sidewalk 02. Controlled access passageway connecting front and back streets 03. Veranda encroaching over property line (engulfing street light) 04. Sidewalk used for socialising 05. Security barrier surface used for advertising 06. Entrance to tavern via stoep 07. Liquor storeroom 08. Spaza shop entrance & bridge 09. Bridge across storm water culvert 10. Seating and consumption on the street edge 11. Security door 12. Entrance to house 13. Incorporation of the street light within the entrance

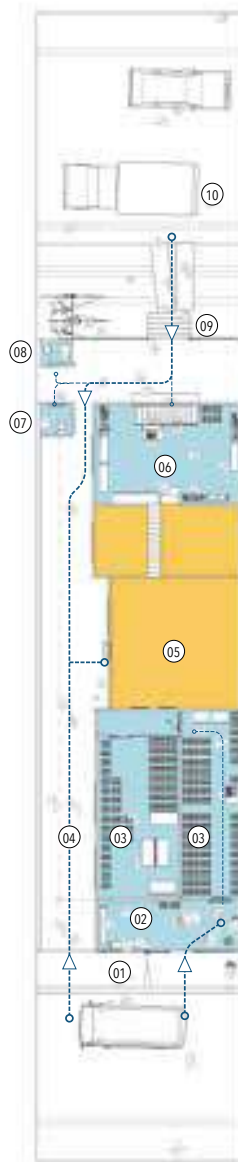
## CASE STUDIES: J's TAVERN AND SPAZA

### CASE STUDY DESCRIPTION & SYNOPSIS

The case concerns a family business comprising a separately managed spaza shop and tavern (off-consumption), both situated within a single property. The business has been operating for over 20 years. The property on which the businesses operate is spatially positioned with frontage onto two different streets. The tavern operates at one end of the property and is oriented towards the neighbourhood street, whilst the spaza shop is situated at the opposite end and oriented towards the thoroughfare street, which is one of the main high streets in Ivory Park. In spite of the scale of investment, the businesses operate informally. The businesses are non-compliant with land use and business regulation. The case again highlights the laxity of the regulatory environment where informality is a result of both structural constraints (land issues) and business strategy. The property is non-compliant with building line setbacks, NBRBSA regulations and zoning.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 15 years
<i>Number of employees</i>	4
<i>Monthly income</i>	>R20 000
<i>Key business variables</i>	304 crates of beer per week Grocery merchandise Fridges and stands Toilets Seating
<i>Other business investments</i>	Public passageway
<i>Key business risks</i>	CoJ compliance inspection Police inspection Crime
<i>Formalisation opportunities</i>	Subject to land title, zoning and building plan approval, the business owner would be able to apply for a tavern permit.
<i>External considerations</i>	The tavern sells liquor for off-consumption with limited on-consumption sales. The business is too large to be informal. The spaza shop operates with health and environmental health licences, thus posing food sanitary risks.



- Circulation
- △ Main entrance
- Primary entrance
- Secondary entrances

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Sidewalk with mountable kerb for socialising **02.** Tavern veranda with seating **03.** Tavern store and dispatch **04.** Communal passage **05.** Main house **06.** Spaza shop **07.** Toilets (extension)  
**08.** Toilet (original) **09.** Steps to access shop **10.** High street

## X. H'S CONTAINER & LETTABLE LAND

### SYNOPSIS

Gender: female

Age: mature adult

Property/business income: > R3,700 pm

The case provides an example of high potential land which remains 'locked' out of development to the broader disadvantage of the township economy. The land 'owner' is unable to develop the land for commercial use as a result of the insecurity of her tenure and the planning uncertainty on the future use of the broader site on which the land is situated. The land holder is a woman. Along with her late husband, she settled in Ivory Park in 1990 as part of the 'Green section' first settlers from Alexandra. The property she holds is situated on the high street, next to the Emthonjeni taxi rank, occupying a corner stand and measuring 538m<sup>2</sup>. On the rear boundary there is a derelict park, whilst to the right of the property lies open ground which is also subject to a land ownership claim. The land portion of her claim is undeveloped apart from two shipping-container businesses which operate on the property. The land is zoned for commercial use.

The story of how she came to acquire the land remains uncertain. She holds land claims on three undeveloped and commercially valuable properties in Ivory Park. It is evident that the property 'owner' acquired the site in question through her 'connections' to the municipality. She claims to have obtained the site as early as 1992. At some point, the land holder was engaged in supporting the surveying of Ivory Park. She claims that she 'worked' as a translator during the initial survey process and played a role in resolving disputes amongst claimants. Since she was related to the then ward councillor, it is indeed feasible that she supported

the survey process. Her husband was politically connected (a former MK soldier) and he (and wife) were once again 'engaged' by the municipality in about 1995 to verify property boundaries for an RDP housing programme.

In 2000 the claimed land portion was surveyed and its boundaries mapped. The land 'owner' obtained a lease agreement beginning in February 2003. She has technically rented the land for 12 years. She claims that the CoJ has agreed to convert the lease into a title deed, though the researchers were unable to obtain evidence to support this claim.

### TENURE STATUS

In legal terms, the land belongs to the CoJ. She has a lease agreement for the portion of the erf to which she holds claim; however, the lease agreement first signed in 2003 is recorded in her late husband's name. The first lease agreement was from 2003 to 2008. In about 2007 the land 'owner' placed metal pegs on the boundaries of the land portion. These have subsequently been removed, though the bases remain visible. She has recently obtained a letter from the CoJ confirming the existence of a lease agreement. The lease is for R85 pm. She has an outstanding rates balance in excess of R10,000; this figure suggests that she has not paid the lease for approximately nine years. As evidence of her continued authority to control activities on this land, in 2017 she requested that the Metro Police remove a container from the site, which they actually did.

### ENTERPRISE DYNAMICS

In 2012 there were three containers on the site. One has since been removed. The land 'owner' owns one of the containers and leases the site to another container business. She receives R2,700 pm for the container she owns and R1,000 pm from the other entrepreneur. The businesses have informally accessed electricity.

