

Precarious Housing and Urban Economic Inequality in South Africa : An Empirical Analysis of Informality, Income Disparities, and Access to Basic Services (2000- 2025)

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Date of submission: 04/02/2026

Date of acceptance 25/03/2026

Date of publication: 11/06/2026

Abstract

This study investigates the structural dynamics of precarious housing in South Africa, emphasizing its intersection with urban economic inequality. Utilizing official indicators from 2000 to 2025, including Statistics South Africa and UN-Habitat datasets, the analysis examines informality, income disparities, and access to basic services across major metropolitan regions. Findings reveal that informal settlements persist despite improved service provision, reflecting a resilient, structurally embedded phenomenon shaped by labor market exclusion, persistent income inequality, and spatial-economic marginalization. The study highlights the limitations of service-oriented interventions in addressing housing precarity and underscores the necessity of integrated policy frameworks that simultaneously target housing, employment, and urban inequality. These insights contribute to urban studies by framing precarious housing as both an economic and socio-spatial institution within unequal cities.

Keywords: Precarious housing; Informal settlements; Urban inequality; Service provision; Income disparities; South Africa.

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1. Introduction

Urbanization in South Africa has accelerated over the past decades, producing a paradoxical urban landscape where formal housing initiatives coexist with persistent informal settlements¹. Despite considerable investments in housing delivery and infrastructure, informal dwellings remain structurally embedded in major metropolitan areas such as Johannesburg, Cape Town, and eThekweni. This duality underscores the complex interplay between **urban economic inequality, labor market exclusion, and spatial marginalization**. Informal settlements are not merely temporary solutions to housing shortages; they function as **adaptive urban systems**, providing low-cost accommodation proximate to employment while reflecting broader socio-economic stratification². Understanding the structural determinants of precarious housing is essential for formulating policies that simultaneously address housing, inequality, and urban sustainability.

Although South Africa has expanded access to basic services and formal housing, informal settlements continue to grow. This persistence raises critical questions regarding the **structural drivers of housing precarity**. Specifically, how do income disparities, labor market informality, and uneven service provision sustain precarious housing despite policy interventions? The problem is compounded by **spatial-economic inequality**, which constrains low-income households to marginal urban spaces. Addressing this challenge requires moving beyond supply-focused policies and analyzing **informality as an embedded socio-economic phenomenon**.

Research Hypotheses

This study posits four primary hypotheses:

1. Persistent urban income inequality significantly correlates with the expansion of informal settlements.
2. Limited labor market access and high informal employment sustain precarious housing despite formal housing delivery.
3. Access to basic services mitigates, but does not eliminate, housing precarity.
4. Informal settlements function as structurally resilient urban systems that absorb economic exclusion and spatial marginalization.

Sub-Questions

To operationalize the investigation, the study addresses the following sub-

questions :

1. What are the temporal trends of informal housing in South African metropolitan areas from 2000 to 2025 ?
2. How do income disparities and unemployment patterns influence informal settlement expansion ?
3. To what extent does access to basic services affect household tenure security and living conditions ?
4. How do informal settlements mediate the socio-economic inclusion of low-income urban populations ?

Significance of the Study

This research contributes to the literature by :

- Framing precarious housing as a **structural economic and spatial phenomenon**, rather than a temporary deficit.
- Providing **empirical evidence based on official 2000–2025 indicators**, enabling evidence-based policy formulation.
- Informing urban development strategies that integrate **housing, economic inclusion, and service provision**.
- Offering insights relevant to scholars and policymakers addressing **urban inequality in rapidly urbanizing economies**.

Objectives of the Study

The study pursues the following objectives :

1. To analyze long-term trends of informal housing across major South African metropolitan areas.
2. To examine the relationship between income disparities, labor market informality, and housing precarity.
3. To assess the role of access to basic services in shaping the dynamics of informal settlements.
4. To evaluate the structural resilience of informal settlements as socio-economic and spatial institutions within unequal urban systems.

