



THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Addressing SPATIAL INEQUALITY through place-based administrative attention

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**Building Momentum on Reform:
Towards the Next Phase of
Operation Vulindlela**

Kecia Rust, OV Titling Technical Team

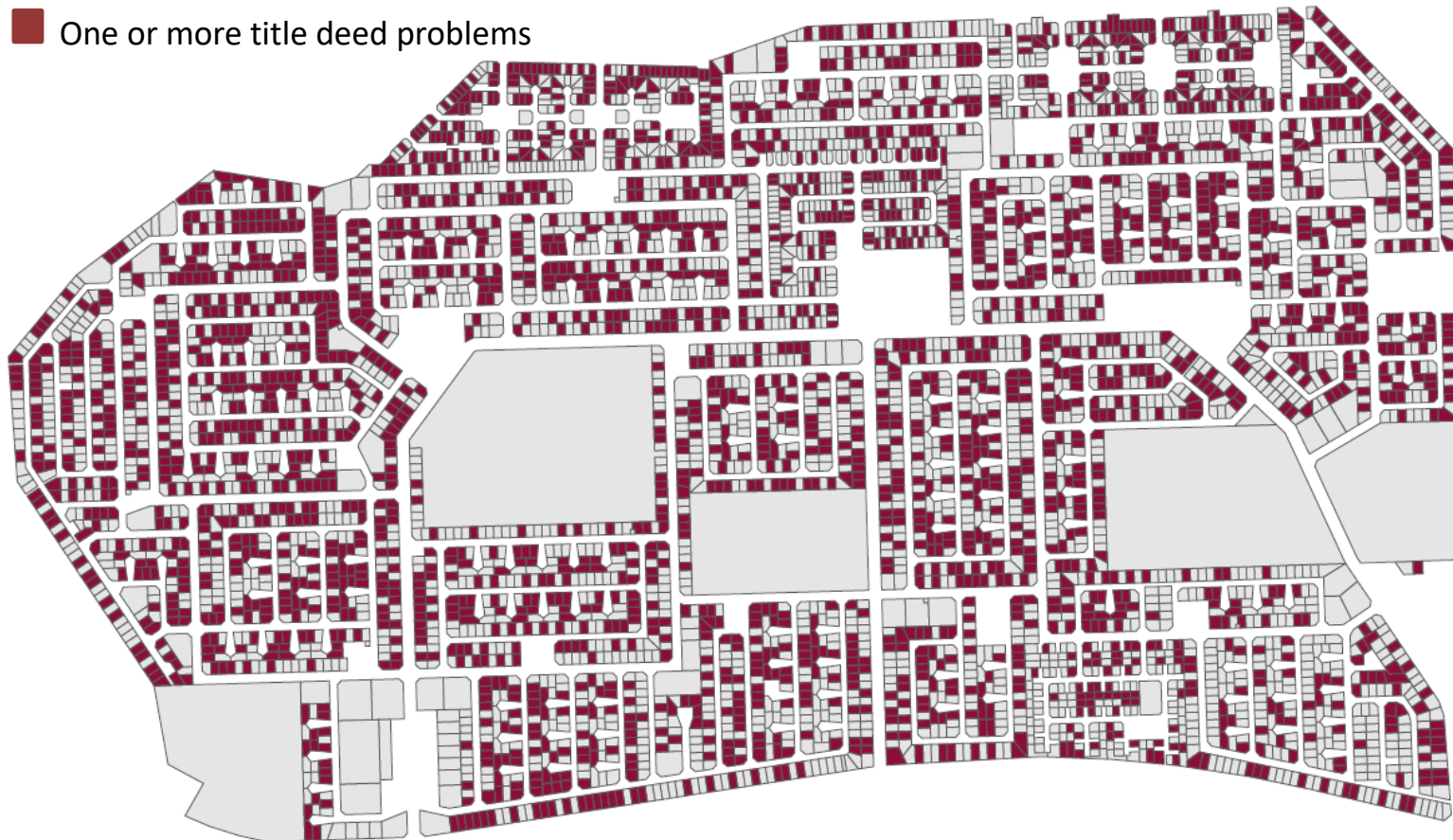
25 June 2024

Case Study: Compromised tenure in Makhaza, Khayelitsha

Since 1994, the government has built almost 4.8 million residential properties, RDP and BNG houses, which it has awarded to qualifying beneficiaries across the country. This represents almost one third of all registered residential properties. These properties are the most significant assets on the balance sheets of low-income households. They also impact substantially on city economies as well as on the national economy.

The current backlog in processing title deeds is over 1 million houses. As each RDP house is valued at approximately R220,000, there is an estimated R242 billion in “dead capital” that would otherwise be in the hands of South Africa’s poorest households.