### OBSTACLES TO FORMALISATION

The land 'owner' has been approached on several occasions by investors who seek to partner with her to commercially develop the site. None of these proposals advanced beyond preliminary discussions. One of the main obstacles to developing the site is the insecurity of the land tenure. If valid, her lease agreement with the CoJ is short term. The CoJ have also earmarked the larger site (including the land portion under claim) for a TOD node. The latest proposal was to convert the entire undeveloped site into a bus terminus for the Bus Rapid Transit (BRT) network that is to be expanded to accommodate Ivory Park residents. A previous proposal was to redevelop the broader site as an enterprise hub to accommodate micro-enterprises in improved infrastructure (a retail and service mall), in tandem with enterprise development support through targeted project interventions. Recent updates from the CoJ reveal that the bus terminus will no longer be developed at this site.

One of the main obstacles to developing the site is the misalignment between the cadastre plan and actual land use within the land block. The cadastre plan indicates the existence of a road which separates the land block into two erven. The taxi rank has encroached onto the second erf. On the erf for which the entrepreneur has a claim, there exists a row of small commercial units which were established as part of an early enterprise development programme. Our preliminary investigation indicates that the ground on which these units are situated was not surveyed as a separate portion. The individuals who 'own' these units exercise a historical land claim. Our investigation identified at least two additional land claims for different portions on the same site. So there are multiple claims to the erf, at least one of which relates to a specific (surveyed) portion for which there exists a lease agreement between the land holder and the CoJ.

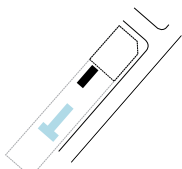
### EXTERNAL CONSIDERATIONS

The informalisation of the land holdings is unsustainable and negatively impacts on coordinated and meaningful economic development in Ivory Park. In the absence of formal land transactions, a complex web of irregularities has developed. Unchecked, these practices will come to be the standard practice of land transactions and render two orders of such transactions. The land 'owner' has paid little rental to the municipality despite deriving a reliable income from the site. There are no water or ablution facilities for either customers or businesses. The use of the site, moreover, is profoundly inefficient. The claimed portion could accommodate at least five times as many units.

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

## CASE TYPE: UNDERUTILISED COMERCIAL SITE

On this high potential retail site, the land holder has situated two shipping containers as retail units. The land holder owns one of the containers which she has leased to an entrepreneur. The second container belongs to another entrepreneur who leases right to use the site.



### PROPERTY DATA

Tenureship status	CONFIRMED LEASE AGREEMENT WITH COJ, OTHER CLAIMANTS TO SAME ERF
Operator	NON-RELATIONAL ENTREPRENEURS LEASING FROM 'OWNER'
Business type	RETAIL
Site area	538m <sup>2</sup>
Dwelling : Business	0m <sup>2</sup> : 31m <sup>2</sup>

### COMPLIANCE STATUS

Zone use	COMMERCIAL (BUSINESS 1)
Title deed	NONE, LEASE AGREEMENT FOR A PORTION OF THE ERF
Operator	SEPERATE ENTREPENEURS WHO LEASE FROM THE LAND HOLDER
Property boundary	ENCROACHMENT BY ONE OF THE CONTAINERS
Rates & taxes	OVER R 10 000 OUTSTANDING
Approved building plans	NONE
NHBRC compliant	NON-COMPLIANT
Company registration	NOT REGISTERED
Regulating authority for operations	NOT APPLICABLE
Parking	SPACE AVAILABLE



**SITUATION PLAN:** Aerial image illustrating the existing property uses relative to regulatory frameworks.

01. Two containers on H's claim 02. Council retail units on T and P's claim 03. S's claim (i) 04. Existing taxi rank 05. S's claim (ii)

## A. BUSINESS INVESTMENT

A limited series of investments have been made to the property over time to support the business. These are mostly temporary. The following investments have been made.

- 01. Two steel container shops
- 02. Property demarcated by steel pegs

## B. PROPERTY CONFIGURATION

The open portion of land is poorly defined and is in a dynamic relationship with its changing context. The containers are not serviced and loosely placed close to the sidewalk.

- 03. High street
- 04. Open space for informal taxi parking
- 05. Corner used for mielie sales
- 06. Sidewalk
- 07. Municipal trading stalls
- 08. Taxi rank
- 09. Church (tent)



PRIVATE LAND

SIDEWALK

PUBLIC ROAD

**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

The property sits in one of the most commercially valuable pieces of land in Ivory Park. It is situated on a busy street, adjacent to a busy taxi rank. There are complex land claims to the site. The owner has provided minimal permanent investment on the site considering its commercial value.



01. Unserved containers loosely and independently placed on land



02. Land occupant standing on undefined and undeveloped parcel of land



03. Container used as retail outlet (hardware)



**STREET RELATIONSHIP:** The containers relate to the high street taking advantage of pedestrian movement. (image 2013)

01. High street with barrier kerb allowing for cars to mount the sidewalk 02. Surfaced sidewalk 03. No clear property delineation relating to the street edge 04. Compacted ground outside containers to manage dust and dirt