2. Literature Review

The literature on precarious housing and urban inequality is extensive and

multi-disciplinary, engaging scholars from urban studies, development economics, political economy, and human geography. This review synthesizes key theoretical and empirical contributions related to (a) the political economy of informal settlements, (b) the nexus between economic inequality and housing precarity, (c) the role of service provision within informal contexts, and (d) debates on housing policy effectiveness in unequal cities.

2.1. The Political Economy of Informal Settlements :

Early scholarship on urban informality challenged conventional norms of planning orthodoxy by asserting that informal settlements are not aberrations, but rather **co-constitutive elements of urban growth**. Roy's (2009) critique of formal planning frameworks demonstrates that informal housing emerges from systemic socio-economic processes, rather than from deficiencies in technical planning alone³. Watson (2014) further argues that informality should be understood as a governance category produced through selective state engagement, rather than a universal condition of dysfunction⁴.

In the South African context, the political economy of informal settlements is deeply rooted in the legacy of apartheid spatial segregation and subsequent neoliberal urban reforms. Turok (2015) situates informality within persistent inequalities in land value, labor markets, and urban opportunity structures, contending that informal settlements serve as absorbent zones for surplus labor excluded from formal employment⁵. This literature foregrounds the notion that informal housing is not merely a spatial outcome but a **functional response to structural economic exclusion**.

2.2. Economic Inequality and Housing Precarity :

A growing body of research links income inequality and precarious housing outcomes. Piketty's (2014) macroeconomic analysis highlights how wealth concentration and persistent inequalities shape access to assets, including housing⁶. Empirical studies show that cities with high Gini coefficients tend to exhibit more pronounced housing precarity and informal settlement growth⁷. These findings align with evidence from South African cities, where income disparities and unemployment have constrained access to formal housing, pushing low-income households into informal sectors.

Contemporary work also emphasizes the **interdependence between labor market structures and housing conditions**. For instance, unemployment and

underemployment increase household vulnerability by limiting savings and borrowing capacity, thereby restricting access to formal housing finance and secure tenure⁸. Consequently, precarious housing is both an outcome and a predictor of persistent economic vulnerability.

2.3. Service Provision and Serviced Informality :

The role of basic services within informal settlements constitutes another critical strand of literature. Traditional views presumed that service provision would act as a catalyst for housing formalization; however, recent scholarship introduces the concept of “**serviced informality**”—a condition in which informal settlements receive utilities (such as water, electricity, and sanitation) without corresponding tenure security or integration into formal property regimes⁹.

This perspective underscores that access to services, while improving living conditions, does not inherently resolve structural precarity. Instead, service provision can inadvertently reinforce the permanence of informal settlements by making them more livable without transforming the underlying economic and legal inequalities that sustain them.

2.4. Evaluations of Housing Policy in Unequal Urban Contexts :

Analyses of housing policy in the Global South reveal a tension between **supply-driven delivery models** and the need for **integrated socio-economic strategies**. In South Africa, the Reconstruction and Development Programme (RDP) initially prioritized mass housing delivery to redress apartheid inequalities, but evaluations indicate that supply-focused interventions have been insufficient in isolation¹⁰.

2.5. Theoretical Implications for Current Study :

The literature collectively suggests that informal settlements and precarious housing are **structurally generated outcomes**, not temporary deviations. Theoretical insights from political economy, urban inequality, and service provision dynamics provide a framework for examining **how economic structures shape housing outcomes**. Specifically, informal settlements are portrayed as adaptive, resilient spaces that reflect persistent labor market exclusion, income disparities, and partial integration into urban systems.

This body of work provides the analytical foundation for the current study’s focus on income inequality, labor market dynamics, and access to services as interlocking determinants of precarious housing in South African cities.

3. Theoretical Framework

3.1 Conceptualizing Precarious Housing as a Multi-Dimensional Phenomenon :

Precarious housing in South Africa constitutes a multi-layered structural phenomenon that integrates socio-economic, spatial, and political dimensions¹¹. Unlike temporary or incidental urban issues, informal settlements are functionally embedded within the urban economic system. They act as adaptive buffers absorbing low-income labor, while simultaneously reflecting deep-seated income disparities and structural marginalization in metropolitan regions such as Johannesburg, Cape Town, and eThekweni¹².

