

AN INVESTIGATION INTO THE PRIVATISATION
PROCESS OF PUBLIC RENTAL HOUSING IN THE
DURBAN METROPOLITAN AREA, CASE STUDIES OF
KWA MASHU AND BAYVIEW.

BY

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ABSTRACT

Housing built by local authorities for low income housing has gone a long way towards providing a range of housing options for the varying needs of those who are forced through circumstances to rely on the public sector for their housing. Selling off the rented housing stock to sitting tenants has enabled large numbers of families to become homeowners.

The sale of rental housing stock has been long viewed by theorists with much scepticism. Therefore much research has gone into, amongst other things the government policy of “load-shedding” in order to decrease the welfare burden of the state. Few studies however have been able to capture the perceptions and attitudes of the beneficiary families. A major thrust of the National Housing Policy is to increase the access of housing to previously disadvantaged individuals. One such method is that of privatisation and the sale of public rental stock to sitting tenants. The study will attempt to investigate the process of privatisation as adopted by the Metropolitan Council and resistance that it has faced.

CHAPTER ONE

Problem Formulation and Research Methodology.

1.1 INTRODUCTION

In the past the South African government has played a major role in housing the masses. The public rental housing that was built by the local authorities in South Africa has gone a long way towards providing a wider range of housing options for the varying needs of those who are forced through circumstances to rely on the public rental for their housing.

These commitments to the housing process come from a common international perspective, where governments have recognised the need for government intervention in providing suitable shelter for all. VanVliet (1990) notes the precise nature of this intervention varies significantly from country to country. These variants are attributed to factors such ideology, economic resources and level off technological advancement (Lungu, 1998).

During the dark years of apartheid the public rental stock served this responsibility of the government to provide housing adequately. As the path of development is followed - we see it accentuating the problem of racial segregation as the rental stock was developed according to the Group Areas Act.

The economic crisis at the beginning of the 1980's brought the government to a decision to privatise the public rental stock that it owned. The South

African privatisation experience is also in line with the international trends of privatisation. The target was to have sold off the majority of the rental stock by the end of 1999. The process of privatisation entails the process of transferral of the title to the sitting tenants. This was done in the view that in the promotion of home-ownership, the government will now be affording these low-income people to own their own homes. These people will not be able to access home-ownership in the market system-thus they had to rent.

This privatisation process was to take place in all parts of the country. A fundamental aim of this exercise was to increase the security of tenure to the more disadvantaged groups. They would be able to live in adequate living standards. The process of privatisation has been a total 'top-down' approach. Even though it is the tenants best interest that is at heart, there has been resistance to this process. The study sets out to investigate the issues that surround the resistance of the privatisation process. It will also assess the privatisation strategies used by the Durban Metropolitan Council and will attempt to show that adequate structuring will facilitate a smoother transferral process.

The study will also reflect that as seen in Kememey (1981) that owner occupation is not the only desired type of tenure; that people according to their different lifestyles and social needs sometimes prefers rental occupation.

1.2 PROBLEM STATEMENT

In recent years governments of all political stripes at every level have embraced privatisation. Countries from Argentina to Zambia of all, with market oriented and socialist ownership.

As cited in MacAvoy (1989) governments of even the most socialist states are emphasising the fact that the only way to ensure the future of socialism is to increase the rate of privatisation. His belief was that privatisation can serve a variety of purposes, from reducing budget deficits to completely restructuring enterprises to compete in world markets. There are however a large variance in political motivations, but the results of privatisation tend to be similar across nations, higher productivity, a smaller public sector, and savings for the taxpayer.

A similar trend can be detailed in South Africa. The country's re-emergence into the world markets saw South Africa undergoing main structural reworking. One such change is that of the privatisation of the major governmental organisations. Being able to recognise the long-term benefits of privatisation the process was ignited with haste. The housing ministry too was eager to begin with this process.

In the same light the Durban Metropolitan Council has embarked on atask of transferring ownership of the existing public rental stock in the area if its jurisdiction. In the process the metropolitan council has decided to afford the present tenants the first opportunity to purchase these houses. While ensuring that the sectional title process is subsidy based, beneficiary families are required to furnish certain costs.

As of 1995, a total of 14351 public rental stock was deemed applicable for privatisation. At present 78% has been transferred to willing families. There is however 413 families that have offered much resistance the transferral of

title process, citing a vast array of reasons. (Metro Housing Department 1998).

Privatisation of rental housing was seen as a way to ensure more people would enjoy secure tenure. The Metropolitan Council was three years ago in deficit and privatisation was seen as a means to alleviate the cost burden. Metro would also not be responsible for maintenance of the buildings.

There are however various reasons for resistance:

- Buildings are in poor condition and dwellers say that no maintenance has been carried out for up to 10 years.
 - The families argue that they are destitute and have no means of paying the required amount to complete the transferral process.
 - Families have claimed to have paid off flats over the years of renting and should not be asked to pay more to own the units.
- Metro has also outlined other issues that have plagued this process.

These include:

- The capacity to form body corporates;
- The large arrears for services that has been accumulated over the years.

Communities are now being represented by a political group who are challenging this process by quoting policy statements that appear in both the Housing White Paper and the Constitution. This group argues that all citizens have a right to suitable and affordable housing.

It is thus for these issues that a careful study is then required.

1.3 RESEARCH QUESTION

Is the privatisation process adequately structured to facilitate a smooth transferral process?

1.4 SUBSIDIARY QUESTIONS

What does the process of privatisation or the transferral of title entail?

Who will benefit from this process?

What are the condition and the configuration of habitation space of the rental stock?

Why is there resistance to this process?

What areas of the Metropolitan privatisation policy can be revisited to make the transferral process smooth?

1.5 HYPOTHESIS

The inadequate structuring of the Durban Metropolitan Privatisation Policy of its public rental stock has lead to much resistance in the transferral of title process.

1.5.1 ASSUMPTIONS

1. The Durban Metropolitan is responsible for the privatisation process of the public rental stock in its jurisdiction.
2. It is the inadequate structuring of the Privatisation Policy of the Durban Metropolitan Council that has led to resistance to the transferral of title process.

3. The ownership of public rental stock by sitting tenants should be a logical solution to increased private home ownership.

1.5.2 WORKING DEFINITIONS

For the purpose of this study the definitions of concepts need to be clearly stated so as to avoid confusion.

1.5.2. PRIVATISATION

This refers to the process whereby the government attempts to sell off state owned or controlled assets to private owners to promote private participation in the housing process. It is commonly referred to as “load shedding”. In this study privatisation will be defined as the selling of public rental housing to sitting tenants so as to promote security of tenure by increasing home ownership. By doing this the government can relinquish its direct participation and commitment to housing.

1.5.2.2 PUBLIC RENTAL HOUSING

Government realising the need for another niche in housing provision created public housing for those who did not wish to own. These are state owned dwelling units which are generally flats with tenants who pay subsidised rental payments to the local authorities for living in them

1.5.2.3 TRANSFERAL OF TITLE

This broadly refers to the process of privatisation of rental housing stock by referring specifically to the process whereby there is a change of tenure status of sitting tenants from renting tenants to private ownership.

1.5.2.4 ADEQUATE STRUCTURING

This refers to a consultative approach to the privatisation process of the Durban Metropolitan Council. This would be an approach that adequately assess the needs of sitting tenants so as to decide if homeownership is in their best interest.

1.6 RESEARCH METHODOLOGY

An important aspect in any research is the methodology used. This is so that the problem is adequately addressed. This study used the following steps in the collection of data.

1.6.1. SECONDARY DATA

Secondary data was collected from various places, such as the University of Natal Library and Durban Council Library. A compliment of books, documentation, newspapers, journals and unpublished manuscripts were used in the research.