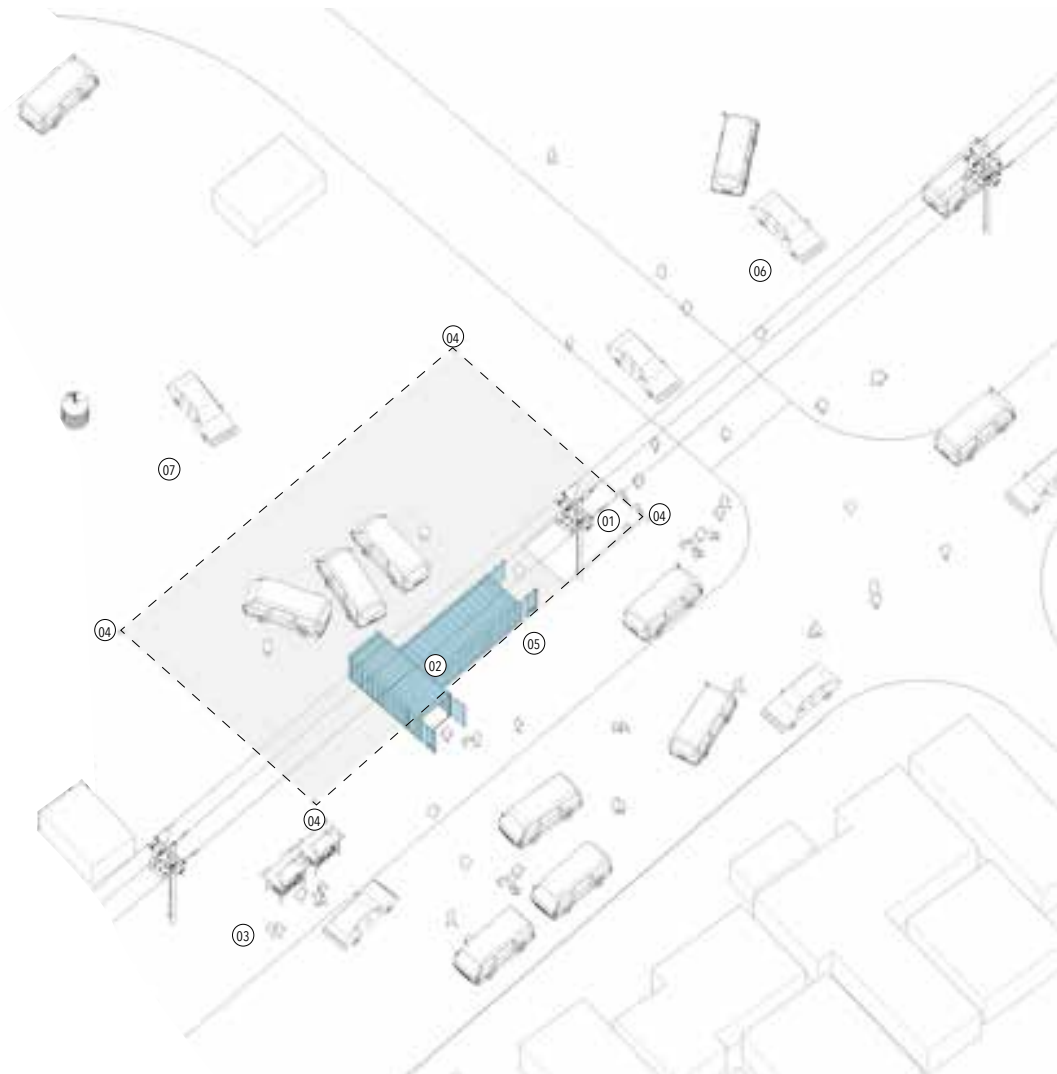
## CASE STUDIES: H's CONTAINER AND LETTABLE LAND

### CASE STUDY DESCRIPTION & SYNOPSIS

The case provides an example of high potential land which remains 'locked' out of development to the broader disadvantage of the township economy. The land 'owner' is unable to develop the land for commercial use as a result of the insecurity of her tenure and the planning uncertainty on the future use of the broader site on which the land is situated.

### ENTERPRISE STATUS

<i>Time in business</i>	Approximately 15 years
<i>Number of employees</i>	0
<i>Monthly income</i>	R3 700 pm
<i>Key business variables</i>	2 Shipping container units
<i>Other business investments</i>	Site pegs
<i>Key business risks</i>	Land tenure insecurity
<i>Formalisation opportunities</i>	None, unless land claim is recognized and CoJ agrees to transfer ownership.
<i>External considerations</i>	The land claim locks high potential land out of development to the broader disadvantage of the township economy.



**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

**01.** Concrete plinth for previous container **02.** Container shops **03.** Sidewalk **04.** Steel pegs demarcating property extents **05.** Site of previous containers **06.** Taxi rank **07.** Informal parking and washing of taxis

## *xi. HIGH STREET TRADING PATTERNS*

### **SYNOPSIS**

The case concerns the street traders situated on a portion of 29th September Drive. The surveyed portion extends from the intersection with 21st August Drive, opposite the Emthonjeni Taxi rank, to the intersection of 29th September Drive and Industrial Road. The portion of the high street under consideration is approximately 450m in length and used extensively by both vehicles and pedestrians, with a taxi rank and supermarket at either end of the street. The traders operate on the road reserve and from adjacent properties accessed from Setsie Street, towards which the buildings have been oriented.

The road reserve on which trading occurs is wide, measuring approximately 8m. The researchers identified 34 micro-enterprise activities, with some of these activities falling under a single business with multiple stands. These businesses operate from a variety of spatial and building situations, including on open ground, using portable structures such as tables, within semi-permanent stands, in zozo (corrugated iron) shacks, from within shipping containers and out of brick buildings. Within this cohort there were 11 non-portable businesses, the majority of which are situated either wholly within the road reserve or have encroached onto it from adjacent private dwellings.

Whilst the road reserve is a relatively active business zone, the activities of the traders have had little impact on reshaping the building environment and land usage. The adjacent properties remain largely oriented away from the reserve towards the opposite street. In general, the property owners are petty landlords rather than developers, offering space to traders and obtaining rent there from, and selling storage space and electricity. The property owners' ability to capitalise on the economic potential of the site is determined by their resources as well as by the risks associated with deviating from the law.

### **TENURE STATUS**

Seventeen of these street-based businesses pay rent to the owner of the trading structure and/or the owner of the bordering property (the 'landlord'). Half of the traders interviewed reported paying rental to the owners of the adjacent properties. In the case of traders operating from non-movable structures, in only one case did the structure belong to the property owner. The rentals range from R100–R3,500 pm. On a square metre basis, the price ranges from R13 to R233 per m<sup>2</sup>, with a median rental of R50 per m<sup>2</sup>. One individual reported paying an 'in-kind' rental of vegetables to the 'landlord'. Furthermore, some of the traders have agreements to store their goods on the properties and also to access electricity via the house. Apart from rent, the traders who paid 'rates' reported having to pay from between R200 to R1,000 pm for storage and/or electricity.