- No known title deed problem
- One or more title deed problems



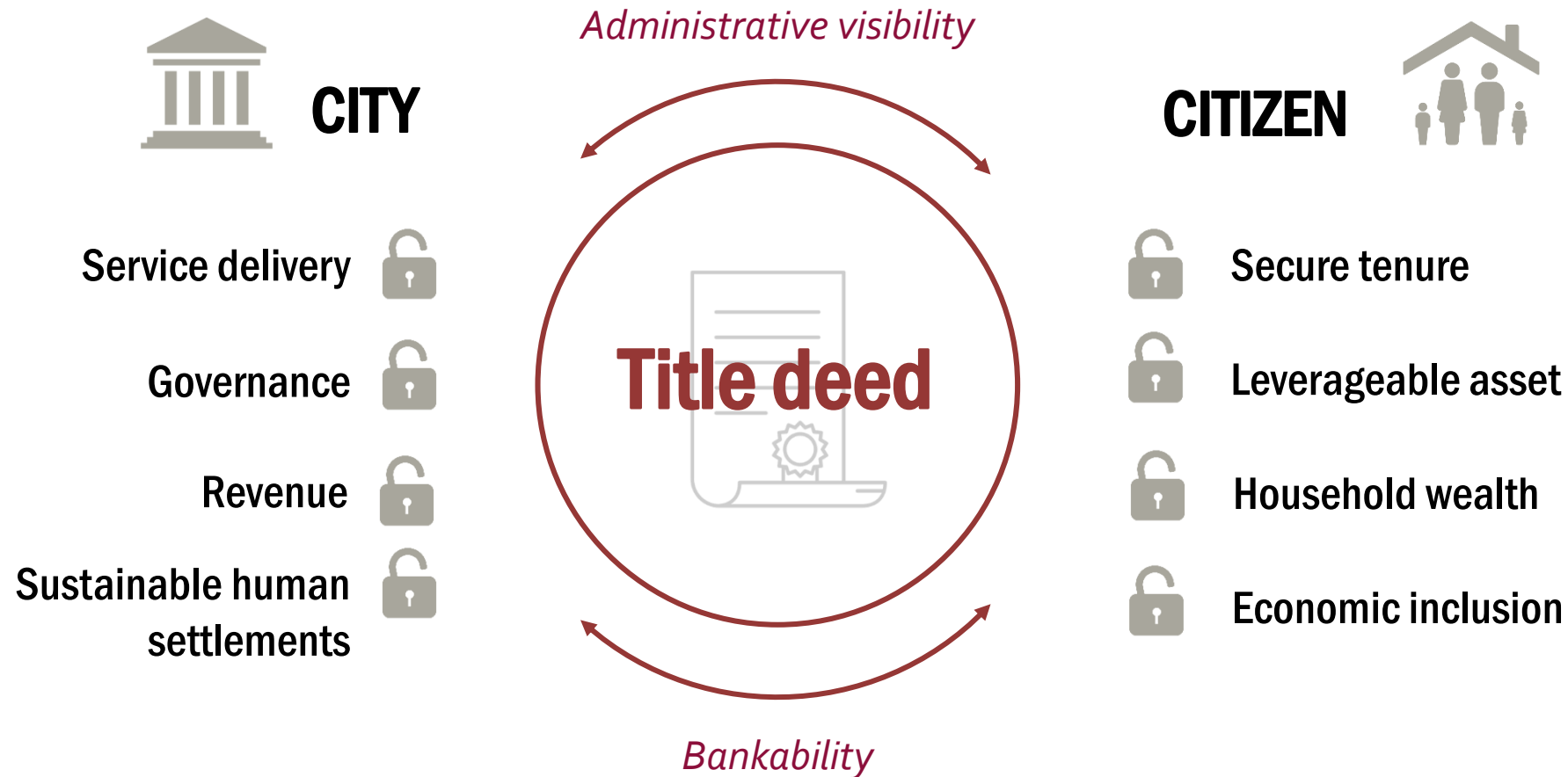
Total properties in Makhaza, Khayelitsha: 5 510 = ± R1,3bn

Total with one or more title deed problem: 2472 properties = ±R440 m

- **No primary transfer: 780** (*just over 500 resolved*)
- **Deceased estates: 1510 = ±R289m**
- **Corrective transfers on expropriated properties: 467 properties = ±R75m**
- **Sold or occupied informally: 732 properties = ±R99m**

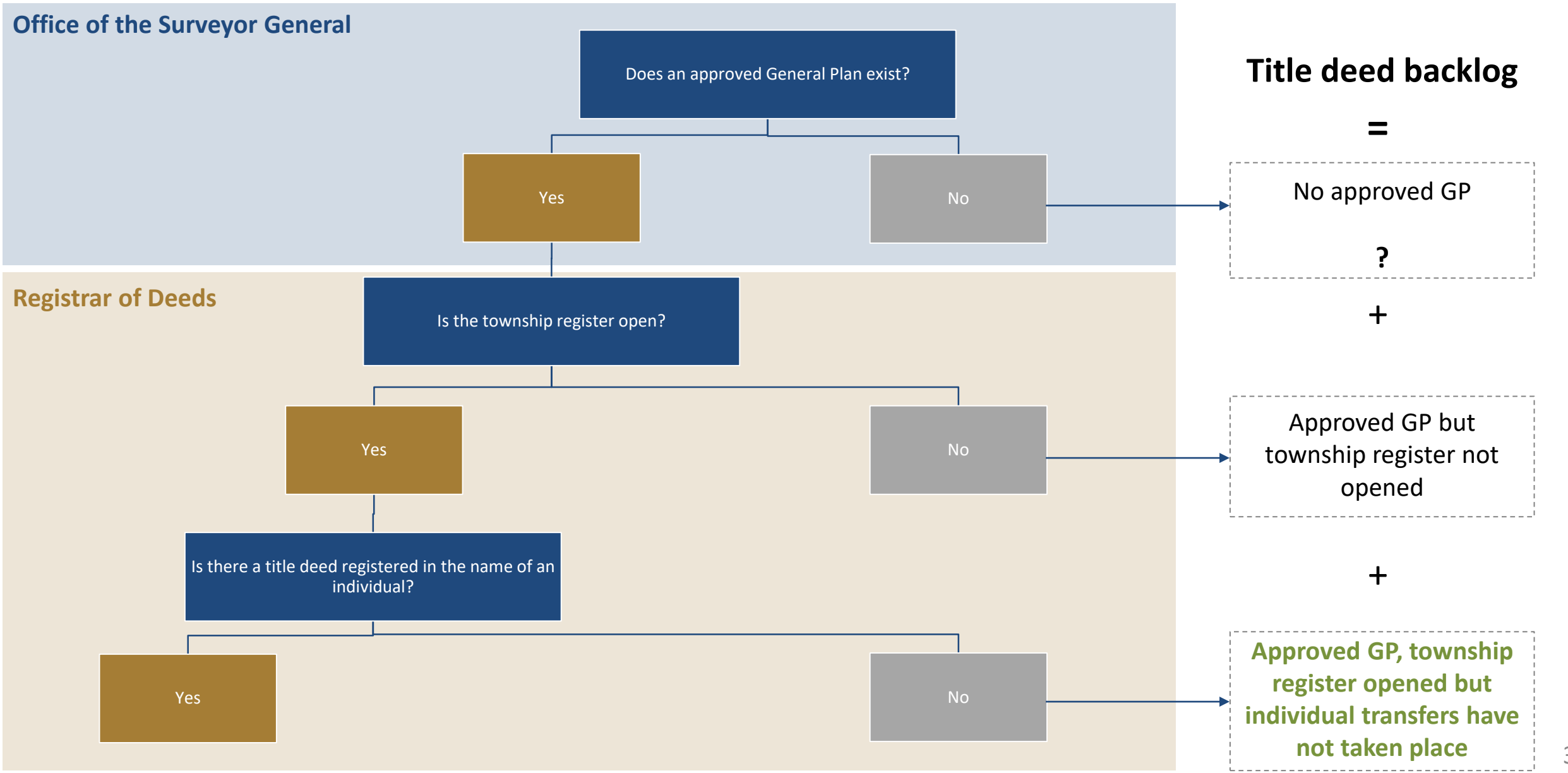
Why does it matter?