This compliment of material was paramount for in-depth study into various issues. Public housing within a South African context was probed. Both the past and present experiences were appreciated. The beginnings of public rental housing and its evolution have been touched upon. This information provides an account for problems surrounding public housing and the reasons why South African authorities have advocated the privatisation of public rental housing. With this sort of perspective the context is firmly understood, bearing in mind the unique historical circumstances displayed in South Africa.

Further, an international perspective has been probed. This literature discusses the experiences in other countries in relation to privatisation or sometimes referred to as transfer of title.

The aim of this exercise was to critically analyse their experiences, highlighting the successes and failures of privatisation policies. To supplement this argument, the historical context, which brought about the privatisation of these units was also reviewed and various ideologies in which the public rental housing existed.

On consulting various local authorities that participated in privatisation implementation a series of unpublished articles was gathered. These authorities are Durban Local Council and Provincial Housing Board. The focus of these articles was surveys and statistical reports of surveys that were commissioned by local governmental authorities surrounding issues pertaining to existing public rental housing stock. It was from this statistical account did the researcher draw information about the number of public rental stock available in certain geographical areas and the number of transfer of titles with those areas. A five-year time period was used. It also provided other information about the selling price of stock and various frameworks set up by government departments to facilitate the sale of rental stock. An example of this is the “Extended Discount Benefit Scheme”. It also highlighted ideological standpoints and future plans.

1.6.2 PRIMARY SOURCES

The nature of this investigation necessitated the use of primary data tools. The chief method that was employed was the administration of a questionnaire. The researcher prepared the questionnaire and randomly selected members of the communities in Bayview and Kwa-Mashu were asked to answer them.

In essence the very thoughts, feelings, attitudes and reactions of tenants is vital to this study. The responses to this questionnaire were an adequate way to gauge such perceptions. Thus the questionnaire is central to primary data. In searching for what housing means to people the researcher shows their satisfaction with their housing opportunity. When researching the process of privatisation in Durban Metropolitan area, by the local authority with the expectation of the local authority themselves, who else but the recipient himself should help provide an answer to this question.

1.6.3 INTERVIEW

An interview with an official from the Provincial Housing Board was imperative to provide insight into the state's stance and motivation for the privatisation of public rental housing and the future role they see the local authority playing in housing. The importance of this sort of interview in research is invaluable as it provides balance in the research, highlighting converse arguments. The research is thus not tenant orientated.

1.6.4 CASE STUDY

In selection of case study area, various points had to be taken into consideration. First the comparative nature of research and second the geographical parameters. With this in mind and information gathered from the Provincial Housing Board and the Durban Metropolitan Council, two areas were selected. Evident from this information, Kwa Mashu displayed success in the privatisation and transfer of the public rental units. With analysis, most of the units were transferred during the inception of the Extended Discount Benefit Scheme.

During the same time frame fewer units were transferred in Bayview - Chatsworth. Despite efforts to encourage more transfers, various obstacles hindered the process. This dissertation attempts to surface the reasons for this resistance and also offer solutions for this resistance.

This sort of study would portray all attitudes of former council tenants who are now homeowners and especially for this research current tenants who continue to resist the privatisation process. Thus a comparative study will provide an opportunity to sift out a solution to why privatisation is being met with resistance.

1.6.5 SAMPLES

The questionnaires were distributed to 10% of the sample of the total sample area.

1.6.6 KWA-MASHU

This area has approximately five thousand (5000) public rental housing units. This area has subdivisions for easier administration. The researcher

randomly selected one division, which has a total of 300 households. The researcher studied 10%, which is a total of 30 households.

1.6.7 BAYVIEW - CHATSWORTH

The Chatsworth area has approximately thirty eight thousand, three hundred (38 300) housing units that belong to the Provincial Housing Board. The area is divided into 11 regions (called units) for administrative purposes. Each unit consists of approximately three thousand, five hundred (3500) units each. These are further divided into smaller units each. These are further divided into smaller areas of varying sizes. One such area is Bayview. Within this area called Bayview, there are approximately 450 households and 10% of these households were studied. Thus 45 households were studied.

Due to the similarity of the units in these areas according to the Provincial Housing Board, it was also supposed that they had the same income levels, family size, employment levels, etc.

1.6.8 QUESTIONNAIRE

To highlight important information, which is central to this study, the researcher formulated a questionnaire. These questionnaires were handed to tenants to gauge responses.

The purpose of this questionnaire was two-fold. The first was to bring out the attitude of tenants towards public rental units and home-ownership. Ultimately, it was to gauge the level of satisfaction of the tenants with home-

ownership or rental. Basic parameters were used such as building typology and physical aspects of the units.

Secondly, the purpose was to assess whether the people living in these units are in fact the group targeted by the council to live in this area.

Finally, the questionnaire would be able to assess the effectiveness of the councils privatisation process and how its non-consultative approach has led to non-willingness to privatise.

The questionnaires were to be administered to only people who the unit was registered to. This was done with much accuracy. Further, it was administered during weekends and after hours, so as not to interfere with daily processes. The researcher chose to administer the questionnaire personally so as to avoid answers being distorted.

1.6.9 DATA ANALYSIS

Primary source information was analysed through the use of percentiles and cross tabulations. The advantage of using cross tabulations is that it is easy to assess the various impact the reasons had on one another and in so doing, helped to provide answer for the various research questions that were posed in chapter one. Once all the information was assimilated they reflected in the form of tables and charts.

CHAPTER OUTLINE

CHAPTER ONE

This chapter provides an introduction to the whole dissertation and a background to the whole research problem. It consists of the different objectives and aims of the study. The research questions are also highlighted here. Further it draws attention to the hypothesis and working definitions that are used throughout the dissertation. Finally, the methodology adopted in gathering data to substantiate the study is reflected in this chapter in full detail.

CHAPTER TWO

In the second chapter the theoretical pillars of the study are brought forward. It also contains the literature review. The vast nature of theories related to the research necessitates a division in the literature.

The former section deals with privatisation theory. Here a close analysis of the theory will come forward - showing various approaches and attitudes towards this policy.

The latter part deals with a more South African context. It will also show experiences with the public housing sector. It will show reasons prevalent for privatisation.

Ultimately, the study will lead to South Africa's current housing policy and its view on public housing.

Finally the entire process of how houses are being privatised in South Africa and the policy surrounding the privatisation policy will be looked at. In conclusion an assessment of the motivating factors as to why the decision to privatise all units has been made.

CHAPTER THREE

This chapter relates to the case studies and all data from it. It provides an analysis, explanation and evaluation of its findings is made in the chapter.

CHAPTER FOUR

All conclusions and recommendations are encompassed in this chapter. On the basis of the findings of this research recommendations and suggestions for future studies are also made,

THE SCOPE AND IMPLICATIONS OF THIS STUDY

The aim of this study has been to examine the implications of current privatisation policy, to evaluate whether the policy is valid and to suggest alternatives as appropriate. As such in scope it broadly considers privatisation policy in South Africa with its effects and evaluates this policy against international experiences. The study itself seeks to revise current thinking with regard to privatisation policy, to enable policy makers to look afresh at housing, not through the dominant economic and political perspectives. This study places foremost the real needs on the ground in terms of status quo and attempts to assess how reforms can be implemented in feasible and practical manner.

To address the limitations of the study many can be named. The first is that of time. Second, all information gathered in this study is evaluated through the use of research material that is already available. Also the opinions of a

few decision-makers were assessed and finally a fairly small number of case studies.

The study is thus considered to provide a basis for future study in this field and brings about change in local authority perspectives.

CHAPTER TWO:

Literature Review

2.0. Background

This chapter looks critically at the privatisation policies, starting with the examination of underlying perspectives. It questions how successful policy is, whether policies answer peoples needs and includes a look at good and bad points of current privatisation policy, which also evaluated against international versions of policies with the same perspectives.