### ENTERPRISE DYNAMICS

An analysis of Google street-view images in October 2010 indicates that the street supported a modicum of trading activities. These included a trader selling window frames, a number of car wash businesses, several hair salons, a business repairing micro-wave ovens and another business repairing electrical equipment. One factor that shaped business activities in 2010 was the existence of a soft curb on the street edge which enabled vehicles to access the road reserve, benefiting businesses such as car washes. In 2012 when the SLF team surveyed the street, the business dynamics had begun to change. The street edge had been hardened with the introduction of a square curb, making it difficult for vehicles to access the road reserve, whilst a brick sidewalk had been installed for the benefit of pedestrians. The number of traders had substantially multiplied; the research identified 25 separate business entities. The range of enterprise activities had diversified to include several clothes and shoe sellers; traders selling meat, vegetables and snacks; traders selling music speakers; and micro-enterprises manufacturing furniture. Some of the car-wash businesses had disappeared. The hair salons and electrical repair businesses, in contrast, had seemingly improved their infrastructure and developed signage. A brick structure had been built for a takeaway business, which potentially encroaches onto the road reserve.

In 2017 the researchers identified 34 business entities, though one entrepreneur ran three different businesses. We were unable to obtain data from three businesses which were not operating on the day but had an infrastructure presence on the site. One individual was unwilling to divulge information to the researchers. Within the cohort (for which information was available) there were 17 male-run business and ten female-run businesses; one micro-enterprise was run by a husband and wife team. The nationalities of the entrepreneurs are shown in Figure 2. The data shows that South African entrepreneurs are in a minority, operating fewer than 18% of the businesses. Eight businesses were employee-operated. Table 3 shows the distribution of business activities by enterprise categories, classified by aggregate categories.

Within the street, retail activities were predominant. The range of retail goods has greatly diversified and now comprises sellers of fresh products and meat, snacks (chips, sweets and cigarettes), clothing (both new and second-hand), fashion accessories including jewellery, a range of domestic furniture, and electronic goods and appliances. In terms of services, the hair salons remain active but whilst businesses that once offered airtime have disappeared, businesses providing financial services (money transfers) are now operating on the street.

### OBSTACLES TO FORMALISATION

Trading informally presents both opportunities and challenges for the street traders. The relative flexibility (and lack of regulation) to change business focus, amend the infrastructure, and position trading activities as close to pedestrian movement as possible enhance business opportunities. The challenges include the insecurity of land tenure; the disadvantages arising from the undeveloped nature of the site, especially the absence of surface paving (for when it rains) or street lighting; the dependence on landlords for storage and electricity; and vulnerability to police harassment. The risk of police inspection was mentioned by undocumented migrants and traders of perishable foods in particular. Although the police do target street traders, the traders' evidence is that police inspections are generally infrequent.

In terms of the CoJ street trading by-law (2003), street trading must be confined to specific localities and is subject to a number of limitations. In the case context, one limitation, under clause 6(1)(g), states that trading is restricted 'on that half of a public road contiguous to a building used for residential purposes, if the owner ... objects thereto and such an objection is made to the street trader by an authorised official'. The by-law stipulates in terms of clause 7(b) that traders may not erect 'any structure for the purpose of providing shelter, other than a device approved by the Council. In addition, the by-law specifies under clause 7(d) that the trading activity may not exceed an area greater than 6m<sup>2</sup>, and must allow not less than 1.5m<sup>2</sup> of unobstructed space for pedestrian movement. In terms of the Business Act, the food-related businesses require authorisation with respect to food safety and sanitary conditions from the CoJ health and environmental health departments.

Unknown	5
Takeaways	2
Snacks	3
Micro-Manufacturers	1
Homeware	3
Hair Salon	4
Groceries	1
Furniture	3
Fresh Produce	3
Financial Services	1
Clothing	3
Appliances	3
Accessories	1

Table 3: Distribution of Trader by Category

**EXTERNAL CONSIDERATIONS**

Whilst the street does provide benefits to the local economy and pedestrian shoppers, the state of informalisation presents a stunted development outcome. Entrepreneurs have made minimum investment in street infrastructure (and adjoining outbuildings), obviously with the intention of limiting their risks, whilst the businesses themselves are transitory and testing the market with different products, services and enterprise spatial positions. The adjoining properties have not been activated at an appropriate scale to support the street environment beyond the provision of storage, electricity and conveying permission to use public space. There is no evidence of private investment to improve the public space. There is little evidence of high street transformation as identified in the Eveline Street case in Namibia. This is because the investments by the owners are seen as risky in the current policy environment, whilst the adjacent property owners are not agents of the businesses. Lastly, the dynamics of minibus taxis do not stimulate linear economic activity.

There are also product- and business-specific risks. Service businesses, such as the hair salons, operate without adequate access to the municipal water and sewerage system, and waste water is discarded on site. The integrity of products is a valid concern (where food is sold) and in the absence of the regulation of specific products such as pharmaceuticals. The appliance stores sell televisions without the statutory licence requirement, which disadvantages state-funded broadcasting.

