

Money and Value in Urban Settlement Households in Port Moresby Part 2: Understanding Spatial and Income Inequality Through Housing Choices



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This In Brief highlights how different land and housing regimes in Port Moresby, the national capital of Papua New Guinea (PNG), drive spatial and income inequality in the city. Among the issues I explore in my PhD research are the housing challenges that people face in Moresby and the strategies they pursue to access land and housing in settlements. I draw on two sets of preliminary data collected as part of my research. The first is ethnographic and income data based on a survey of 32 households in the ATS settlement¹ in Moresby where I conducted fieldwork over a six-month period in 2013. The second dataset, comprising advertised rental and sale prices of properties in Moresby, is compiled from newspaper advertisements.

Most people I interviewed had been obliged to leave formal housing because of 'housing problems'. Factors driving housing problems included loss of government-provided accommodation upon retirement, loss of employment, eviction by landlords, conflict and overcrowding in relatives' homes, defaulting on mortgage repayments resulting in bank repossession of property, eviction from government housing, and the sale of houses to meet financial obligations. Only one family moved from another settlement. Six households were established by people who had grown up in the settlement.

The move into the informally demarcated spatial sphere of the settlement involves a shift from formal tenancy and state land title leases based on contracts transacted under normative legal conveyancing laws towards social and relational arrangements with customary landowners or other settlers. Such arrangements are increasingly practised by migrants in PNG (Numbasa and Koczberski 2012). Formal arrangements offer security of tenancy but depend on employment conditions, income levels, landlord decisions or the goodwill of host relatives. On the other hand, arrangements in the settlement typically involve two tiers. Collectively, people liaise with customary landowners or the state to access large tracts of land for the group to settle. Individually, people foster relationships with kin or friends living in the settlements to facilitate their access to a piece of land. Although they offer a cheaper alternative for housing, settlements are characterised by weaker police presence, a lack of services and lack of secure tenure over land.

Urbanisation trends are important for understanding how poorer sections of the city become dispossessed

(Harvey 2008). Reflecting the devaluation of the PNG kina and high inflation in the 1990s, average real property sale and weekly rental prices fell. With sustained economic growth from the early 2000s (ADB 2014), average property prices increased substantially from 2005 (Table 1). Reflecting increased diversity in types of housing available, there is wide variability in prices. These patterns are similar across all suburbs, with historically similar property values. The increase in prices and numbers of investment-type properties being advertised during the 2000s also suggests that investors view the city as a profitable place to invest capital surplus.

Contrast these property prices with incomes of people living in settlements. Among the households I surveyed, the average household income was around K700 per fortnight. Around 10 households had an income above K1000 per fortnight but could not afford housing in the most affordable suburbs. Taking into account all occupants in their homes, including children, the unemployed, the ill and the elderly, more than 65 per cent of households earned an average income of less than K100 per fortnight per person.

Apart from the spatial and income inequality that divides those who can and cannot afford formal housing in the city, two further insights can be drawn from this data and fieldwork observations. First, trends in property market prices and expansion of the city have driven up land values. In order to free up land for property investments and ongoing city development such as road construction, city authorities increasingly opt to relocate, sometimes with force, people living in settlements (Martin 5/8/2014; Sayama and Wapar 12/3/2013).

Second, with around half of the city's residents living in settlements (Jones 2011), formal property prices are leading more people to consider informal land access arrangements. During my fieldwork it was apparent that wealthier people were obtaining land in settlements and building substantial houses. Prospective 'settlers' offered to 'pay' for land and some existing settlement residents succumbed to the pressure for money and 'sold' their land. Prices involved in these transactions ranged anywhere from zero if the arrangement was made through kin or friends up to K30,000. Although these prices are very low compared to those evident in Table 1, such transactions contribute to tension, including violence, as conflicts occur over land that is transacted outside established settlement norms.

Table 1: Advertised property sale and rental prices, 1985–2010 (PNG kina)^a

	1985	1990	1995	2000	2005	2010
Weekly rental prices for 2- and 3-bedroom houses in Port Moresby suburbs						
Boroko, Korobosea, Gordons, Gordons 5						
Maximum	3,346	2,796	2,603	1,785	950	4,000
Minimum	797	1,048	651	470	380	650
Average	1,779	1,934	1,281	906	691	2,297
Hohola, Gerehu, Waigani, Tokarara, June Valley, Ensisi, Morata, Rainbow Estate						
Maximum	1,977	1,747	2,765	2,442	506	1,200
Minimum	608	517	325	282	380	550
Average	1,151	1,011	857	677	443	802
Downtown, Port Moresby ^b						
Maximum	na	4,310	4,554	2,630	2,532	7,500
Minimum	na	643	813	650	570	1,500
Average	na	2,224	1,914	1,634	1,354	3,579
Sale prices for 2- and 3-bedroom houses in Port Moresby suburbs						
Boroko, Korobosea, Gordons, Gordons 5						
Maximum	760,393	671,023	487,976	657,511	443,166	2,500,000
Minimum	425,820	326,192	146,393	65,751	341,871	380,000
Average	554,001	450,501	366,999	358,479	389,353	1,147,692
Hohola, Gerehu, Waigani, Tokarara, June Valley, Ensisi, Morata, Rainbow Estate						
Maximum	547,483	121,157	211,456	356,934	443,166	750,000
Minimum	91,247	116,497	32,532	56,358	291,223	175,000
Average	268,875	118,827	94,003	138,051	367,194	424,654
Downtown, Port Moresby ^b						
Maximum	669,146	1,048,473	1,138,612	1,221,092	1,202,879	4,000,000
Minimum	669,146	838,778	422,913	469,651	1,076,260	2,800,000
Average	669,146	996,049	817,941	653,989	1,139,569	3,100,000
Sale price of investment-style properties						
Maximum	1,520,786	2,562,933	341,583	4,320,786	1,899,282	7,500,000
Minimum	316,324	279,593	123,621	216,039	215,252	230,000
Average	809,927	1,149,437	214,710	1,129,823	700,360	1,825,654

a Converted to 2010 prices based on urban Port Moresby CPI, [Bank of PNG](#).

b Downtown, Port Moresby 2005 figures are from August.

Source: *Post-Courier* advertisements in month of June.

People with the lowest incomes are least able to negotiate land under pressure from wealthier newcomers because their daily budget decisions revolve around basic needs such as food. For example, one elderly informant gave up his land to a relative on the understanding that he would be paid. He moved to a more peripheral piece of land in the settlement. After several years his relative still had not paid him the promised funds, which he had hoped to use to repatriate his family to the village. Thus, apart from facing collective eviction threats by city authorities, residents of settlements come under

considerable pressure to share or sell the space they occupy.

Urban inequality in PNG needs to be understood in relation to spatially and legally defined regimes and as a dynamic process in which developments in the formal sphere flow on to the settlement sphere. The price and regulatory environment of the formal property sector excludes some people from the market and as these people seek affordable housing in settlements, others become further marginalised.

Policies aimed at fostering urban property markets and development need to simultaneously consider access to land for housing. In this context it is also important to recognise the rights of customary landowners living in urban villages. They face similar dynamics in income inequality and pressure to share land while being doubly marginalised by settlements and the city's development.

Author Notes

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Endnote

- 1 The settlement draws its name from the abbreviation ATS, which stands for Air Transport Squadron of the Defence Force, located adjacent to the settlement.

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