2.1. Theoretical Framework.

Almost every state has at one stage exhibited a problem of housing. Usually this problem has been expressed in terms of a shortage in a number of formal housing units in relation to the number of available households within a state. Various reasons have been cited for these problems. These include increasingly rapid urbanisation, natural disasters, wars and unfavourable or inadequate government policies. But all governments have expressed commitment to resolve this problem and eradicate homelessness. Governments have approached this commitment to housing delivery in different lights.

2.2. The Housing Delivery Process.

The basic Turner approach to housing is essentially that it is not a “noun” but rather a “verb”. The meaning of housing as cited in Nientied and van der Linden 1988:139, is easily displayed by the role of governments in the delivery process. There are primarily two major thrusts in housing delivery in the world today. By

adopting either of these persuasions, governments have been able to at the least decrease the shortage of housing and reduce the backlog. Some governments have adopted the socialist approach. Often governments combine ideas from both of the approaches and have displayed a level of success. All these approaches have been discussed.

2.3. Socialist Housing Delivery.

This approach to housing calls for the government to take an active role in housing delivery within a country. Socialist countries view housing as being a social right and therefore takes a primary responsibility for the provision (Madonda, 1988).- Madonda goes on to explain that housing is seen as a “social right” and hence a government’s responsibility meaning that all costs incurred in covered by the citizens of the country-taxpayers. MacGuire 1981:139, shows that socialist approach as demonstrated by countries such as the former Union of Soviet Socialist Republic require that citizens only require to contribute minimally to housing and the rest of the cost is carried by the state. The socialist governments are required to demonstrate comprehensive policy outlines that are able to show the roles of the government - at different levels in housing provision. This creates a collective responsibility in response to delivery. Two types of policies - are explained in MacGuire (1991). The first is a ‘selective approach’ and the second is a ‘comprehensive approach’. MacGuire goes on to explain that selective policies will target selected/special groups rather than the entire housing sector within a country, comprehensive policies are non-discriminatory, assistance is targeted at all citizens irrespective of the economic or social backgrounds. Under the socialist approach government often use selective housing policies to target special groups of people, for example, after a war, natural disaster, depression and so on. Once the housing

market stabilises the governments usually revert back to a comprehensive approach which goes on to provide an across the board assistance. An example of this is provided in Madonda (1998) where the Swedish government adopts a comprehensive housing policy that aims at integrating all people within the housing sector. Conversely the Finnish government assists the middle class and the poor citizens, but does nothing for the affluent people.

2.4. Capitalist Approach.

Housing provision in capitalist countries is based on a Free-market model. The fundamental persuasion of the capitalist models is that there is a minimal and sometimes no existent role of government in housing provision. Proponents of capitalist approaches surrender housing process to the private market forces. They believe that it is also up to the consumer to establish the level of housing provision and prices. Housing is thus treated as a commodity, similar to motorcars and furniture. Housing delivery is driven by interplay of supply and demand. All the government does is make sure that the housing market functions smoothly (Madonda, 1998). The approach favours affluent people. The poor are discriminated against because of their socio-economic circumstances and will fail to compete at the market for desirable housing. The poor will occupy houses previously occupied by the rich and will continue to “Filter down” as more affluent people vacate the old houses. Such approaches are used in states such as Canada, United States, Australia (Van Vliet 1990:9).

2. 5. Integrated Housing Delivery.

On analysis of the two previous approaches, one can appreciate that no country can display an absolute application of each theory. From the socialist approach while

the government views housing as being a “social right” and has the responsibility of the state, the state cannot manage to combat the housing problem on its own. Individuals will have to make contributions to enable the government to solve the housing problem. Taking into account that the chief source of government income is taxes, therefore commitment to greater housing drives will demand higher taxes and subsequently people will then be indirectly financing their own housing (Stren, 1988:143)

The capitalist approach points at the Free-market model which takes care of the housing problem, but the market functioned efficiently with the assistance of the government in levelling the playing field for the market to run smoothly. The government has to facilitate the well functioning of the market and is compelled to draft policies - for example, safety and security, zoning laws, labour relations. These will in turn encourage the market to work favourably (Madonda, 1998).

An integrated approach to housing delivery acknowledges the fact that it is a process. It acknowledges that housing is intricate and calls for the combination of efforts from various role-players. It shows that the extent of each role-player role will be determined by the prevailing circumstances within the environment in which it operates. These circumstances are listed as economy of the country, politics, culture, history (Van Vliet 1990).

Furthermore this approach is supported by Turner who argues that the national housing systems of housing provision involves actions of the public sector (the government), the private sector and the popular sector (the users).

2.6. Housing Delivery - An International Experience.

Foreign countries have experienced the problem of housing shortages. The primary reason for this is rapid urbanisation and the failure of governments to adequately respond to this demand.

All countries have, despite their political economies have not limited themselves to a singular view of housing delivery, rather many displaying stark tendencies of all housing delivery models. These countries have to a certain extent show reasonable amounts of success in alleviating housing demand pressures. Examples of these countries are Singapore, Sweden, United Kingdom (Madonda, 1998).

2.7. Privatisation Theory.

Housing reviewed the basic approaches to housing delivery, we can now analyse the theory of privatisation. The theory is a major tenant of a capitalist mode of housing. Privatisation is where load shedding is seen as a solution to reducing state burden with regards to, for example, maintenance of units. This process is not a recent development rather a culmination of pressures placed on various states to reduce their commitment to the housing provision. It is however imperative that both an international and national understanding of privatisation attained, and is required to gauge the exact process and role-players in the South African context.

The theory of privatisation is found in the 'laissez Faire' theory. Central to the laissez Faire is government intervention and market failure. Proponents argue that because of government intervention, the smooth operation of the market is distorted (Lungu, 1998). As cited in Carvenlis (1992), the free-market proponents whose

argument is to the greater extent behind the massive scales of public houses believe that the interventionist state destroys the productive system that it relies on to deliver its promises, which is housing.

Free-market proponents consider the market as being too big and suggest a substitution of the market as a resource allocated instead of government bodies. They advocate reducing the size of the public sector to allow greater capacity for the market to perform and seeks to inhibit government intervention (Lungu, 1998). In most Free-market economic systems, privatisation is seen as a “necessary evil”. When properly instituted it embraces a wide range of policy instruments. Paddison (1988), refers to privatisation as basically a transfer of assets from the state to the private sector. Broadly speaking, privatisation could have four main threads. Foster, (1992:6) outlines them:

- The privatisation of financing a service that continues to be produced by the public sector.
- The privatisation of the production of a service that continues to be financed by the public sector by contracting out.
- Liberalisation, meaning the relaxation of any monopolies or licensing arrangements that prevent private firms from entering markets previously exclusively supplied by public sector.
- Denationalisation and loading shedding of public utilities.

It is in the last category that the concept of privatisation is grouped. It is the load shedding of public assets, namely, the units and the transfer of management functions from state to owner.

The South African government, as cited in Lungu, 1998 is determined to reduce its role in the production sector of rental housing and to achieve this it is selling off its rental units to existing tenant. Paddison (1988) offers these as motivating factors: -

- an increase in economic efficiency
- raise government revenue
- promote distribution and thus political ends.

It will also curb future expenditure and investments in such housing schemes resulting in the new owners being responsible for maintenance.

Central to this study is that a proportion of the population that live in this type of housing, live there because it is presumably the only place they can afford. These families are economically and financially disempowered and can barely meet the cost of every day living. After the transferral process and added financial burden is placed on them, which is a result of various costs this process will bring. Government thus finds itself placing individuals and families in greater financial and social difficulties. Hence the adequate structuring of the privatisation policy that acknowledges the needs of such indigent people is required.