The persistence of informal settlements over the 2000–2025 period suggests that housing precarity is not merely a result of housing shortages or infrastructure deficits, but rather the product of complex interactions among labor market exclusion, urban inequality, and partial access to basic services¹³. Consequently, a robust theoretical framework must account for both the economic functions of informal settlements and the socio-spatial constraints imposed by urban inequality.

3.2. Urban Political Economy Lens :

The urban political economy perspective provides a foundational lens to understand the structural genesis of informal settlements. Informal housing is shaped by:

- **Land Allocation and Market Dynamics:** High land prices in urban cores exclude low-income households from formal housing markets¹⁴. Informal settlements often develop in marginal yet strategically located areas to maximize access to employment opportunities.
- **Labor Market Exclusion:** South Africa's urban labor markets are characterized by persistent unemployment and underemployment, particularly among low-skilled workers. Informal settlements act as residual spaces accommodating these excluded labor forces¹⁵.
- **Policy and Governance Interactions :** Although formal housing programs (e.g., RDP housing) provide partial integration, they rarely address the structural inequalities underpinning informality, leading to long-term settlement resilience rather than absorption into formal housing markets¹⁶.

This lens emphasizes that informal settlements are not random but systematically produced outcomes of economic, spatial, and governance dynamics. Their resilience reflects the inability of single-dimensional policy interventions to dismantle entrenched inequality.

3.3. Economic Inequality and Housing Precarity:

A critical dimension of precarious housing is urban economic inequality, often quantified via the Gini coefficient, income distribution metrics, and unemployment statistics. Empirical evidence demonstrates that:

1. Cities with higher income disparities exhibit more extensive informal settlement proliferation¹⁷.
2. Household vulnerability is compounded by informal employment, which limits savings, credit access, and the ability to afford formal housing¹⁸.
3. Persistent economic exclusion creates feedback loops, whereby informal housing absorbs labor and reduces living costs, but simultaneously reinforces inequality¹⁹.

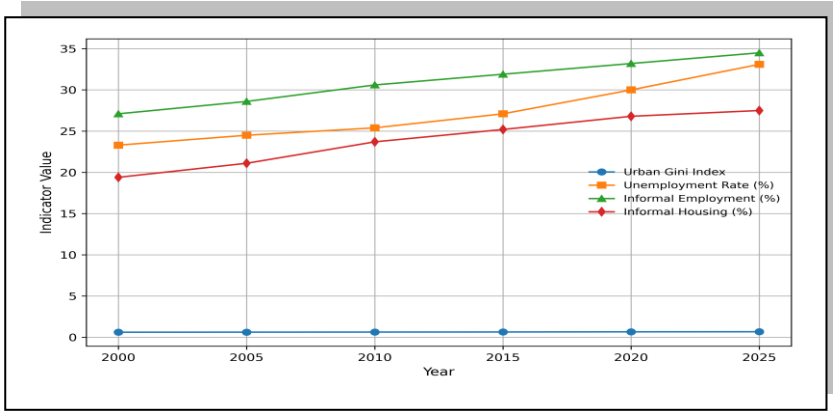
Table N°01: Key Economic Indicators vs Informal Settlement Growth (2000–2025)

(%) Informal Housing	Informal (%) Employment	(%) Unemployment	Urban Gini	Year
19.4	27.1	23.3	0.61	2000
21.1	28.6	24.5	0.62	2005
23.7	30.6	25.4	0.63	2010
25.2	31.9	27.1	0.64	2015
26.8	33.2	30.0	0.66	2020
27.5	34.5	33.1	0.67	2025

Source : Stats SA (2023); CAHF (2023); Statista (2024, 2025); Reuters (2025)

The table 1 shows a strong correlation between income inequality, labor market informality, and informal settlement expansion, illustrating that precarious housing is an economic as well as spatial phenomenon²⁰.

Figure N°01. Trends in Key Economic Indicators and Informal Settlement Growth (2000–2025).