A title deed is a recognised record of property ownership. It creates visibility for citizens, the city and the financial sector. While other, informal or community-administered mechanisms can provide security of tenure for households, they can undermine the city's governance role and limit the involvement of the financial sector in supporting wealth creation



How do we find backlogged properties without going door-to-door? And how do we understand what needs to be done?

We can quantify some of this, using SG data (freely available) and deeds data



In the **City of Ekurhuleni**, there are **30 737** 'subsidy' properties¹ in the deeds data owned solely by state entities

EKURHULENI METROPOLITAN MUNICIPALITY: Top 15 townships in terms of number of properties owned by state entities

TOWNSHIP NAME	GP NUMBER	TOTAL NUMBER OF 'SUBSIDY' PROPERTIES	NUMBER OF 'SUBSIDY' PROPERTIES OWNED SOLELY BY STATE	PERCENTAGE OF 'SUBSIDY' PROPERTIES OWNED SOLELY BY STATE
CHIEF A. LUTHULI PARK	2661/2009	2 378	2 357	99%
EDEN PARK	8859/2001	2 395	1 632	68%
TSAKANE	A2895/1991	1 638	1 523	93%
TSAKANE	A1946/1991	1 998	1 137	57%
ETWATWA	A10576/1992	2 107	1 011	48%
ETWATWA	A449/1992	2 067	825	40%
TSAKANE	3877/1997	1 163	813	70%
TSAKANE	A3749/1992	961	796	83%
PALM RIDGE	4975/2016	767	767	100%
PALM RIDGE	4385/2002	2 496	580	23%
VILLA LIZA	2863/1999	1 618	575	36%
ETWATWA	2523/1996	1 434	527	37%
BLUEGUM VIEW	A10306/1991	584	470	80%
PALM RIDGE	4034/2017	422	422	100%
MOLELEKI	L702/1989	1 381	421	30%

Source: Deeds data (May 2024).

Notes: 1) Subsidy properties refer to the cadastral unit of a portion of an erf, which are unique per township, with a geometry area between 50 and 500m², and are non-leasehold, not sectional titles and have a sale price of R250 000 or less

In addition, in the **City of Ekurhuleni** there are **65 255** erf-portions between 50 and 500m² in the SG data, with a google footprint, **which are not in the deeds data**

EKURHULENI METROPOLITAN MUNICIPALITY: Top 15 townships in terms of residential props not in deeds data

TOWNSHIP NAME	GP NUMBER	RESIDENTIAL PROPERTIES IN SG DATA	RESIDENTIAL PROPERTIES IN SG DATA AND NOT IN DEEDS DATA	% OF RESIDENTIAL PROPERTIES IN SG DATA AND NOT IN DEEDS
ETWATWA	4966/2011	4 225	4 225	100%
PALM RIDGE	1193/2010	5 550	4 121	74%
ETWATWA	3077/2009	3 828	3 828	100%
TEMBISA	14208/1998	2 551	2 551	100%
TEMBISA	14203/1998	2 316	2 215	96%
TSAKANE	3432/2010	2 048	2 048	100%
MAYFIELD	5511/2005	1 895	1 895	100%
MAYFIELD	632/2010	1 891	1 891	100%
TSAKANE	3472/2017	1 700	1 700	100%
LANGAVILLE	2843/2014	1 516	1 516	100%
TSAKANE	9293/2002	1 447	1 447	100%
JOHN DUBE VILLAGE	6648/2009	1 251	1 251	100%
ETWATWA	5958/2000	1 186	1 186	100%
LANGAVILLE	423/1999	1 162	1 162	100%
MAYFIELD	9167/2005	1 116	1 116	100%

Source: SG data - erf and general plan shapefile for Gauteng; Deeds data (May 2024).

In **Johannesburg**, there are **17 553** ‘subsidy’ properties¹ in the deeds data owned solely by state entities

JOHANNESBURG METROPOLITAN MUNICIPALITY: Top 15 townships in terms of number of properties owned by state entities

TOWNSHIP NAME	GP NUMBER	TOTAL NUMBER OF ‘SUBSIDY’ PROPERTIES	NUMBER OF ‘SUBSIDY’ PROPERTIES OWNED SOLELY BY STATE	PERCENTAGE OF ‘SUBSIDY’ PROPERTIES OWNED SOLELY BY STATE
LEHAE	5291/2010	2 000	1 454	73%
ELIAS MOTSOLEDI	113/2013	1 052	1 033	98%
VLAKFONTEIN	7077/2000	1 996	882	44%
SLOVOVILLE	3694/1998	879	717	82%
VLAKFONTEIN	9071/2001	1 484	514	35%
ORLANDO EKHAYA	1529/2007	478	478	100%
IVORY PARK	L835/1990	2 291	421	18%
MALIBONGWE RIDGE	1910/2013	374	374	100%
STRETFORD	L192/1990	518	344	66%
IVORY PARK	A1281/1991	2 164	317	15%
IVORY PARK	A1394/1991	2 200	301	14%
DOBSONVILLE	A2733/1992	283	283	100%
IVORY PARK	A4461/1991	1 967	279	14%
ELDORADO PARK	A7813/1991	359	274	76%
KLIPSPRUIT	5370/2010	272	272	100%

Source: Deeds data (May 2024).