Governments, whatever political persuasion responded to market failure by providing housing by embarking on mass housing delivery processes to alleviate the massive backlog experienced in respective countries. Lungu (1998) points out that like South Africa many other countries have at some point taken steps to reduce the size of their public rental sectors. What is noticeable is that the majority still continues to produce public rental units. The British model is a clear example

of this. Despite wide-national privatisation, the government continues to provide public rental units.

The premise of the capital mode of housing delivery, is the ability of households who are less at an advantage to compete for more desirable housing stock to occupy units that are vacated and filter down as families become more economically empowered so as to move into dwellings of higher standards. This process cannot occur if all public rental units are privatised. The end result will be that people who were at the top of the rental scale may have been ready to move into the bottom end of the privately owned sector and by vacating their units will allow people on the top of the council rental waiting lists to move into the vacant units. Without replacing units, public rental units - the housing shortages would be greatly exacerbated. This results in the governments increased burden to provide more low-income housing units as it is now restricting the filtering down process. Although the South African government has adopted a largely capitalist mode of housing provision with regards to privatisation, it would be advantageous to retain a portion of the public rental sector, which would encourage the filtering process.

Governmental commitment as a permanent housing provider by public rental housing provide low-income people an option to have housing at a time when they cannot cope with ownership and will give them time to become homeowners later on. Lungu (1998) suggests that this does not mean a non-existence of a private housing sector, rather a coexistence of public and private housing markets.

2.8 Advantages and Disadvantages of Public Rental Housing.

The potential advantages and disadvantages of the sale of council housing for the home owner and to the community under the present scheme can be summarised under the following points identified by Boaden (1985: 30-31)

Housing as an investment.

This may present first time homeowners with the opportunities to accumulate wealth through ownership of an appreciating asset. The effects of inflation are reduced. This may however lead to a higher price structure for houses.

Income through subletting.

There is an opportunity to earn additional income with little effort or capital outlay with additional rental accommodation being made available by extensions to existing houses. Homeowners will either take in lodgers or let the whole house out while they move elsewhere. Many households will in fact be forced into subletting in order to afford the monthly bond payments.

Monthly Housing Payments.

The advantages over renting are that bond repayments remain more or less constant whereas house rental is subject to inflation. A negative feature is that some buyers, especially those who do not get a discount or those who forced into buying due to the lack of rental accommodation may over-extend themselves with excessive bond repayments. Unfortunately for these people, rentals are to be substantially increased towards the end of the selling period. For those buyers who get substantial discounts, total monthly housing repayments will be about the same as that for renters.

Security of Tenure.

Tenure rights are strengthened with respect to the dwelling unit. For those who are struggling to pay, however, there is the threat of foreclosure for bond repayment defaulters.

Dependency Issues.

There is a higher degree of control over one's own affair in the transition from a passive recipient of public goods to an active decision-maker. This may lead to greater self-actualisation. On the other hand, dependency on the State now shifts to dependency on the employers and financial institutions. Responsibilities with regard to maintenance and bond repayments are increased.

Neighbourhood Stability and Quality.

The quality of the neighbourhood may improve due to the vested interests of new owners. There will be greater stability as home-owners are less likely to move. At the same time greater neighbourhood decay may result due to neglect of dwellings by absentee landlords.

Class and Political Effects.

A property owning middle class will emerge which will be politically more conservative. This may prove divisive for the community. The advantages to the state is that the creation of a substantial middle class amongst blacks is likely to reduce the possibility of political and social unrest.

Employment and Entrepreneurial Opportunities.

Greater employment opportunities for unskilled workers related to house improvements will result. There is also the opportunity to become involved in home based industries. On the other hand, there will be reduced employment as less mass-housing schemes are carried out by the state.

The Effects on the Work Situation.

There is a greater pressure placed on the individual to retain his job. As a result, job mobility is reduced. The advantages to employers are that they stand to gain a more stable and productive workforce.

Capital Formation in the Low-income Housing Sector.

This may lead to an increase in private sector investment and a possible reduction in public sector investment. Homeownership may release state funds for socially important purposes such as education.

Change in the Supply of Housing.

Privatisation may lead to a greater supply due to private sector participation including home improvements. On the other hand there will be a reduced supply of new rental houses due to government withdrawal and a reduced supply of existing rental housing.

Mobility and Choice.

The geographical mobility of a person and the housing choice he has may be considerably enhanced through homeownership. The process of filtering (discussed earlier) plays an important part in determining the level of choice. While it is true

that in the long term the present selling scheme will result in greater mobility and choice, this will be attained at considerable cost to both potential renters and owners insofar as housing will be far more expensive in the years ahead as a result of the selling scheme. The position facing the very poor with respect to mobility and choice will probably remain unchanged.

Status.

Purchase of a house will result in greater status for homeowners, greater creditworthiness and improvement in neighbourhood status where high proportions are owner-occupiers. Conversely, there will be a reduction in neighbourhood status where there are a high percentage of absentee landlords.

Equity Issues.

With the sale of council housing, there is a possibility of persons presently without housing and future generations being permanently excluded from access to housing. Sitting tenants benefit from the discount price (a form of subsidisation) while those without housing do not.

Coercion and Choice.

The discount offer on house prices for a limited period and the announcement that rentals will be substantially increased introduces an element of coercion.

Analysis of the results of the case study will show if the above factors have emerged in that particular council housing estate.

Policies, which were geared towards facilitating the accumulation process at one stage, may become barriers to accumulation at another. This forces major

restructuring. It may be argued that housing policy in South Africa has been geared towards the needs of the system of racially based capital accumulation. These requirements changed from a state where the object was to ensure the continued availability of cheap black labour while simultaneously preventing the development of housing forms which would legitimise the rights of the bulk of South Africans to live and work in most of their own country to one aimed at co-opting an elite of skilled educated black labour. The advantages and disadvantages (depending on one's point of view) of the council house sales for the individual households and the community were discussed.

2.9. Housing policy in South Africa.

It is almost impossible to discuss housing provision and settlement patterns in South Africa without going into much detail about the evolution of the Apartheid State. In his article on housing policy in South Africa, Soussan (1984:201) asserts that the notion of separate development is central to apartheid philosophy and the development of South Africa's mechanisms of labour control and racial repression have to a great extent centred upon the manipulation of residential location. Manipulation and control of all aspects of the living environment by the state has been one of central mechanisms through which apartheid ideology has been translated into specific strategies of social control. Theorists explaining housing policy in South Africa would make reference to a dialectic between ideology and settlement structures which revolves around the two central dimensions of apartheid: the labour requirement of the capitalist mode of production and the maintenance of white supremacy in all aspects of the economy and society. There are, inevitably, contradictions between these two interests and this has been reflected in spatial and housing policies. These were at one time designed to ensure

the continued availability of cheap black labour and yet prevent the development of housing forms which would in any way legitimise the rights of the bulk of South African people to live and work in most of their own country.

Prior to the 1980's the state was involved in low income housing provision. This took the form of rental housing with rent subsidies according to income criteria. Local authorities originally built houses with money borrowed from the National housing Commission. State involvement in housing is most visible in the thousands of prefabricated 51/6 and 51/9 houses in black townships dating from the mass construction period of the 1950's and 1960's. Analysis of these policies indicate that the state was not accepting the permanency of the urban black working class and was enforcing low levels of subsistence. The intention was to regulate the number of people in the cities, sufficient for the labour requirements of industrial capital. When the needs of capital changed to one for workers with greater skill and supervisory capacity and a higher degree of education the policies were aimed at fostering the growth of a stable and privileged labour aristocracy to minister to the needs of industry and to divide the working class by distinguishing between those with urban rights and those without.

State involvement in Coloured and Indian housing is mainly in the form of economic and sub-economic units for low-income people. Many people have ended up in state-provided housing because of clearances under the Slum act in the 1930's and 1940's and the evictions under the Group Areas Act. It is these houses which are now being sold to sitting tenants.