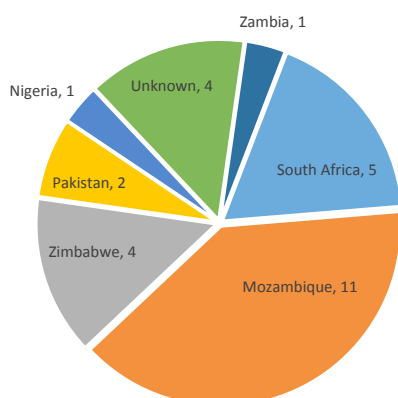


Figure 2: Nationality of Street Traders

# THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

GENDER	OWNER	NATIONALITY	GOODS / SERVICE	INFRASTRUCTURE	DIMENSION	HOW LONG	RENT
1 Male	Yes	Mozambique	Clothes	Removable steel	4m <sup>2</sup>	2 years	No rent
2 Female, Male	Yes	Mozambique	Plugs, clothes, shoes	Removable steel	8m <sup>2</sup>	9 years	No rent
3 Male	Yes	Mozambique	Vegetables	Table	5m <sup>2</sup>	5 years	No rent
4 Male x 2	Yes	South Africa	Windows, doors frames	Cage (to stock)	20m <sup>2</sup>	8 years	No rent
5 Male x 2	Yes	South Africa	Furnitures (chairs, wardrobe)	Steel, permanent structure	15m <sup>2</sup>	2 years	1500 ZAR
6 Woman	Yes	Zambia	Make and repair clothes (designer)	Container	6m <sup>2</sup>	6 months	1000 ZAR
7 Male	Yes	Mozambique	Sweets / Cigarette	Removable wood	4m <sup>2</sup>	1 year	No rent
8 Male	Yes	Nigeria	Cosmetics, Wigs, Jewellery	Brick, permanent structure	4m <sup>2</sup>	2 years	500 ZAR
9				UNKNOWN			
10				UNKNOWN			
11 Female	No		Food (meat and spices)	Brick, permanent structure	15m <sup>2</sup>	2 years	3500 ZAR
12			The owner was not here, only information = business for 4 years				
13 Male	Yes	Pakistan	Housewares	Brick, permanent structure	15m <sup>2</sup>	1 years 6 months	1500 ZAR
14 Male	Yes		Cooked food (take away), car wash (2)	Brick, permanent structure	5m <sup>2</sup> (inside), 24m <sup>2</sup> (outside)	3 months	800 ZAR
15 Male x2	No		Furnitures, made on site	Removable wood	24m <sup>2</sup>	5 years	
16 Female	Yes	Mozambique	Cooked food	A tent, a rock, cooks on the floor	5m <sup>2</sup>	1 year	250 ZAR
17 Female	Yes	Mozambique	Vegetables	Removable wood	6m <sup>2</sup>	4 months	100 ZAR
18				SAME OWNER AND GOODS AS SHOP 5			
19							
20 Female x2 (daughter, mother)	Yes	Zimbabwe	Money transfers, airtime, electricity	Wood box	3m <sup>2</sup>	More than 2 years	300 ZAR
21 Female	Yes	Zimbabwe	Hair Salon	Container	7m <sup>2</sup>	5 years	600 ZAR
22 Male	No	Unknown	Hair Salon	Brick, permanent structure	n/a	1 month	1500 ZAR
23				UNKNOWN			
24 Male	Yes	Zimbabwe	Houseware (steel bowl)	On the floor	2,5 m <sup>2</sup>	1 year	200 ZAR
25 Male, 2 shops	No	Pakistan	Furnitures, electronics (2 shops)	Brick, permanent structure	9m <sup>2</sup>		
26 Female	No	Zimbabwe	Hair Salon	Brick, permanent structure	n/a		
27			Drinks shop with a front cage. The shop owner doesn't want to answer				
28 Female	No	Mozambique	Plastic houseware, clothes	On the street + one steel removable structure	15m <sup>2</sup>	7 months	200 ZAR
29				CLOSED SINCE 2016			
30 Female	No	Mozambique	Eggs, housewares	Small container	5m <sup>2</sup>	Few months	800 ZAR
31 Female	No	South Africa	Drinks	On the street, few boxes	2m <sup>2</sup>	15 years	
32 Male	Yes	Mozambique	Retailer	Small container	5m <sup>2</sup>	13 years	700 ZAR
33 Male	Yes	Mozambique	Car furnitures (sound)	Removable steel	6m <sup>2</sup>	6 years	500 ZAR
34 Male	Yes	Mozambique	Hair Salon	Brick, permanent structure	20m <sup>2</sup>	5 years	1000 ZAR



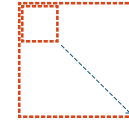
## NATIONALITY

18% of business surveyed are South African. Other nationalities represented include, Pakistan, Zambian, Nigerian, Zimbabwean and Mozambican.



## 33% OF STRUCTURES PERMANENT

Most of the structures are semi-permanent in nature comprising movable or temporary infrastructure.



## 2m<sup>2</sup> - 20m<sup>2</sup>: RANGE OF BUSINESS SIZES

The size of infrastructures vary in size between 2 - 20m<sup>2</sup>. The average rental is R50/m<sup>2</sup>. The structures range in material from tables, shade ports, zozo huts, containers to enclosed brick buildings.



**SITUATION PLAN:** Aerial image illustrating the property uses and behaviours relative to the regulatory frameworks at play.