Notes: 1) Subsidy properties refer to the cadastral unit of a portion of an erf, which are unique per township, with a geometry area between 50 and 500m², and are non-leasehold and not sectional titles

In addition, in **Johannesburg**, there are **43 089** erf-portions between 50 and 500m² in the SG data, with a google footprint, which are not in the deeds data

JOHANNESBURG METROPOLITAN MUNICIPALITY: Top 15 townships in terms of residential props¹ not in deeds data

TOWNSHIP NAME	GP NUMBER	RESIDENTIAL PROPERTIES IN SG DATA	RESIDENTIAL PROPERTIES IN SG DATA AND <u>NOT</u> IN DEEDS DATA	% OF RESIDENTIAL PROPERTIES IN SG DATA AND NOT IN DEEDS
LAWLEY	744/2019	5 163	5 163	100%
BRAAM FISCHERVILLE	4575/2001	2 296	2 296	100%
BRAAM FISCHERVILLE	11375/2003	1 899	1 898	100%
ENNERDALE SOUTH	A6703/1904	1 833	1 830	100%
BRAAM FISCHERVILLE	1735/2004	1 606	1 606	100%
FINETOWN	A983/1905	1 584	1 584	100%
LENASIA SOUTH	2968/2022	1 531	1 531	100%
PROTEA	A6298/1946	1 661	1 479	89%
DRIEZIEK	555/2009	1 393	1 391	100%
FAR EAST BANK	1093/2009	1 251	1 243	99%
FAR EAST BANK	14767/1998	1 199	1 199	100%
VLAKFONTEIN	2144/2003	850	850	100%
DIEPSLOOT WEST	6216/2001	724	724	100%
DIEPKLOOF EXT	L54/1982	639	633	99%
KANANA PARK	9788/2004	1 913	601	31%

Source: SG data - erf and general plan shapefile for Gauteng; Deeds data (May 2024).

Notes: 1) Residential properties refer to the cadastral unit of a portion of an erf, which are unique per township, with a geometry area between 50 and 500m² and at least one building footprint identified

In the **City of Tshwane**, there are **11 057** ‘subsidy’ properties¹ in the deeds data owned solely by state entities

CITY OF TSHWANE METROPOLITAN MUNICIPALITY: Top 15 townships in terms of number of properties owned by state entities

TOWNSHIP NAME	GP NUMBER	TOTAL NUMBER OF ‘SUBSIDY’ PROPERTIES	NUMBER OF ‘SUBSIDY’ PROPERTIES OWNED SOLELY BY STATE	PERCENTAGE OF ‘SUBSIDY’ PROPERTIES OWNED SOLELY BY STATE
MAMELODI	3178/1997	1 569	1 014	65%
SOSHANGUVE SOUTH	4877/1998	2 612	992	38%
SOSHANGUVE SOUTH	8748/1997	1 379	749	54%
SOSHANGUVE SOUTH	5641/2013	3 160	577	18%
SOSHANGUVE SOUTH	8791/1997	2 304	498	22%
SOSHANGUVE UNIT NN	8750/1997	1 488	430	29%
MAMELODI	4115/1997	1 360	318	23%
OLIEVENHOUTBOS	11133/2006	2 432	274	11%
ATTERIDGEVILLE	3172/1999	921	272	30%
MABOPANE UNIT U	10455/2000	1 330	237	18%
MAMELODI	14061/1995	780	231	30%
NELLMAPIUS	A9122/1991	742	225	30%
ATTERIDGEVILLE	A12506/1994	1 244	222	18%
REFILWE	A4776/1992	846	197	23%
OLIEVENHOUTBOS	4122/1998	754	181	24%

Source: Deeds data (May 2024).

Notes: 1) Subsidy properties refer to the cadastral unit of a portion of an erf, which are unique per township, with a geometry area between 50 and 500m², and are non-leasehold and not sectional titles

In addition, in the **City of Tshwane**, there are **80 569** erf-portions between 50 and 500m² in the SG data, with a google footprint, which are not in the deeds data

CITY OF TSHWANE METROPOLITAN MUNICIPALITY: Top 15 townships in terms of residential props¹ not in deeds data

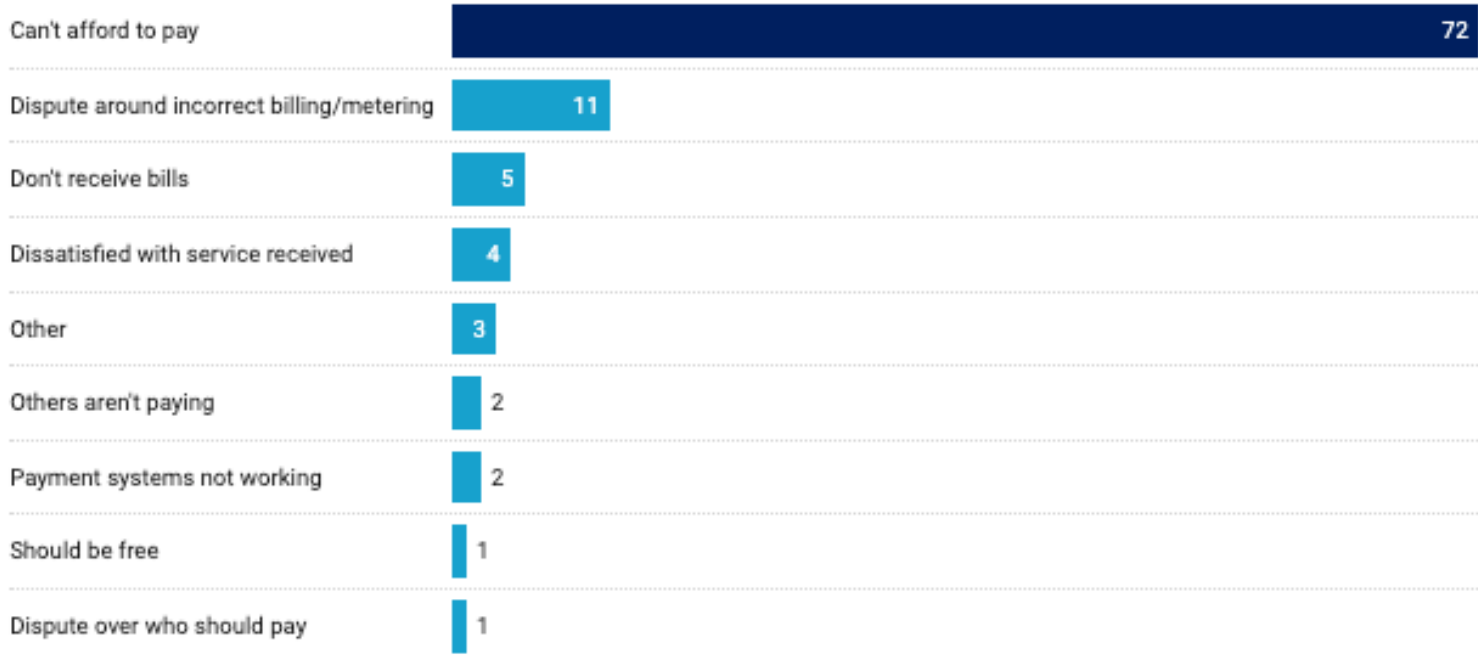
TOWNSHIP NAME	GP NUMBER	RESIDENTIAL PROPERTIES IN SG DATA	RESIDENTIAL PROPERTIES IN SG DATA AND <u>NOT</u> IN DEEDS DATA	% OF RESIDENTIAL PROPERTIES IN SG DATA AND NOT IN DEEDS
WINTERVELD	A2578/1946	8 696	7 693	88%
HAMMANSKRAAL WEST	1343/2018	2 645	2 645	100%
EKANGALA UNIT B	A6173/1993	2 129	2 109	99%
EKANGALA UNIT D	A8492/1993	1 796	1 740	97%
KOPANONG	3811/2005	1 725	1 725	100%
WINTERVELD	Y48/1985	2 015	1 544	77%
RAMA CITY	2501/2018	1 500	1 500	100%
MAMELODI	A6971/1993	2 368	1 381	58%
KUDUBE UNIT 1	6390/2001	1 545	1 357	88%
SOSHANGUVE UNIT MM	7/2016	1 327	1 327	100%
ZITHOBENI	5169/2015	1 301	1 301	100%
NELLMAPIUS	1621/2012	1 300	1 300	100%
SOSHANGUVE SOUTH	10027/1998	1 546	1 249	81%
EKANGALA UNIT F	A8852/1993	1 202	1 201	100%
GA-RANKUWA UNIT 6	2555/2000	1 195	1 195	100%