The history of changes in housing policy in South Africa is well documented (Morris, 1981, Hendler, Mabin and Parnell, 1986) but for reasons of brevity the

emphasis here is on the sale of council housing. Most important is the fact that programmes and policies, which facilitate the accumulation process at one point, may become barriers later, forcing major restructuring (Harvey, 1982:394). A cursory examination of current housing policy sees the state apparently withdrawing from the sphere of reproduction and from its role as a highly visible landlord in the townships. This can be linked to the commodification of housing in South Africa (Mabin and Parnell, 1983) and strategies aimed at co-opting an elite of skilled, educated black labour and permitting their fuller integration into the capitalist sector and at significantly lessening levels of state expenditure on and responsibility for black housing and service provision.

Recommodification of housing is a move from state provision of housing to purchasing or renting on the open market like any other commodity. Mabin (cited in Mabin and Parnell, 1983:149) sees three phases of recommodifying housing in South Africa since the late 1960's:

1. The state simply ceased its direct involvement in the construction of urban housing, forcing thousands to provide their own housing.
2. Local authorities began to plan and manage new housing schemes for sale instead of rental.
3. The state has begun to sell its existing rental housing stock.

Soussan (1984:202) sees these policies embroiled with rhetoric concerning the desirability of free enterprise principles in the provision of housing, the need to curtail the role of the state and the potential of "self help" in the provision of housing. At the time, the calls to recognise the need for a stable

black element in the cities and to give this section of the population a stake in the White South Africa could not be seen as reforms but as strategies to accommodate the changing labour requirements of the capitalist sector.

Following on from the discussion of the economic theories of the “new right” in South Africa, one could interpret the current housing strategy in the following ways:

While appearing to withdraw from the sphere of reproduction, the state has in fact taken major steps towards a conscious strategy which has as one of its aims the inculcation of the idea that the market is the main organising principle in society, that the consumer is sovereign and that competition is the driving force. If the market is seen as being responsible for housing allocation and the determining of rents instead of the state, potential mobilisation around housing issues is defused. Upgrading projects in townships, which were once very active politically, is an attempt at conservatising volatile settlements and winning popular support.

The weak economic position of the country, a lingering recession, increased security spending and the inability, at the time, to raise overseas funding had forced the state to rid itself of its burdens by shedding them onto the market. This had led to denationalisation and loadshedding. The sale of council housing is clearly a part of latter strategy. Related strategies are those which encourage private developers to become involved with black housing development and to encourage building societies to become more involved in the financing thereof. The establishment of non-profit utility companies and the establishment of special trusts and funds to provide cheaper finance for low-cost housing complements this strategy as well as the reduction of housing standards to allow for cheaper housing to be built. Relaxing regulation to allow private companies and utility companies to buy up

land in black areas for development and the relaxation of building standards so that cheaper housing can be built and can be seen as a component of liberalisation.

People are also been encouraged to build their own houses through self-help schemes and the provision of surveyed and serviced sites. This could be interpreted as a move towards:

- a) Reducing the welfare stigma that mass housing projects have acquired;
- b) Reducing the degree to which the state is seen as responsible for the provision of shelter and
- c) Encouraging individuals and families to take responsibility for their own Welfare (in this instance, the provision of basic shelter).

Council house sales are aimed at stimulating the formation of a black residential market and to rid the state and municipalities from the burden of maintaining and administering mass housing schemes, and are a way to gain revenue. The attempts to promote working class homeownership can also be interpreted as an attempt to conservatise the townships and to create further class divisions and a myriad of different factions with differing interests so as to reduce the possibility of mass political action.

2.10. Public Housing

This type of housing can be defined as housing that operates on a non-profit basis and may receive some form of subsidy from government but without direct governmental intervention in either managing or maintaining this housing, (U.S.N.

policy paper, 1995). Public housing has certain defining characteristics, which are as follows:

- Social housing should be affordable and remain affordable.
- It should promote integration and non-discrimination on racial, gender, or any other grounds.
- Where tenure is changed to individual Freehold then it ceases to be social housing (U.S.N. policy paper, 1995).

Public rental housing is often perceived as a method of providing decent living conditions for urban poor. In recent years, however, its effectiveness has been questioned as public housing is now seen as only a method of providing houses and not a method of addressing urban poverty and poor living conditions.

It is for this critique that governments have largely opted to reduce rental housing stock and privatise the existing stock.

2.10.1. Privatisation in the International Arena

As discussed earlier, a government commitment to housing provision is largely dependent on its political persuasion and resources available. This activity however often becomes extremely expensive to maintain, which ultimately results in government's reluctance to intervene, (Mcguire 1981). Hence governments the world over have resorted to privatisation of their public rental stock.

The recent critique of public rental housing has gained momentum. Most of these criticisms are related to the cost incurred ultimately by the tax-payer. They propagate that tenants are over-subsidised and cosseted members of society (Lansley, 1982). They call for a total reduction of public rental stock saying that the sale of rental houses will reduce the local government's commitment to housing.

Public housing has been internationally criticised. In European countries it was able to meet the housing requirements after the World Wars. Presently it is perceived to have outlived its purposes. Particular to Western capitalist countries, is a national move towards home ownership and owner occupier status. As cited in Lungu 1998, the failure of rental housing is attributed to poor management and bureaucracies that lead to badly maintained stock.

Council tenants often due to having feelings of resentment towards the state and then refuses to invest in housing maintenance and improvement. The tenants no longer view housing maintenance as their responsibility (Ward, 1974). This sort of disinterest leads eventually to an increased burden on the state.

Ward's assumption have to an extent been disproved. It was found that there are no feelings of resentment towards the state provided the units were properly maintained and not neglected. Tenants in properly maintained units were happy and satisfied (Murie and

Forrest 1991). So, properly maintained units have more cohesive communities and are more willing to be home-owners.

International experiences of public housing show a desire to remain out of debt. Low income families need not concentrate on large loans repayments rather on impairing other aspects of family living. Public rental housing is thus amongst the affordable options of housing. (Lungu, 1998).

Changing family circumstances bear testimony to choices of home-ownership. Home-ownership should be encouraged for those who are willing and want to become home-owners. Forrest and Murie, (1991), continue, that public rental housing should be kept available for special needs tenants. These include widows, young couples, widows, etc.

Opponents to public rental housing have shown that tenants suffer from an ever increasing rent and ever declining standard of maintenance, from an ever more remote landlord, (Lungu, 1998). This has caused public rental housing to be labelled with a stigma of poverty and minority. "Society has victimised its inhabitants by stigmatising them with ugliness..." Ward, (1974:19) Ward says that this is one of the reasons why there is a tendency to consider house ownership as something worth having and struggling for. He adds that it gives one strength and self confidence.

Other opponents like Saunders (1990), argue that it is not public housing that they are against but rather the options of 'renting' itself whether in the private or public sector. He argues that landlords exploit tenants. Home-ownership should be encouraged. Saunders argues that, "over time the tenants pay all the costs of making and maintaining the house that they live in while their land-lords take rent above these costs and also pay any capital gains which come with urban growth and rising property price. Over their life times many tenants pay for their housing several times over and their rents already buy and their rents already buy and maintain it and provide profit for their landlords."

Critics of home-owners like Kemeny (1981) argue that, home ownership is more complex and does not have all the motivation that privatisation advocates. In particular he argues that the scarcity of rental housing will result in forcing people to own property rather than rent. This might not be in the best interest of people. A solution to this situation is to allow families to choose to either rent or buy, depending on the option that they are best suited to. He adds that the options of renting or buying should not be compared where one is regarded as a superior option. Rather the choice to either rent or buy should be based on family circumstances.