# CASE STUDIES: HIGH STREET TRADING PATTERNS

## ENTERPRISE STATUS

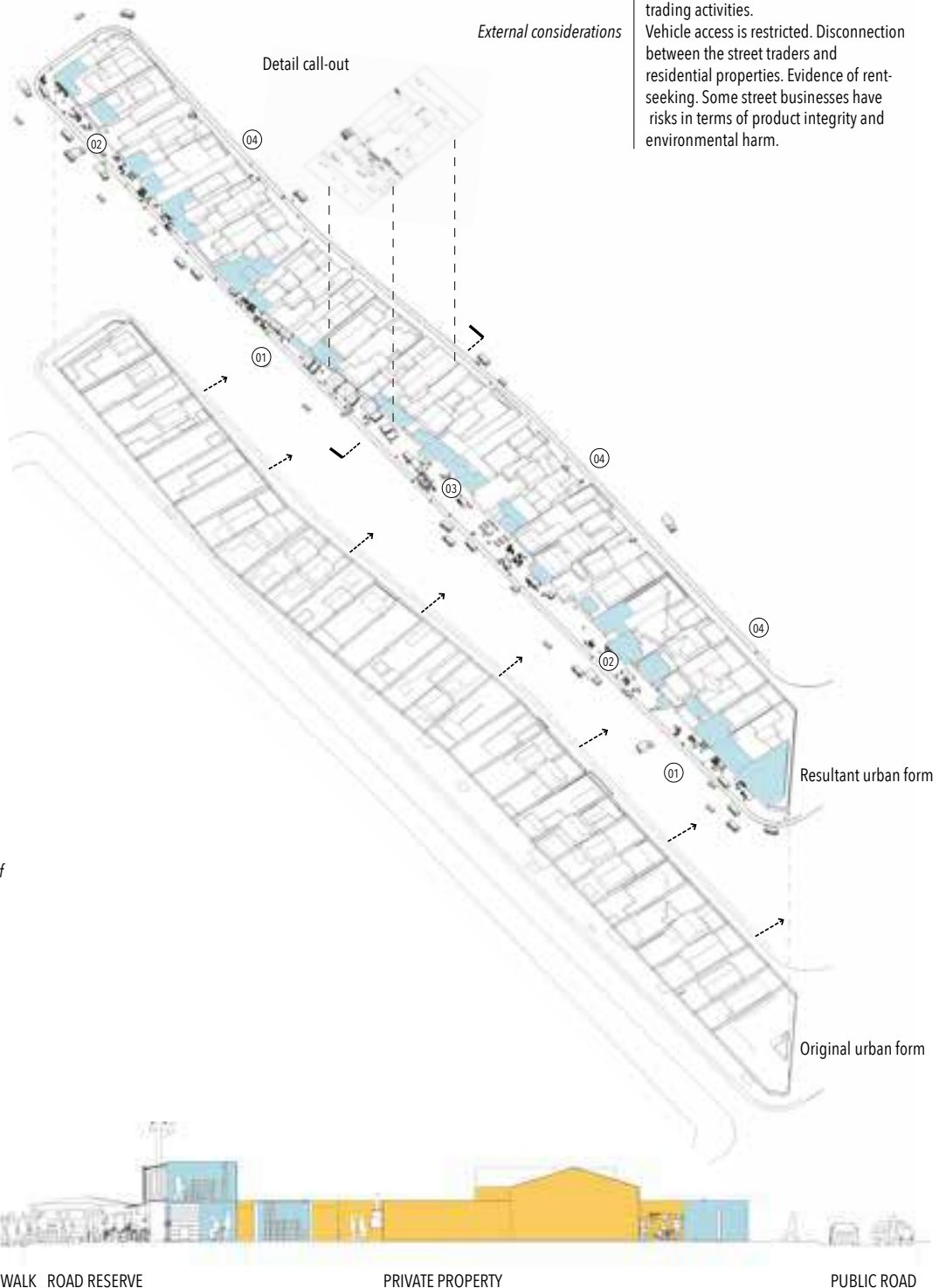
<i>Time in business</i>	1-10 Years
<i>Number of businesses</i>	34
<i>Monthly rental</i>	R13/m <sup>2</sup> - R233/m <sup>2</sup> ;- Ave R50m <sup>2</sup>
<i>Key business variables</i>	Access to storage Access to electricity Trading structures Proximity to pedestrians
<i>Key business risks</i>	South African businesses 18% CoJ compliance inspection Police inspection Crime
<i>Formalisation Opportunities</i>	None / unclear. Current CoJ informal trading legislation restricts informal trading activities.
<i>External considerations</i>	Vehicle access is restricted. Disconnection between the street traders and residential properties. Evidence of rent-seeking. Some street businesses have risks in terms of product integrity and environmental harm.

## CASE STUDY DESCRIPTION & SYNOPSIS

The case concerns the street traders situated on a portion of the high street, approximately 370m in length and used extensively by both vehicles and pedestrians, with a taxi rank and supermarket at either end of the street. The traders operate on the road reserve and from adjacent properties. The businesses operate from a variety of spatial and building situations, including on open ground, using portable structures such as tables, within semi-permanent stands, in zozo (corrugated iron) shacks, from within shipping containers and out of brick buildings. Within this cohort there were 11 non-portable businesses, the majority of which are situated either wholly within the road reserve or have encroached onto it from adjacent private dwellings.

## B. PROPERTY CONFIGURATION

The high street originally comprised a large sidewalk with boundary walls to adjacent properties who's entrance was located on the opposite side of the property. Over time, as the street increased in pedestrian activity, properties responded through small incremental adjustments to take advantage of the opportunity presented by passing traffic.



**SPATIAL ARRANGEMENT:** Spatial arrangements of various property functions and their relationship to public and private property.

01. Busy high street 02. Paved pedestrian sidewalk with mountable kerb 03. Unsurfaced road reserve 04. Neighbourhood street



01. Backyards of residential properties have developed into fully operational retail structures dramatically altering the street experience.



02. The larger sidewalk and intense mobility transforms the street by small incremental investments in the sidewalk and adjacent properties.