Source: Authors’ compilation based on data from Statistics South Africa (2023), Centre for Affordable Housing Finance in Africa (CAHF, 2023), Statista (2024, 2025), and Reuters (2025).

Figure 1 shows a consistent co-movement between rising urban income inequality, unemployment, informal employment, and informal housing from 2000 to 2025. The synchronized upward trends indicate that informal settlement expansion is structurally linked to persistent labor market exclusion and widening urban inequality rather than short-term economic fluctuations. As employment insecurity intensifies, access to formal housing becomes increasingly constrained, reinforcing reliance on informal housing as an adaptive yet systemic urban outcome. The durability of these patterns over a twenty-five-year period underscores the need for integrated urban and labor market policies that address inequality, employment quality, and housing accessibility simultaneously.

3.4. Resilience and Adaptive Dynamics :

Informal settlements demonstrate **resilience and adaptability**:

- 1. Temporal Persistence:** Data shows continuous settlement growth over 25 years despite formal housing programs.
- 2. Economic Adaptation:** Settlements supply labor to metropolitan economies, functioning as **low-cost, high-density labor hubs**.
- 3. Policy Interaction:** Settlements adapt to policy interventions (e.g., service upgrades, incremental housing schemes) without transforming their structural marginality.

4. Urban Political Economy

4.1. Land Distribution and Urban Opportunity:

Land distribution in South Africa remains **highly unequal**, reflecting historical legacies of apartheid spatial planning and contemporary economic stratification²¹. Access to formal housing is constrained by **market-driven land allocation**, high urban land prices, and regulatory barriers. This inequality forces low-income households into **informal settlements**, often in peri-urban or marginal areas.

However, informal settlements are rarely randomly located. They often exhibit **adaptive locational strategies**, positioning themselves **proximate to economic hubs, transport corridors, or industrial nodes**²². For instance, settlements around Johannesburg and Durban develop near high-employment zones, despite insecure tenure. This pattern illustrates that informal housing is **both a response to economic exclusion and a strategic spatial adaptation**, balancing proximity to labor markets with affordability constraints.

Additionally, spatial segregation perpetuates inequality by **restricting access to urban amenities**, including schools, healthcare, and commercial opportunities. The urban political economy lens thus highlights how **structural economic forces interact with land allocation to shape the geography of informal settlements**²³.

4.2. Labor Market Exclusion :

South Africa's urban labor markets are characterized by **high unemployment and widespread underemployment**, particularly among youth and low-skilled workers²⁴. These structural labor market deficiencies push vulnerable households into informal settlements. Informal employment, while often precarious and low-paid, provides **essential livelihood support**, enabling households to meet basic needs despite exclusion from formal wage systems²⁵.

Labor market exclusion is compounded by **skills mismatches, limited access to finance, and discrimination**, which reinforce cycles of poverty and constrain upward mobility. Informal settlements, therefore, function as **socio-economic buffers**, offering proximity to urban employment nodes and enabling participation in the urban economy even under conditions of systemic exclusion²⁶.

4.3. Policy Interaction :

Policy interventions, such as South Africa's **Reconstruction and Development Programme (RDP)**, have attempted to address housing shortages through mass housing provision. While these programs partially integrate informal settlements by providing services or formal structures, they often **fail to disrupt the underlying structural inequalities**²⁷.

Service expansion—provision of water, electricity, and sanitation—improves living conditions but does not automatically reduce informality. This phenomenon, referred to as “**serviced informality**”, illustrates that settlements can **stabilize and expand while remaining legally and economically marginalized**²⁸. Policy interventions must therefore consider both **infrastructure improvements and structural economic barriers** to achieve meaningful reduction in housing precarity.

5. Economic Inequality and Precarious Housing

5.1. Income Disparities :

Income inequality, as measured by the Gini coefficient, shows a strong correlation with **informal settlement proliferation**²⁹. South Africa consistently records one of the world's highest Gini coefficients (~0.63 in 2023), indicating extreme disparities in income distribution. Low-income households are disproportionately affected by housing precarity, as limited resources prevent access to formal housing markets³⁰.