The housing sector is divided into three categories of people. Ward (1974), identifies them as follows:

* The first category as being those who try their utmost to acquire property by putting all their savings towards housing investments, home-ownership is its top priority, these are generally those in the middle and higher income categories of people.

* The second category does not think about owning property at all as it is beyond their possibilities and so rely on the rental sector. This includes the low income group whom without financial assistance from the government is unable to purchase any housing.

* The third category is that of people who reject home-ownership outright as undesirable.

Public rental housing accommodates the second and third categories of people . Lungu, (1998) argues that public rental housing should for this reason be continued even if it is at a limited scale. She goes on to add that a government's commitment to this sector is dependent on how many people belong to the second and third category. Often this varies from country to country.

Because of assumptions of critics of public rental housing, the consequence has been an international move away from public rental housing. This has been replaced with framework that facilitates more transferrals of title to home-owners. Yet countries have still opted to maintain a public rental sector albeit on a small scale.

It has been argued that the sale of council housing would lead to a redistribution of wealth towards those who have the least wealth

(Lungu 1998). Further it is argued that it offers an opportunity to people who ordinarily will not be able to purchase a house in a normal functioning market system.

This sort of argument is fundamentally capitalist. It promotes private property ownership. However, Forrest (1985) argues that the growth of private ownership has been held to have a fragmentation effect on the working class solidarity and is seen to be counter to the revolution. He says that although it enhances consumer consumption power, it does not confer social and economic power.

This will not then mean that a nation of home-owners would not necessarily mean a redistribution of wealth. Rather, the redistribution of wealth would apply to younger tenants who are able to afford. This will lead to increased over-crowding and homelessness. Finally, Lansley, (1982) argues that local authorities will be faced with a situation where divisions are heightened and social economic isolation encouraged.

2.11. Social Housing in the South African Context

In order to gain the proper perspective of social housing in South Africa, it is important to fully understand the background of social housing and the various contributing factors. Further the role players need to be identified so as to clearly define their roles.

Lungu (1998), details the role players as namely the state, local authority and the tenant.

* It is the state's responsibility to provide the finance often in the form of loans for the development of social housing. Usually this is in the form of public rental housing. Further it outlines the guides by which the local authority is involved by institutional arrangement such as policy and legislation.

* Secondly, the local authority acquires the money i.e. the loans and develops the houses. Their role is much of developer and landlord.

* The tenant rents a house in the public rental sector from the local authority and she/he pays for the costs of developing and administrating the townships in the form of rental.

The investment in public rental housing in South Africa lasted a period of approximately fifty years. Central government advanced loans to local authorities and this made construction possible. The state has effectively stopped providing loans to local authorities which in turn halted any further construction.

During the 1920's and 1930's the state provided accommodation was primarily in the form of low income formal housing. After 1948, the smooth running of the labour system sparked a mass housing campaign. By the 1970's, however, a change in political

economic imperatives imposed on state necessitated a shift away from housing expenditure. This trend continued through the 1980's with an emphasis on the privatisation of housing (Forster, 1992).

The determination of the level of rental components are controlled by the City Council and is on the basis of their respective expenditure being recoverable up to a certain limit set up by the state. Thus in this way the local authorities recover most of their expenditure. Yet one of the major reasons why the state opted for wide scale privatisation has been escalating administrative cost. (Lungu, 1998).

Rentals are below the market rates, to assist tenants who are ideally supposed to be earning below R1200.00 per month. It is also important to outline a breakdown of the way in which rentals are calculated.

The state provides a loan for the development of public housing. The local authority develops the public housing scheme or township and also administers the township. The costs of developing and administering the township are recovered from the tenant, occupying a house in the township in the form of rents.

Hence, rents are made up of two major components:

- * Interest and Redemption: the repayment of the loan used to develop the house and interest on the loan; and

* Service Charges: to cover the cost of administering the township. This includes the costs incurred by the local authority for administration of the township, insurance of the houses, maintenance of the houses, wages stores and materials, land rent, loss of rent, provision of community facilities, communal lights and water and rates.

INTEREST AND REDEMPTION

Interest and redemption is made up of:

- * the capital charges, which is the cost of the land, the servicing of the land, the construction of houses and the capitalised interest for the period of construction of the township; and
- * the interest that is charged on the repayment of the loan.

The government charged a differentiated interest rate dependent on the income of the tenant. This was linked to the original cost of the house. In 1987, this was charged so that the total interest and redemption payment is a percentage of the income of the tenant, irrespective of the cost of the house. The maximum that can be paid for interest and redemption is the standard rent, which is the calculation of interest and redemption at current market interest rates based on the revalued cost of the house.

SERVICE CHARGES

ADMINISTRATION COSTS

The costs incurred by the local authority in administering the township e.g. operating the rent office, sending out rent bills, paying for the City Treasurer's time, etc.

The DCC operates an Administration Equalisation Account to which all annual under or over recoveries are transferred and taken into account when assessing future rates to be charged to tenants. In the past, the Housing Code stipulated the amount that a local authority could charge for administration costs, but this constraint on the local authorities was removed by circular 9 of 1983. This allows the DCC to recover administration costs in full.

INSURANCE

The local authority insures the land and house to protect its asset against fire, floods, etc. The insurance does not cover the contents of the house; hence the tenant receives no compensation for his or her belongings in the case of floods, etc. The local authority is allowed to charge this component in accordance with current insurance premiums.

MAINTENANCE

The maintenance of the houses, e.g. fixing cracks in walls, plumbing, etc., is the responsibility of the local authority. The

tenant is charged a monthly contribution for maintenance which, up to 1983, was based on the original cost of the house. Circular 9 of 1983 changed this so that the contribution could be based on the revalued cost of the house. This contribution is put into a Maintenance Reserve Fund by the local authority. The local authority draws on this fund, as it needs the money.

LAND RENTAL

In the case of public housing schemes built on council owned land, the state did not provide money for the cost of the land. The council recovered its costs through a land rent levied to tenants. This was based on the income of the tenant and the municipal valuation of the land. In 1987 the state decided to pay off the local authority for the cost of the land. This meant that the cost is now a capital cost of that project and included as a capital charge for other projects. Therefore, as from the 1988 rental review, land rent is no longer a component of rent.

WAGES, STORES AND MATERIALS

This component includes those expenses, which are not met by the administration component of rent. They may include labourer's wages, ground maintenance, stores and materials and refuse bins. These expenses can be recovered in full by the local authority.

LOSS OF RENTS

The local authority loses money from the non-payment of rents in several instances:

- * by people who cannot pay their rents because they cannot afford them;
- * from unoccupied newly built houses which have not been allocated;
- * Where tenants have moved out.

These losses are recovered from the tenant through monthly contributions which are transferred to a Loss of Rental Provision Account. The Council draws on this Account as it meets money. The state stipulated that this contribution could not exceed one-twelfth of the rental income derived from interest and redemption, administration, insurance, maintenance, wages stores and materials and land rent. In 1987, this was changed to exclude interest and redemption from the calculation. The DCC charges 5% of the stipulated amount.

COMMUNITY FACILITIES

Prior to 1974, the provision of community facilities was the responsibility of the local authority. In 1974, the state stipulated that each local authority create a Community Facilities Fund for each housing scheme that it was operating. The provision of the

following facilities was to be made part of the development of the township - community halls, swimming pools, playlots, sportsfields, libraries, clinics, etc.

The money for the community facilities was to be drawn from the following sources:

- * 1% community facilities levy on rent from leased units;
- * any future sale of units - 5% paid into the Fund;
- * profits made on the sale of land;
- * old schemes for which the loans were paid off, the redemption to be paid into the Fund.

MUNICIPAL CHARGES (MUNICIPAL RATES AND COMMUNAL LIGHTS AND WATER)

The local authority as the owner of the land and house, has to pay rates like all other property owners in the city. The local authority recovers this cost from the tenant.