Source: SG data - erf and general plan shapefile for Gauteng; Deeds data (May 2022).

Notes: 1) Residential properties refer to the cadastral unit of a portion of an erf, which are unique per township, with a geometry area between 50 and 500m² and at least one building footprint identified

In Gauteng, in addition to the reasons offered by residents, there are likely **59 347 rates billed that cannot be delivered because the invoice is in the name of the city itself.**

A further **188 913 erf-portions between 50 and 500m² in the SG data cannot be billed, because administratively they don't exist – and yet they are physically occupied and providing services.**



Source: [Quality of Life VI Survey \(2020/21\)](#) • [Get the data](#) • Created with [Datawrapper](#)

Figure 3: Reasons for unpaid municipal accounts

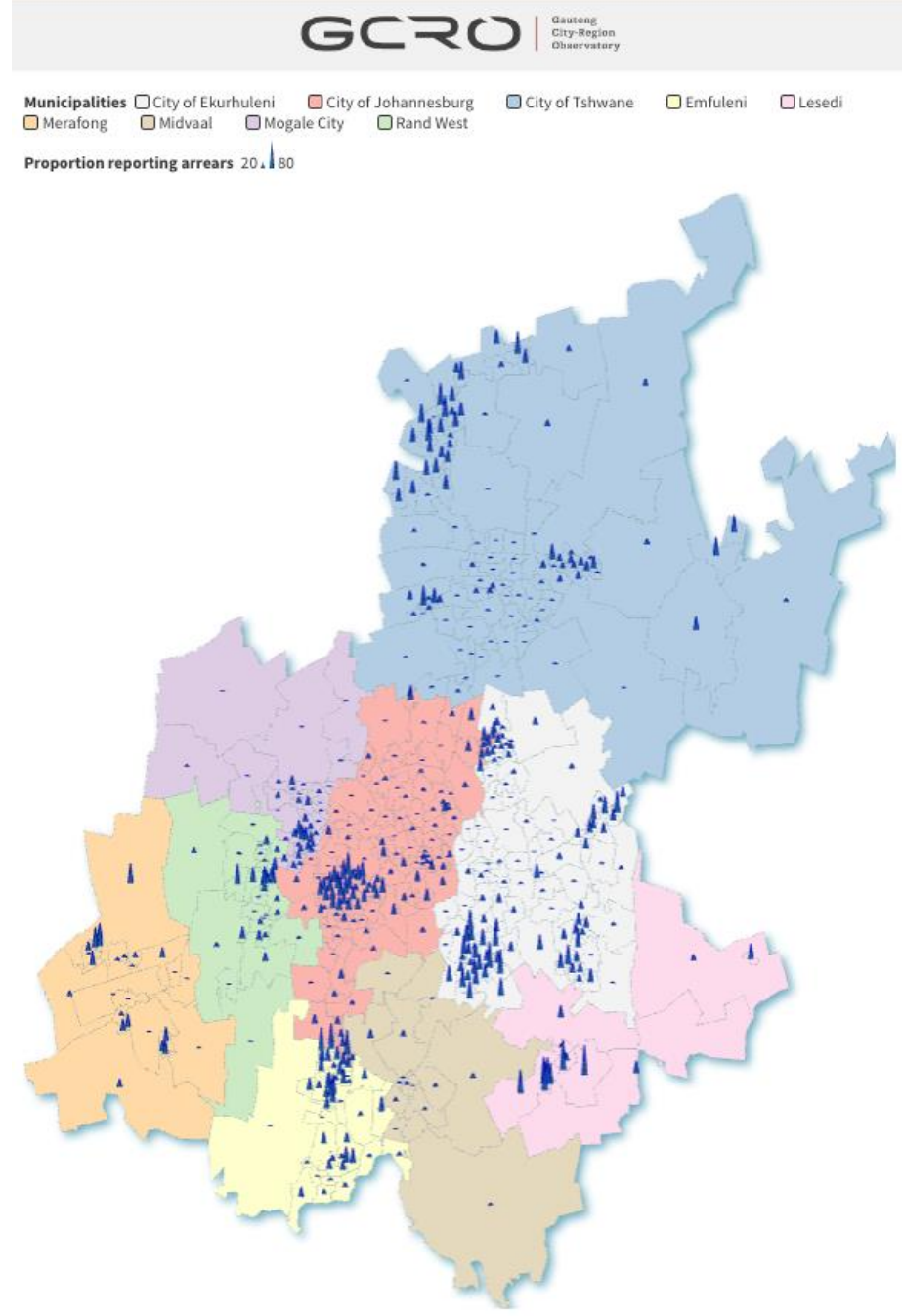


Figure 1: Proportions of respondents who reported that their households had unpaid accounts for services, out of those who answered Yes or No.