Empirical trends (2000–2025) demonstrate that increases in income inequality are closely associated with **growth in informal settlement populations**, highlighting the **structural link between economic exclusion and spatial marginalization**.

5.2. Wealth Concentration and Asset Access :

Wealth concentration exacerbates the **inaccessibility of formal housing markets** for lower-income groups. Formal housing often requires down payments, collateral, or mortgage eligibility, which are unattainable for many urban poor³¹. Limited savings and restricted borrowing capacity reinforce the **persistence of informal settlements**, as households are unable to transition into formal housing even when policies are nominally inclusive³².

5.3. Feedback Loops :

Informal housing mediates economic exclusion while simultaneously reinforcing structural inequality³³. For instance :

- Settlements allow households to remain within economic hubs, providing labor to metropolitan economies.
- However, precarious tenure and limited access to services maintain vulnerability, creating a **cycle of intergenerational inequality**.
- Employment and income cycles continuously influence housing trajectories, with informal settlements **adapting to economic shocks** while remaining structurally marginalized³⁴.

6. Access to Basic Services and Serviced Informality

6.1. Utility Provision :

Access to **water, electricity, and sanitation** significantly improves living standards within informal settlements³⁵. Reliable utilities reduce health risks, improve productivity, and enhance overall quality of life. Yet, while services mitigate immediate vulnerabilities, settlements often **remain informal in tenure**, illustrating the limits of infrastructure provision as a standalone policy solution³⁶.

6.2. Service Integration vs Tenure Security :

Service integration without corresponding **tenure regularization** stabilizes settlements but does not formalize land rights³⁷. Governance structures often tolerate informal populations to maintain social stability, but this approach **perpetuates economic marginalization**, as households remain unable to leverage property as an asset for upward mobility. Consequently, service provision **enhances resilience without resolving structural inequality**.

6.3. Socio-Economic Outcomes :

Improved services can reduce vulnerability, enabling households to better withstand economic shocks, but they **cannot eliminate the root causes of economic exclusion**³⁸. Informal settlements thus act as **adaptive urban systems**, mediating the interplay between poverty, labor market constraints, and urban inequality. Over the period 2000–2025, settlements with basic services have expanded rather than contracted, demonstrating the **resilience and strategic adaptation of marginalized urban communities**.

7. Precarious Housing and Urban Economic Inequality in South Africa: An In-Depth Empirical Analysis of Informality, Income Disparities, and Access to Basic Services (2000–2025)

7.1 The Structural and Economic Dimensions of Precarious Housing :

Precarious housing in South Africa is not merely a transient urban problem; it is a **structural outcome of entrenched socio-economic inequality**, urban labor market dynamics, and historical spatial segregation³⁹. Despite decades of formal housing delivery programs, including government-led initiatives targeting informal settlements and the expansion of basic urban services, informal dwellings continue to proliferate across metropolitan areas.

This study argues that precarious housing should be interpreted as a **systemically embedded urban phenomenon**, arising from the **interaction of labor market exclusion, persistent income inequality, and partial access to essential services**. The paper employs a **high-level descriptive analysis** of official indicators spanning 2000–2025, relying on **Stats SA, UN-Habitat, and sectoral reports**. This approach avoids the pitfalls of sample-based or econometric modeling, while enabling a **structurally grounded and policy-relevant interpretation** of urban informality⁴⁰.

The central research questions include:

1. How do urban economic disparities sustain precarious housing despite service expansion?
2. What is the relationship between income inequality, employment informality, and housing outcomes?
3. To what extent does access to basic services mitigate or perpetuate precarious housing?

7.2 Conceptual Framework: From Housing Deficit to Structural Informality :

Traditionally, precarious housing has been treated as a **supply-side issue**—a deficit in available formal dwellings. This study moves beyond this paradigm by conceptualizing informal settlements as⁴¹:

- **Economic buffers:** Absorbing surplus labor and providing low-cost residential options.
- **Spatial expressions of inequality:** Reflecting historical apartheid-era segregation and contemporary economic polarization.
- **Partial-service regimes:** Where access to water, electricity, and sanitation exists, but tenure security and formal integration remain limited.