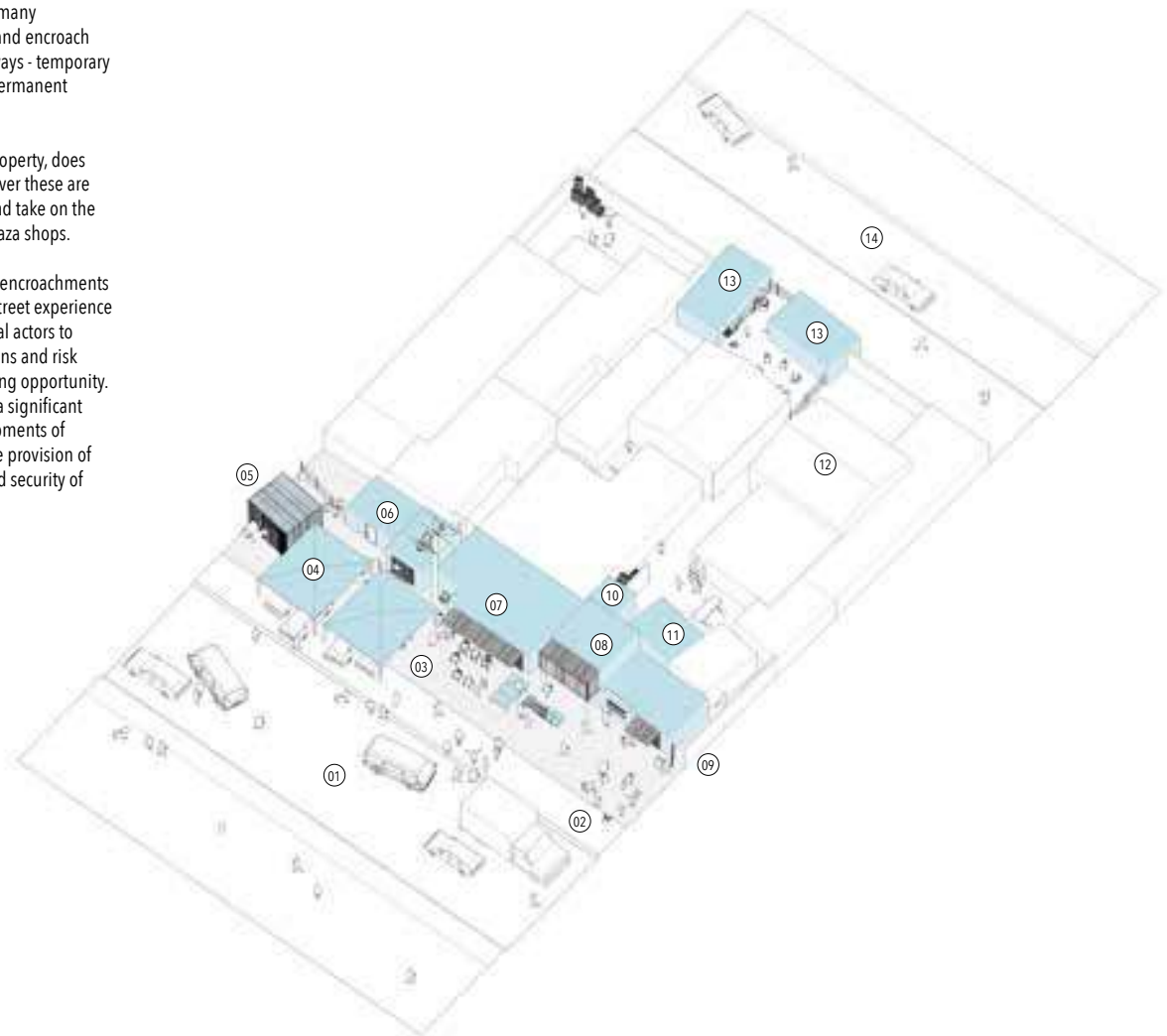


**ENTERPRISE INVESTMENTS & ENCROACHMENTS**

The sidewalk is a highly appropriated space. It is influenced by the nature of the kerb (mountable or barrier), width of the sidewalk and the relationship to the immediately adjacent private property. Through these variables a diversity of infrastructure responses are made. While some investment occurs within the properties, many infrastructures appropriate and encroach on the sidewalk in various ways - temporary structures, overhangs and permanent buildings.

The street entrance to the property, does generate adaptations, however these are contained to the property and take on the form of dwelling units or spaza shops.

Through varying degrees of encroachments and investments a diverse street experience is created allowing individual actors to respond based on their means and risk appetite in the face of creating opportunity. The primary dwelling plays a significant role in enabling the developments of the investments through the provision of storage, water, electricity and security of tenureship.



01. Infrastructure investments are in response to the opportunity presented by the street.

02. Businesses encroach beyond the private property onto the sidewalk.

**ORGANISATIONAL LAYOUT:** *The arrangement of spaces organised around the circulation system.*

- 01. High street
- 02. Paved sidewalk
- 03. Unpaved road reserve appropriated for various business activities
- 04. Car wash shade structure
- 05. Zozo on road reserve
- 06. Backyard shop on private property
- 07. New shop encroaching onto road reserve
- 08. Double-storey shop within property boundary with overhang onto road reserve
- 09. Passageway to main house
- 10. Storage
- 11. Backyard dwelling
- 12. Main house
- 13. Spaza shop
- 14. Neighbourhood street (original access to property)

## 4. CONCLUSIONS

The aim of the research was to investigate land-related enterprise constraints in specific case contexts that nevertheless reflect a wider reality. The 11 case studies provide evidence of the various ways in which informal land use presents an opportunity for developing businesses, but is simultaneously a constraint for enterprises that require formalisation.

From the perspective of opportunity, informal land use systems enable residents and micro-entrepreneurs to realise their 'rights' for residency and economic opportunities in post-apartheid cities that continue to exclude and marginalise the poor. The case studies provide examples of how, under conditions of secure tenure, land use has been optimised. Where tenure is insecure, in contrast, land has been sub-optimally utilised, though the manner of land use still conveys an expression of 'rights' to land and economic opportunities.

Settlement pressure necessitates that Ivory Park (and similar townships) densifies and diversifies to accommodate a range of land uses for residential, business, cultural and recreation purposes. A symbiotic relationship has emerged between residential densification and the provision of micro-enterprises which provide goods/services to supplement social reproduction away from the home. The services of the educare, gym and taverns are examples. In a context where the state is unable to enforce land use systems and where people are unaware of the complexities of the institutional framework, land users have taken liberties to develop infrastructure which responds to, and leverages off, the demand for densification and diversification. Some of the changes are highly innovative and enable the land holder to

optimise and intensify land use.

The size of individual land holdings contributes greatly to the nature of change documented in the case studies. Land parcels are generally small ( $\pm 250\text{m}^2$ ). The smallness of the land units equates to a high level of beneficiation. Since little consolidation of property has occurred, spatial change has tended to manifest through small-scale iterative investment. These investments assume common forms, including:

- Backyard dwellings;
- Conversion of the front of house to business/shop – especially on busy streets or at activity nodes;
- The vertical extension onto first floors;
- Intense interior arrangement to optimise income;
- Conversion of entire dwellings for commercial use – especially on busy streets or at activity nodes;
- Encroachment outside property boundaries to provide business infrastructure; and
- Provision of passageways to open up pedestrian movement.