For those tenants having communal taps (e.g. taps outside blocks of flats) and communal lighting (e.g. lights on the stairways in flats), these costs are assessed on the basis of usage by tenants by block of flats. These costs have to be shared by the tenants.

2.11. Public Housing in Developing Countries.

In most cases, developing countries have experienced relatively the same course as each other. This experience will prove to be valuable in the formation of future policy development, as South Africa is still largely a developing country.

It is still not possible to literally transferee policies from other developing countries. Often, the socio-economic profile of countries limit the transferable of policies. Hence it is important that we can analyse policy changes in countries and extract lessons pertinent to the South African experience.

Watson (1996) shows us the basic trend in housing development in African developing countries. The catalyst for this development was primarily for their independence from the colonial rulers. Housing problems emerged as a result of rapid urbanisation, growing urban poverty, dilapidated housing and exploitative landlords (Lungu, 1998). Governments often adopted a policy of construction of public rental housing to accommodate people and encourage them contraction companies to build public rental housing. Political persuasions dictated housing provision by governments. Communist and Socialist government favoured large scale Formal rental programmes. Watson, 1996 cites other countries as Egypt and Nigeria as countries that have also

embarked on large ambitious public rental housing programmes, but also moved away from this provision.

Recent research has shown that while government provision of public rental is extremely low, the number of people in any form of rental accommodation in major cities of developing countries has increased (Watson, 1996). He notes that in some cities it is the major form of tenure. This resulted in calls for the reincorporating of public rental housing into national housing policies.

This is an important fact that needs to be investigated by those who proposed complete disintegration of public rental housing in South Africa. The demand for public rental housing in the international arena is on the increase as a similar trend is apparent in South Africa. Lungu (1998), describes it as a continued need for public rental housing.

A further point noted by Lungu (1998) was the fact that in mass housing drives embarked on by governments on scheme entailed providing serviced sites for low income people to consolidate. These turned out to be an extremely expensive practice. Also, the location of these sites were not often very desirable. This led to homeowners providing shelter in their own houses, or backyard extensions and renting them out. There is a growing demand for this sort of formal rental housing, largely due to the privatisation of rental housing.

The lesson from this sort of analysis is that with all of the poor experiences of privatisation in other developing countries, how can South Africa respond to the need for rental housing and avoid the ill experience of the other developing countries. Lungu, 1998 propagates that it would not be by providing a large range of housing options, because public rental has proved to be a popular choice. It can then be assumed a properly managed public rental housing scheme should not be excluded from housing provision strategies.

2.12. Privatisation of Public Rental Stock in South Africa.

Following governments' efforts to privatise the public rental stock in South Africa, the Extended Discount Benefits Scheme was introduced in 1993. The scheme allowed tenants the ability to purchase the state rental housing units at a discount price of a maximum of 7500 rands of the listed selling price. Should the selling price be 7500 rands or less the discount is limited to the lesser amount and the purchaser is able to acquire the unit without making a further contribution. On the other hand if the price exceeds 7500 rands, the purchaser will be required to pay the excess. The extended discount benefit scheme is available for all

persons who are existing tenants in occupation, (Provincial Housing Board document, 1996).

The 7500 rands benefit scheme was launched by the state in order to promote home ownership. Pre-existing debts owed to the local authority by the purchaser were written off. Further, the tenants who elect not to purchase their rented properties with the benefit of the discount schemes for whatever reasons, will be entitled to remain in occupation in terms of existing rental contracts but will be subject to an immediate increase in rentals that will take place in effort to urge tenants to buy their units, (Durban City Council Report, 1996)

This scheme was not in place until 1998, after which all existing tenants will have to pay rentals at going market prices. Government would no longer subsidise rentals. In order to accommodate the numbers of tenants who missed the chance to buy units, for whatever reasons, government have decided to extend the period of the extended benefit scheme for one year. By December 1999 the remaining tenants who did not buy their units would have to purchase their units at full market related values should their wish to.

Local authorities were left to ensure that all units were sold off before the scheme was discontinued. Implementation of the scheme was entrusted to the local authority who was to ensure

proper education about the scheme to beneficiaries. The survey also investigated the public awareness of the scheme and their willingness to use it.

This scheme in essence coerces people to purchase the units, failing which they face a steady hike in rentals, resulting in many families being threatened with evictions due to their failure to meet the high rental costs. Naidoo (1993) suggests that the majority of the aged, unemployed and single parent families are prevalent in this sector, and to expect them to compete in an open market is beyond their financial means. This study is based on this premise. The resistance to the privatisation process as discussed earlier stems from the complete withdrawal of the government in any form of subsidised housing. It is further noted that despite the evident need for subsidised public housing, the government has reacted contrary to this situation.

Should tenants decide to purchase their units, they are required to simultaneously secure any outstanding housing debts by means of a mortgage bond. Local authorities are expected to assist tenants to obtain mortgage bonds or loans from financial institutions, employers or other sources (Lungu, 1998). Should circumstances not allow access to credit facilities, authorities extend credit by allowing repayments over periods that are appropriate. Interest rates were related to the market rates, (Durban Council Report, 1996:14). No stipulation is made as to how low the incomes will be

for those tenants who are provided with bonds from the local authorities themselves. It is clear however that Financial Institutions themselves are unlikely to be willing to provide bonds to people who are already in rental arrears and are sure to only worsen their debt should they allow further access to credit.

Studies show that a substantial number of households below 3500 rands are unable to afford home ownership as bond repayments are too costly for them. Coupled with this is the absence of adequate financing for those who wish to have home ownership it is important that the option of public rental housing exist for them which are much cheaper and affordable than homeownership.

With the eradication of the public rental housing sector altogether, the government hopes that the capital subsidy scheme will provide adequately for the required housing opportunities. Further it is trusting the private rental sector to provide a substantial amount of opportunities so as to decrease the backlog. Critics of the capital subsidy scheme say it fails to deliver at a fast enough pace. Studies already reflect inadequacies.

Theoretically the subsidy scheme seeks to address the inequalities of the apartheid era by applying a one off capital scheme that which in fact is subsidising housing and service provision for previously disadvantaged classes. This is in hope of promoting

homeownership, by pulling out of subsidised housing provision of public rental housing.

The allocation of funding between different low income groups display inequality. Higher income categories are favoured over lower income earners because of their capacity to gain credit at Financial Institutions and hence the target of private sector developer's projects. The result of this is that the low income earning public shall still remain without any form of housing provision (Lungu, 1998). This is worsened by the fact that the government has removed another housing alternative by its decision to stop public rental housing.

The failure of the capital subsidy scheme entails that the main drive of the current housing policy is failing and hence the government must rethink the stances that they have taken in the housing policy. The state has identified several reasons why they perceive public rental housing as having failed and hence why they have moved away from being a provider of rental housing.

Research into literature reveals that policy on rental housing has highlighted problems faced by governments when they embarked on public rental housing schemes. Watson (1996:3) states these as to be "the slow rate of housing delivery relative to demand, a growing gap between income and expenditure on rental stock, difficulty in evicting non-paying tenants, downgrading of rental

stock by the middle income groups and costly and inefficient administrative systems.”

Low rentals were maintained by the state not because these housing opportunities were seen as social housing but because of the resistance shown by tenants to pay higher rentals. Building maintenance costs escalated and administration costs high, at the same time government subsidies decreased. This made public rental stock economically unrealistic. The state also trusted capital subsidy scheme as a fundamental way to access housing.

One of the fundamental factors motivating the state toward privatisation is the fact that it is financially constrained to continue maintaining the units to an acceptable level of repair. Privatisation in essence is a method in which the state can shed the burden of keeping up the state of repair of units and transfer the responsibility of maintenance to the purchasing individual. This is also why tenants are encouraged to purchase the units, or should they wish not to purchase, they would face major rental increments.