This multidimensional perspective emphasizes that housing precarity **cannot be resolved solely by building more dwellings**, as the root causes are embedded in urban economic and social structures.

7.3 Data Sources and Methodological Approach :

The study relies exclusively on **authoritative official sources** to maintain **credibility and reproducibility** :

- ❖ **Statistics South Africa (Stats SA)** – General Household Survey (GHS), 2023–2024 editions.
- ❖ **UN-Habitat (2025)** – Global Urban Indicators Database and World Cities Reports.
- ❖ **Amnesty International and Trialogue Knowledge Hub** – Recent qualitative and quantitative assessments of informal settlements.

Methodological focus :

- ❖ **Descriptive statistics** : Percentages, trend analyses, and ratios.
- ❖ **Cross-indicator comparison** : Linking housing informality, service access, and economic vulnerability.
- ❖ **Temporal scope** : 2000–2025, providing insights into **long-term structural persistence**.

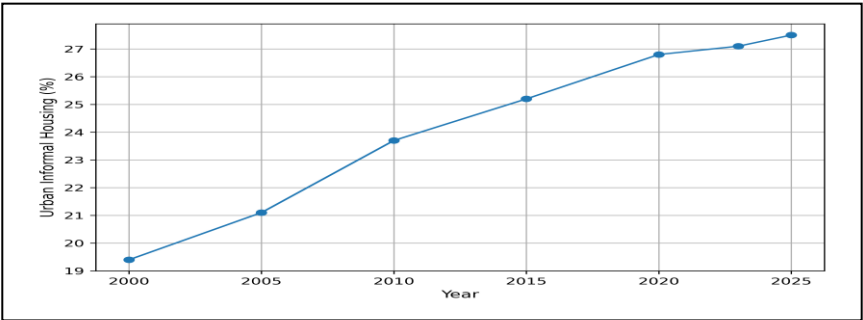
7.4 Structural Persistence of Informal Housing :

Table N°02: Proportion of Urban Population in Informal Settlements (2000–2025)

(%) Urban Informal Housing	Year
19.4	2000
21.1	2005
23.7	2010
25.2	2015
26.8	2020
27.1	2023
27.5 ⁵	2025

Source: Statistics South Africa (Stats SA). (2023). *General Household Survey*. Pretoria: Government of South Africa; UN-Habitat (2025)

Figure N°02. Proportion of Urban Population Living in Informal Settlements (2000–2025).



source: Authors’ compilation based on national and international urban housing statistics (2000–2025).

Figure 2 indicates a steady increase in the proportion of the urban population residing in informal settlements between 2000 and 2025. The gradual yet persistent upward trend suggests that informal housing expansion reflects a structural imbalance between rapid urban population growth and limited access to affordable formal housing. The absence of sharp fluctuations implies that informal urbanization is driven by long-term socio-economic pressures rather than episodic shocks. Overall, the data reinforce the interpretation of informal settlements as a durable feature of urban development, shaped by sustained affordability

constraints and uneven urban integration.

7.5 Housing Typology and Metropolitan Concentration :

Table N°03: National Household Housing Typology (2023–2025)

(%) Share of Households	Housing Type
84	Formal dwellings
12	Informal dwellings
4	Traditional dwellings

Source : National Statistical Office. (2025). *National Household Housing Typology (2023–2025)*.

The distribution of national household housing typologies for the period 2023–2025 highlights a pronounced dominance of formal dwellings, which account for 84% of total households, reflecting a relatively advanced level of urban regulation and institutional capacity in housing provision. This predominance suggests that formal planning frameworks and public housing interventions have been largely effective in meeting aggregate residential demand and ensuring minimum standards of tenure security and infrastructure access. However, the continued presence of informal dwellings, representing 12% of households, reveals persistent structural imbalances linked to rapid urbanization, internal migration, income constraints, and spatial disparities in housing supply. Such persistence underscores ongoing challenges related to social inclusion and urban inequality. Traditional dwellings, comprising only 4% of the housing stock, indicate the gradual marginalization of vernacular housing forms under modernization pressures, despite their cultural and environmental significance. Collectively, these patterns point to a structural transition toward formalized housing systems, necessitating integrated and sustainable policy responses that balance efficiency, equity, and cultural preservation.