Whilst typically non-compliant with land use zoning, municipal by-laws and building regulations, these changes are often bound to social processes of regulation. For example, property boundaries might be adjusted through mutual agreement between neighbours or adjacent land users. The case of the high street traders is a further example of social regulation over public land wherein the adjacent property owners exercise 'land claims' on trading sites but then support the traders 'right' to trade through providing shelter, storage, water and electricity as well as patronage. Social regulation also fulfils a central role in safeguarding tenure security. Even in Case 10: H's container and lettable

land, the land holder was able to prevent land appropriation and unauthorised use and hold onto this highly prized site for more than a decade.

From the constraints perspective, informal land use systems prevent township micro-entrepreneurs from translating their economic rights into institutional rights as conveyed through licences and other forms of regulation and opportunities. In the case of educares and taverns, the loss of opportunity is material. Educares that successfully register with the DSWD are entitled to obtain a grant for each registered child, the value of which currently exceeds the monthly fees charged. Taverns that obtain liquor licences have greater flexibility in trading, face less compliance pressure from the police (raids and stock confiscation), and are able to secure supply agreements and investment with distributors and manufacturers. In enterprise sectors with high potential risks, regulation is important to uphold social norms and minimise external impacts.

In none of the cases had the land holders been able to raise capital from financial institutions. The regulations on lending make it impossible for financial institutions to extend finance to micro-enterprises for investment in business infrastructure, in the first instance, if the property owner does not have title deeds and, in the second instance, if the existing property is non-compliant with land use systems. The cases provide evidence of how individuals who, because of this state of 'enforced informalisation', have had to raise capital through informal channels, such as via family members. The evidence allows us to conclude that the absence of legal title is a major hindrance to business development where entrepreneurs need to engage with

formal institutions. But it should be noted that entrepreneurs are willing to make considerable investments into their properties where tenure is secure even without legal title. The legality of land title might influence the scale of investment, though it does not hinder substantial property investments per se.

We argued at the outset that micro-enterprise formalisation and land use systems are desirable goals. Additionally we made an argument for revising and reforming institutional systems to enable greater fluidity and flexibility in using urban land for economic benefit. The cases support the call for greater tolerance towards micro-enterprises, but also highlight the importance of regulatory pressures. In both the cases of educares and taverns, the entrepreneurs undertook compliance-driven investments which materially improved the business and facilities for children (such as shaded play areas) and patrons (toilets) respectively. Such investments might not have arisen had the entrepreneurs not sought to comply with regulatory standards. Where regulatory enforcement is weak or non-compliance is near universal, for example with respect to the development of backyard accommodation or spaza shops, the entrepreneurs have made little allowance for human welfare in terms of the design of the dwellings or the provision of services. This situation is undesirable, both from the perspective of community social well-being (where the state is unable to provide matching social services to the densifying and expanding population) and in terms of the constrained living conditions of backyard dwellers. Furthermore, the cases indicate that property owners do not see rates as a mandatory obligation/responsibility and pay on an irregular basis or not at all. Property holders with insecure title, for

example, do not recognise a relationship between rates payment and tenure security. The rates predicament is rooted as much in protest (towards the state for its failure) as well as civil disobedience. All of the micro-entrepreneurs in the case studies could afford to pay rates, but whilst some do pay, most have chosen not to.

The 11 cases studies, taken collectively, underline a universal non-compliance in land use systems and business regulations. It is impossible for the state to even consider remedying infrastructural deviations on a wide scale. Alternative terms for land use/business regulation need to be articulated. The report concludes that most of the land use system non-compliances are fixable as long as a supportive legal and institutional framework can be established. The case evidence highlights the need to prioritise and support micro-enterprises to attain regulatory land use compliance since the entrepreneurs have demonstrated their capacity to sustainably invest in their properties and address the requirements for land use compliance. In our recommendations below, we reiterate several state-driven actions which we believe could contribute towards an enabling land use management solution.

## CONCLUSIONS

# 5. LAND SYSTEM REFORM POLICY RECOMMENDATIONS

The ULMEG project advocates the following recommendations towards the development of a more appropriate urban land use system in South African townships:

- The SPLUMA principles of spatial justice and spatial resilience need to be clarified. In working towards clarifying the development planning implications of these two principles, it is important to consider organic land use outcomes from the perspective of township resource constraints, including the historical legacy of spatial injustice.
- SPLUMA should be amended to mandate spatial development frameworks (SDFs) to make explicit the linkage between spatial justice and land reform. In municipal SDFs, plans should indicate where additional land will be made available for township micro-entrepreneurs to establish business activities, specifying, inter alia, localities for those enterprises with high social and environmental externalities.
- Municipal land use management systems need to be simplified and made more flexible in terms of accommodating a mixture of residential, business, cultural and social uses.
- Mixed land use should be permitted without a menagerie of preconditions. Zoning schemes should not impede individuals or households from the pursuit of an economic livelihood, except where the activities pose a demonstrable and serious risk to the health and safety of the area and measures cannot be instituted to reduce these risks.
- Municipalities should investigate the feasibility of establishing local community planning tribunals to oversee land use applications.
- There is a need to establish new ways of recognising land ownership given the growing disparity between formal records of ownership (title deeds) and the actual (informal) ownership of properties in townships. Until an appropriate system such as this can be implemented, the requirements regarding ownership of land contained in land use management systems and building regulations should be treated with the greatest possible degree of flexibility.
- The National Building Regulations and Building Standards requirements should be re-assessed to recognise vernacular architecture and the utilisation of non-standard building materials for enterprise purposes.
- National government should develop a policy on micro-enterprise formalisation. The policy should afford all three tiers of government a shared competency in regulating business and supporting formalisation. The objective should be to create a universal framework for micro-enterprise regulation, specifying, inter alia, land use requirements and specific additional criteria for certain classes of enterprise (such as ECD centres, house shops, house taverns).



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## THE IMPACT OF LAND SYSTEMS ON MICRO-ECONOMIC INVESTMENTS

Ivory Park Case Studies

### *Authors*

Andrew Charman  
Thireshen Govender  
Sarah de Villiers

[www.livelihoods.org.za](http://www.livelihoods.org.za)  
[www.urbanworks.co.za](http://www.urbanworks.co.za)  
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