Gauteng's title deeds backlog

Based on this analysis, we estimate a backlog of around 250 000 properties in Gauteng alone. Assuming each property is worth around R250 000, this amounts to over **R62 billion in dead capital**

	Properties with an approved GP, but one or more problems with township establishment	Properties that can proceed with beneficiary administration processes	TOTAL
Ekurhuleni	65 255	30 737	95 992
City of Johannesburg	43 089	17 553	60 642
Tshwane	80 569	11 057	91 626
	188 913	59 347	248 260

2nd priority: Township establishment issues are likely to take years to resolve. In the meantime, we need to create an alternative mechanism to enable property owners to transact, banks to lend and municipalities to identify property owners

1st priority: commence beneficiary administration processes on those properties that are already visible in the Deeds Office. The longer we wait the harder it will become. We need a plan to create capacity to do this work in partnership with the private sector

The ability to maintaining title once delivered must also be addressed.

The current legal processes and systems to maintain title over time are inaccessible for the poor and are often overlooked in favour of affordable informal mechanisms. It is critical that the formal system is reformed and digitised to enable access and reduce direct costs

HOUSE FOR SALE: R220 000

	DIRECT COST TO BUYER	DIRECT COST TO SELLER	OTHER CONSTRAINTS	TIME	RECOURSE AND PROTECTION
FORMAL	<p>R11 932 5.4% of property price</p> <p><i>Conveyancing fee: R10,390*, Deeds office fees: R642, Rates clearance certificate: R600, Postage and petties: R300</i></p>	<p>POTENTIALLY HIGH</p> <ul style="list-style-type: none"> • Rates arrears: ?? • VA copy of title deed (if lost or destroyed): R5,002** 	<p>NUMEROUS</p> <ul style="list-style-type: none"> • Clean title deed • Pre-emptive clause – waiver if sale is within first 8 years • Other documents (ID, marriage certificate, death certificate, J192, etc, etc) • Search costs • Travel costs 	<p>UNCERTAIN</p> <ul style="list-style-type: none"> • Maybe more than a year if there are complications 	<p>COURTS</p> <ul style="list-style-type: none"> • For registered owners
INFORMAL	<p>R300</p> <p><i>Street Committee fee: ~R300</i></p>	<p>NONE</p>	<p>NONE</p>	<p>IMMEDIATE</p> <ul style="list-style-type: none"> • Move in on payment (in full or in part) 	<p>SOCIAL SANCTION</p>

* As per Recommended Guideline. Includes VAT

** Recommended Guideline R3 000 plus VAT, R1 000 for advertising, R552 Deeds Office fee

At national level, departmental policy sets the framework for what can and cannot happen

IDENTIFIED QUICK (AND NOT-SO-QUICK) WINS

DEPARTMENT

SUGGESTED INTERVENTION



- Increase the small estates threshold to R385 000 (aligned with the real value of the threshold when it was last gazetted in November 2014)
- Review the impact of online estates reporting portal with respect to turn around times, and explore opportunities to integrate with beneficiary administration processes (where beneficiary is deceased), integrate with deeds office (digital Next of Kin certificates)



- **Develop credible (data-driven) MTSF targets for title deed registrations with a focus on projects where there are no township establishment barriers to transfer**
- Clarify regularisation policy
 - ✓ Informal purchase where there is evidence of a purchase / no dispute (no evictions, no penalties – just transfer)
 - ✓ Other non-qualifiers (address concerns about AG)
- Develop systems and processes to scale beneficiary administration capacity significantly
- Strengthen operational capacity at provincial and municipal level to enable efficient primary transfer (re-establish provincial/ municipal support teams)
- Develop expedited process for subsidy applications, substitutions on HSS, updates to HSS
- Review and redevelop the HSS to enable integration with SG and deeds data