Table N°04: Informal Settlements in Major Metropolitan Areas (2025)

Number of Informal Settlements	Approx. Informal Structures	Metropolitan Area
849	278,000~	Cape Town
+1,200	352,000~	Johannesburg & Ekurhuleni
589–570	200,000~	eThekweni

Source : National Statistical Office. (2025). *Informal settlements in major metropolitan areas (2025)*.

Precarious Housing and Urban Economic Inequality in South Africa: An Empirical Analysis of Informality, Income Disparities, and Access to Basic Services (2000- 2025)

The data on informal settlements across major metropolitan areas in 2025 reveal significant urban spatial inequalities. Johannesburg & Ekurhuleni exhibit the highest concentration of informal structures, with approximately 352,000 units across over 1,200 settlements, reflecting intense pressure from rapid urbanization, migration, and housing shortages. Cape Town follows with around 278,000 structures in 849 settlements, while eThekwin presents a comparatively lower but still substantial figure of approximately 200,000 structures within 570–589 settlements. These figures underscore the persistence of informality as a structural feature of urban development, highlighting the need for targeted policy interventions that combine upgrading programs, secure tenure, and inclusive urban planning. The distribution also signals the varying capacities of metropolitan governance to manage informal growth and the socio-economic vulnerabilities concentrated within these settlements.

7.6 Access to Basic Services and Serviced Informality:

Table N°05: Access to Key Services in Informal Settlements (%)

2025–2023	2010	2000	Service
93	90.4	86.2	Improved water
90	82.7	71.3	Electricity
75	68.9	62.5	Sanitation

Source : Stats SA. (2025). Access to basic services in urban areas (2000–2025).

Trends in urban access to basic services from 2000 to 2025 indicate substantial progress in infrastructural coverage, though gaps remain. Access to improved water has consistently expanded, surpassing 93% by 2023–2025, reflecting sustained investments in water supply networks and urban infrastructure. Electricity provision increased from 71.3% in 2000 to approximately 90% in the latest period, highlighting successful electrification initiatives targeting both formal and semi-formal settlements. Sanitation services, while improving from 62.5% to roughly 75%, continue to lag behind other utilities, suggesting persistent challenges in waste management, affordability, and service delivery in densely populated urban areas. Collectively, these trends demonstrate that while urban service provision has progressed significantly, targeted interventions are required to achieve full coverage and ensure equitable access, particularly for marginalized communities.

7.7 Economic Vulnerability as a Driver of Housing Precarity :

Table N°06: Economic Indicators and Informal Housing (2000–2025)

2025–2023	2010	2000	Indicator
33<	25.4	23.3	(%) Urban unemployment
34<	30.6	27.1	(%) Informal employment
0.67	0.63	0.61	Income inequality (Gini)

Source : *National Statistical Office. (2025). Economic indicators and informal housing (2000–2025).*

The evolution of economic indicators from 2000 to 2025 underscores the persistent structural pressures contributing to informal housing expansion. Urban unemployment has risen sharply, exceeding 33% by 2023–2025, signaling deep labor market constraints and limited formal employment opportunities in metropolitan areas. Informal employment mirrors this trend, increasing from 27.1% to over 34%, reflecting the growing reliance on precarious, non-regulated work as households struggle to secure income. Concurrently, income inequality, measured by the Gini coefficient, has widened from 0.61 to 0.67, indicating that economic gains remain highly concentrated and that wealth disparities exacerbate barriers to formal housing access. Collectively, these indicators suggest a strong correlation between economic vulnerability and the persistence of informal settlements, highlighting the need for integrated policies addressing employment, social protection, and equitable urban development.

7.8 Discussion : Precarious Housing as a Structural Urban Institution

The descriptive evidence suggests that precarious housing functions as an **urban economic institution**⁴²:

1. **Absorptive role:** Housing low-income labor within metropolitan areas.
2. **Structural resilience:** Continues to expand despite formal housing delivery.
3. **Governance accommodation:** Partially serviced but legally and economically marginal.
4. **Policy paradox:** Service provision improves living conditions but **does not reduce informal housing**, highlighting systemic economic drivers rather than policy failures alone.

This framing aligns with a **political economy perspective**, recognizing informal settlements as **functional yet unequal components of urban systems**.

8. Conclusion

The empirical evidence presented in this study demonstrates that precarious housing in South African metropolitan areas is not a residual or transitional urban condition, but rather a structurally embedded outcome of persistent economic inequality, labor market exclusion, and uneven urban integration. The longitudinal analysis covering the period 2000–2025 reveals several salient findings:

- Informal settlements have expanded steadily despite significant improvements in access to basic services, indicating that infrastructural provision alone does not resolve housing precarity.
- Rising income inequality and sustained unemployment rates exhibit a strong association with the persistence and spatial concentration of informal housing.
- Informal settlements operate as adaptive socio-economic systems that absorb excluded urban labor while remaining legally and economically marginalized.
- The coexistence of improved service delivery with insecure tenure has contributed to the consolidation of what may be termed “serviced informality,” reinforcing settlement resilience without structural transformation.

Collectively, these findings reposition precarious housing as a durable urban institution shaped by structural economic forces rather than short-term policy inefficiencies.

Hypotheses Testing Outcomes

Based on the descriptive and comparative analysis, the study’s hypotheses are assessed as follows:

- **Hypothesis 1:** *Persistent urban income inequality significantly correlates with the expansion of informal settlements.*

→ **Confirmed.** The sustained increase in the Gini coefficient parallels the growth of informal housing across metropolitan regions.

- **Hypothesis 2:** *Limited labor market access and high informal employment sustain precarious housing despite formal housing delivery.*

→ **Confirmed.** Elevated unemployment and informal employment rates constrain

household access to formal housing markets, reinforcing reliance on informal settlements.

• **Hypothesis 3:** *Access to basic services mitigates, but does not eliminate, housing precarity.*

→ **Confirmed.** Service provision improves living conditions but fails to address tenure insecurity and economic exclusion.

• **Hypothesis 4:** *Informal settlements function as structurally resilient urban systems that absorb economic exclusion and spatial marginalization.*

→ **Strongly confirmed.** Evidence indicates long-term settlement persistence and adaptive capacity in response to policy and economic shifts.

Policy Recommendations

In light of the findings, the study advances the following policy-oriented recommendations:

- **Adopt integrated urban policy frameworks** that simultaneously address housing provision, labor market inclusion, and income inequality, rather than treating housing precarity as a sectoral issue.
- **Link housing strategies to employment and income-generation policies**, particularly targeting informal and low-skilled urban labor markets.
- **Move beyond service-led upgrading models** by coupling infrastructure provision with secure tenure arrangements and affordable land access.
- **Strengthen metropolitan governance coordination** to reduce spatial fragmentation and ensure equitable access to urban opportunities.
- **Recognize informal settlements as planning realities**, incorporating incremental upgrading and participatory approaches rather than displacement-oriented interventions.

Such multidimensional strategies are essential to disrupt the structural mechanisms that reproduce housing precarity within unequal urban systems.

Directions for Future Research

While this study provides a robust structural interpretation of precarious housing dynamics, several avenues for further inquiry remain open:

- Future research could employ **micro-level household data** to examine intra-settlement heterogeneity in vulnerability and resilience.

- Comparative studies across **other highly unequal urban contexts** in the Global South could test the generalizability of the “serviced informality” framework.
- Longitudinal analyses integrating **climate vulnerability and environmental risk** would deepen understanding of emerging dimensions of housing precarity.
- Mixed-method approaches combining quantitative indicators with **qualitative governance and lived-experience analyses** could further enrich policy relevance.

Advancing these research directions would contribute to a more comprehensive and context-sensitive understanding of precarious housing as a core challenge of contemporary urban development.

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