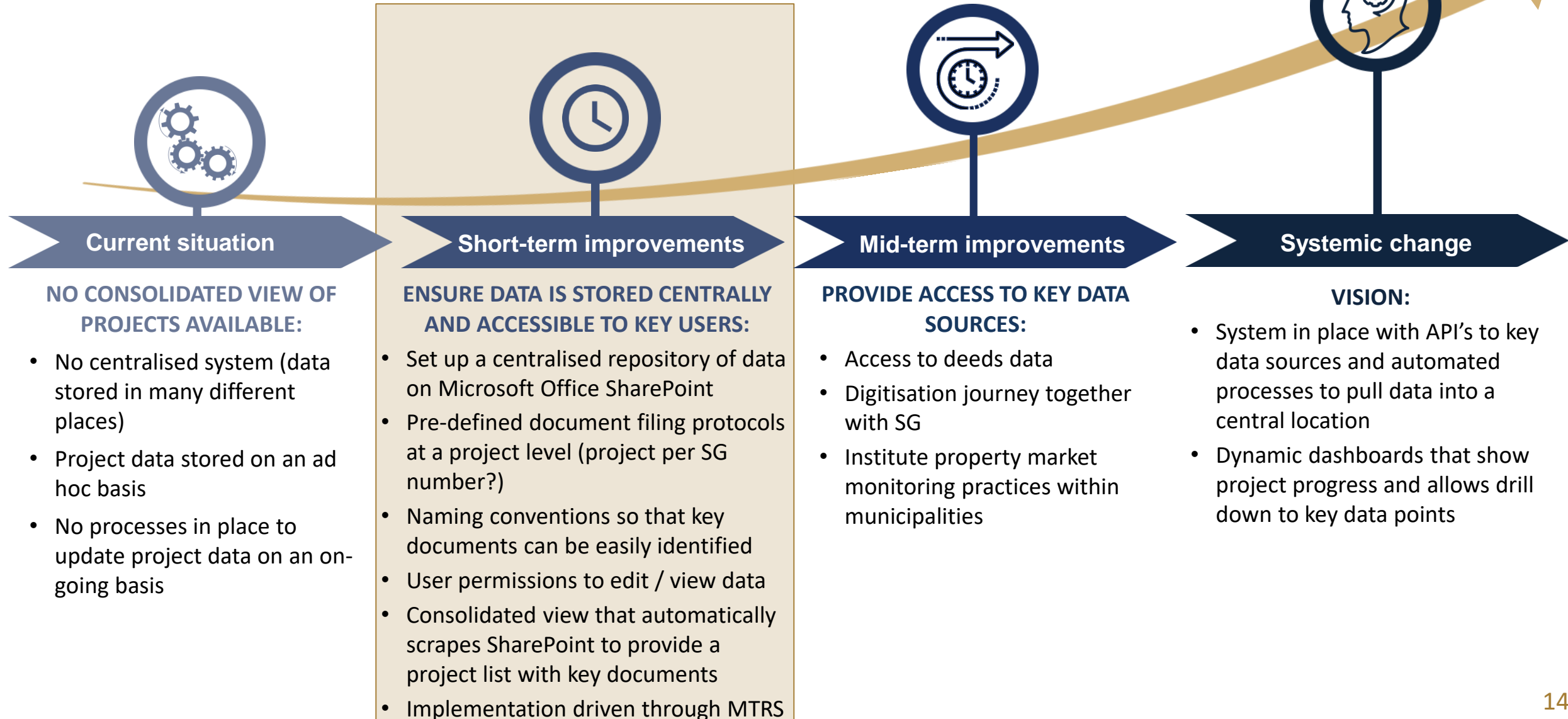


- Amend the Deeds Registries Act to enable access to deeds data for government at no cost
- Reduce deeds office transfer fees for low value transfers
- Expedite digitisation to enable efficiencies (DHA and DoJ)



- Launch a pilot project to develop and test an e-title system in a project where there is no immediate possibility of deeds office registration

A final priority is to ensure safe and rigorous systems and processes to maintain data on housing projects, the backlog and working residential property markets so that spaces can perform equally. Metros need to improve the way they maintain and share data and the HSS should also be revised to ensure that all projects can be linked to cadastral data



Thank you



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For any beneficiary to receive a title deed, the development must fulfil the town planning application approval steps, obtain an approved general plan and fulfil all the conditions of the approval/conditions of establishment before a Township Register can be opened. Opening a Township Register is a critical milestone and allows individual title deeds to be registered

TOWNSHIP ESTABLISHMENT

DELIVER LAND PARCELS AND CONTENT OF RIGHTS



- ‘Clear’ land of legal constraints (old servitudes)
- Excision, consolidate, subdivide, new outline boundary of development area
- Vesting of state land not completed to Provinces
- Agreement to develop (LAA) if private

- Ensures land is not dangerous to occupants - specialist studies required
- Application follows a legislated land development process – Planning Bylaw (SPLUMA)
- Requires a layout plan and zoning – shows roads and plots, services, land uses
- States all the conditions that must be carried out to complete proclamation (Conditions of Establishment)

- Land surveyor surveys (pegs) the plots and prepares a survey diagram / general plan (GP)
- Land surveyor submits diagrams and GP to the SG for approval
- The submission must include town planning documentation (approved layout plan, the Conditions of Establishment)
- The SG approves the General Plan
- SG sends the approved GP to municipality and to Registrar of Deeds (RoD), avails copy to the public

- Local authority provides certificate that planning conditions have been met
- The RoD opens a **township register** upon confirmation of all necessary documents from a RoD registers the township with the agreed conditions and servitudes and all erven
- Local authority declares township as an approved township (proclamation)

BENEFICIARY ADMINISTRATION

DELIVER TITLE DEEDS TO RIGHTFUL OWNER, MAINTAIN TITLE OVER TIME



- Rightful owner / beneficiary must be identified and confirmed
- Additional processes if beneficiaries are deceased or an informal sale has occurred
- May need arbitration / conflict resolution

- Conveyancer prepares all documentation for RoD
- RoD registers the title deed in name (s) of owner
- Title Deed is issued and handed over to rightful owner

- Maintain integrity of data and admin systems in municipality
- Municipal land information system / GIS to be updated (usually after GP approved) with ownership and zoning information
- Formalisation of title where this has been compromised with the passage of time (Tenure Support Centre)
- Access to affordable professional services to preserve title over time (Tenure Support Centre)

Overview of methodology used to quantify backlog

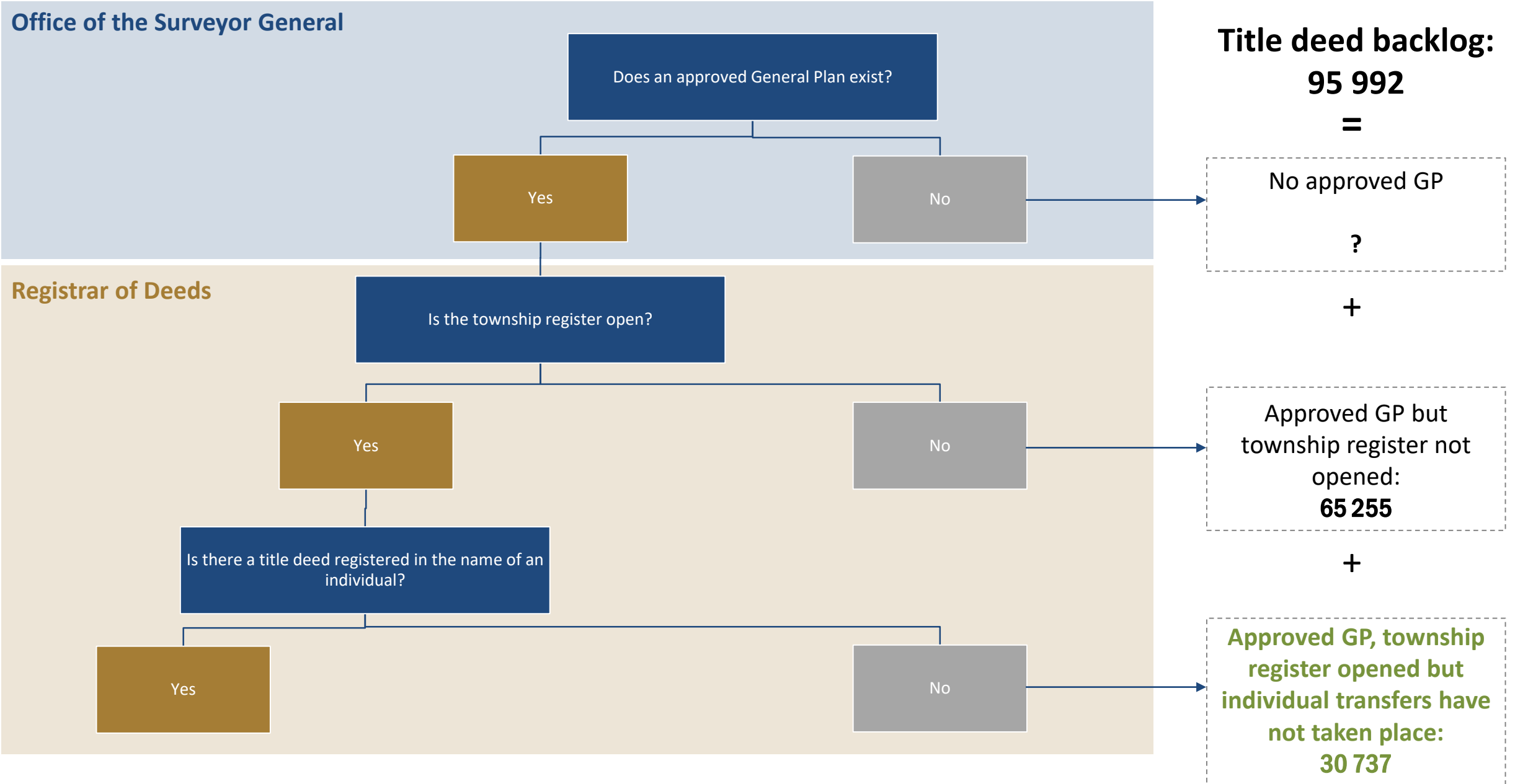
STEP 1: Using the **SG data, sub-place data and Google footprints data***, identify erf-portions in townships with an approved general plan (i.e. in SG data). Google footprints data has been used to identify which erf-portions have at least one building footprint within the boundaries of the erf-portion

STEP 2: Building on the outputs from step 1, use the **deeds data**** to identify erf-portions in townships that have been proclaimed (i.e. in deeds data). Identify which erf-portions are not yet in the deeds data (i.e. township not proclaimed)

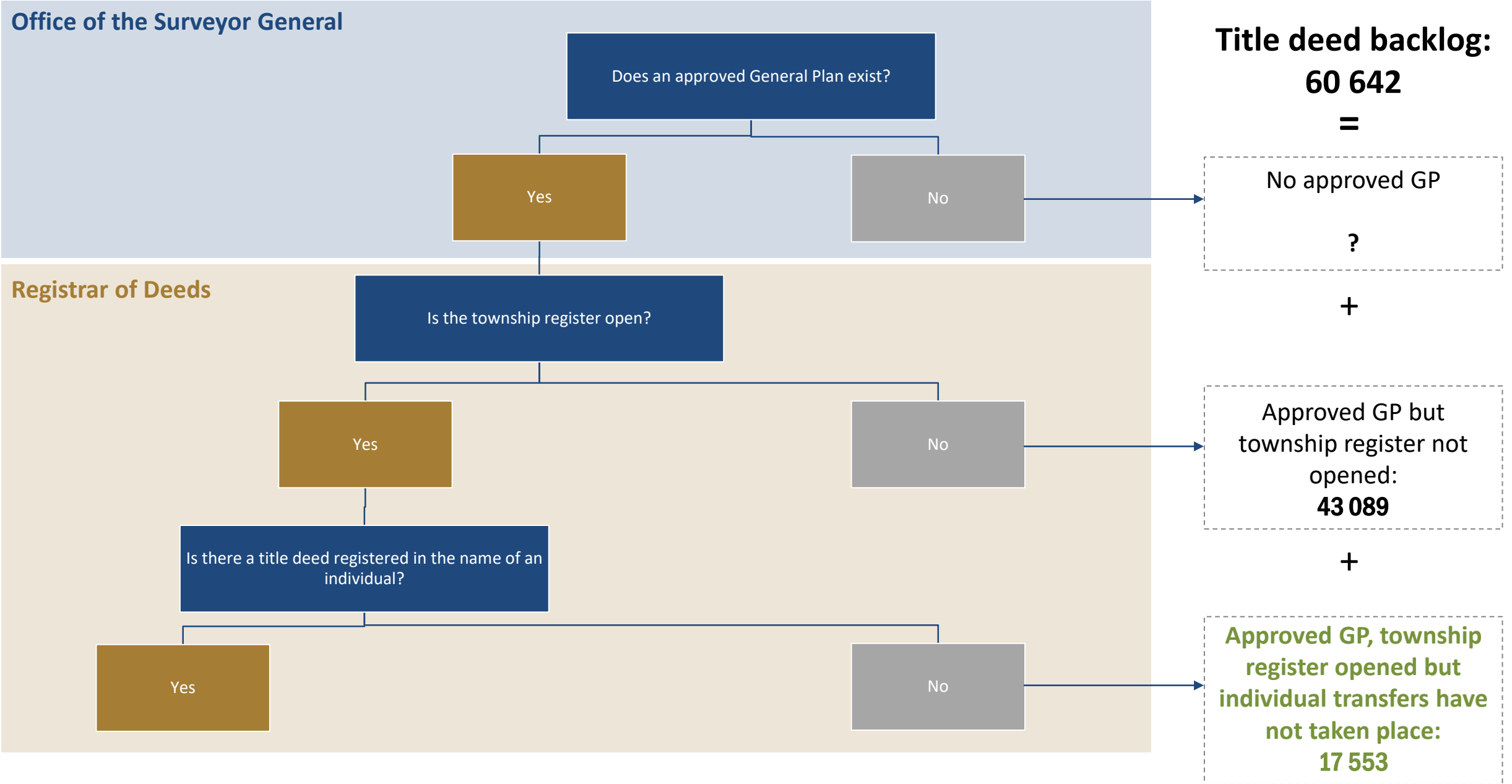
STEP 3: Of the erf-portions found in the deeds data with a building footprint, **classify property ownership**. Backlog analysis focuses on non-leasehold and non-sectional title erf-portions between 50 and 500m² with a building footprint owned solely by the government or a developer

Key to join SG data and deeds data in a specified province: ``portion_erf_township``

We can quantify some of this, using SG data (freely available) and deeds data



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