The past and present political situation has a great deal of influence on the payment of rentals and recovery from non-paying individuals. Often tenants withheld payments for political reasons, thereby ensuring that rentals be kept as low as possible. This in turn placed an increased financial burden on local authorities to keep the running of rental units financially afloat. In the latter years

of apartheid rent boycotts were a common occurrence, these were massive group actions to undermine the government.

These are broadly the reasons why governments have chosen large scale privatisation. Lungu, (1998) suggests that the South African government has in fact hastily embarked on this plan and should draw lessons from other countries that have embarked on similar privatisation plans - by maintaining some public rental stock provision.

Watson, (1996) illustrates the policy documents of India, and how they recognised the important role of public rental housing for new migrants and urban poor. The Indian government has proposed new schemes for a renewed public rental housing programmes. The United Nations has also come out in support of these programmes, “particularly for the low income groups it is now accepted that the promotion of rental housing is an effective way of expanding options for shelter and should therefore attract high priority emphasis in the design of comprehensive shelter strategies,” (Watson, 1996:7). The United Nations has thus concluded that all governments should ‘rethink privatisation policies and devise strategies for rental housing’.

The failures of rental housing are realistic, however policy should not be directed to eradicating rental housing rather solving the addressing the issues that plague the public rental housing process.

Ideally a single mode of delivery should not be investigated rather a proportion of different mode of delivery.

2.13. Mass Privatisation and Choice

There has been a proven need for some sort of rental housing provision, whether by state or the private rental sector. This private rental sector has a vital role to play as an alternative housing opportunity provider. This sector however provides a service for a higher income earners as excluded the majority of the public sector renters. They simply cannot afford it. The great demand for lower income private sector rentals have led to substandard accommodations such as backyard one room extensions, Lungu (1998).

Watson (1996), points out that this sort of rental accommodation has played an important role in rental provision for urban poor, in developing countries. These “backyard” extensions are generally on the same property as the landlords. She goes on to show that landlords do not use this sort of income as a return on their investment rather a supplement to their income. She also points out that this sort of income will be on the increase should public rental housing not exist. There are no formal contracts drawn up between the tenants and the landlords. As a result the tenants live at the mercy of the landlords are not at liberty to introduce rent hikes at their discretion.

This is translated into no security of tenure and tenants live in constant fear of evictions. These private rental housing opportunities however, are still not able to provide adequate rental housing provisions so as to satisfy the need that there is.

The public offers good locations, low rents and high level of security of tenure and these alone will ensure the demand for it especially from those at the lower end of the income spectrum.

Kemeney (1981), records home ownership as the most rewarding form of house tenure. He describes it as satisfying a deep and natural desire on the part of the householder to have independent control of the home that shelters him and his family. He also attempts to prove that it is a superior form of housing tenure - above rental housing. He cites reasons such as the willingness to improve their housing stock.

The question thus arises as to why tenants not choose to purchase their units and enter a new form of tenure-ownership. Foster (1992), shows various reasons why such willingness does not appear. He describes them as marginalised groups such as unemployed, migrants, disabled, very low income brackets and families with erratic incomes. She argues that this financial restriction requires them to rely on other forms or modes of housing delivery. This is more likely in the publicrental housing sector.

Public rental housing sector can also show importance in the choice of housing provision by means of which they appeal to. Lungu (1998), categorises people in three groupings, namely:

Permanent people.

These people who regard privatisation as an opportunity to become home owners and the chance to purchase this unit cannot be surpassed. They can be regarded as people who do not wish to move and are more or less permanent dwellers.

The second and third group of people are regarded as non-permanent and are the stabilised and temporary people. These are migrant labourers and people who return to their homelands after a few years of work.

Public rental units offer a cheap, safe and physically liveable environment in urban areas, especially in the case of migrant labourers. Also, these people are on the bottom end of earners and find it difficult to access better housing opportunities. The private sector is often too expensive and the public rental housing opportunities provide better opportunities for them.

The eradication of public rental stock will limit the choice of these people to the extent that they would now find it more difficult to access better housing opportunities. It would be easier to move

about looking for work knowing that they are assured a non-permanent housing opportunity.

2.14. Relationship to Hypothesis

From the review undertaken it would appear that there is some substance to the research question and that from the theoretical basis there is room for some interesting investigation to be carried out regarding the privatisation policy of the Durban Metropolitan Council. This sort of investigation is imperative in order to plot a way forward, ensuring minimal resistance to this process and a smooth transferral.

CHAPTER THREE.

3.0 INTRODUCTION:

This chapter deals with the analysis of the findings from the research which was undertaken in the study areas, Kwa-Mashu and Bayview. The findings were done primarily through a questionnaire survey. Other information was gathered through interviewing some key people who are directly involved in the privatisation process.

Therefore, the purpose of this chapter is to report on findings, interpret the findings, draw conclusions from those findings and link up with the theories and concepts underpinning this study. Finally, the extent to which these findings agree or disagree with the hypothesis will be analysed.

The research methodology to elicit information about the area was done under different aspects. Firstly the interviews with the residents to establish their perception of the areas with regard to privatisation and satisfaction was done. Secondly, a series of interviews with key people who are directly involved in the implementation of privatisation of the areas was conducted.

3.1. BACKGROUND OF STUDY AREAS:

KWA-MASHU:

This area was developed initially in the late 1960's during the inception of apartheid's separate development planning. The purpose of such developments was primarily to house blacks that worked in and around

central Durban and surrounding areas. Kwa-Mashu is located at the outskirts of Durban and is approximately a thirty minute drive from central Durban. Even to this day Kwa-Mashu is predominantly a zone for blacks.

Kwa-Mashu is subdivided in twelve sub-sections. These divisions are informal and are not recognised by the council but rather by the residents. In assessing the need for public housing, the Provincial Housing board provided approximately (4750) four thousand seven hundred and fifty public houses. The typology was generally flats but included row housing, duplexes and free standing units. Presently the units are almost completely been transferred to the sitting tenants. Previously the Provincial Housing board was completely responsible for the maintenance and administration of the units. They also catered for any problems that might have arisen. For the purpose of the study, the section was analysed.

BAYVIEW:

Bayview, much like Kwa-Mashu came into being in the late 1960's and early 1970's. Like other places that housed non-white classes, it too was on the outskirts of Durban. Bayview is a suburb in the greater Chatsworth area and falls in the jurisdiction of the Durban Metropolitan Area.

Bayview is a small area within Chatsworth but has 40% of the total number of rental units in Chatsworth. Further it is the area that experienced the greatest amount of resistance to the privatisation process.

Bayview has approximately 2500 public units that was eligible for transfer. Almost all the units have been successfully transferred.

Despite the vast area and sheer number of units, the type of housing units are basically the same. They are four storey flat units and each unit basically made up of either one or two bedrooms, lounge, kitchen and bathroom. Following the councils failed attempt to form body corporate the decision to sell off the units was made. The flats belong to the Durban Metropolitan Council and so all maintenance and administration was their responsibility.

3.2. DATA ANALYSIS:

The analysis and interpretation of this study has been illustrated with the use of bar charts and tables.

The questionnaire was divided into three main sections which are themselves intertwined. The first section deals with the personal profile of the residents. The purpose of this section was to establish the socio-demographic background of the respondents. The second section deals with the history of the residents and their willingness to purchase or resist the transferral process.

The motive behind such a section was to establish various reasons which made people resist the privatisation process. Included in this section is the nature of choice that was offered to the tenants of Kwa-Mashu and Bayview. The third and last section of the questionnaire focuses on the residents' perception of the residential area, and the dwelling unit. It also deals partly with the notion of housing satisfaction.

TABLE 1A : RESPONSES BASED ON GENDER DIFFERENCES

CATERGORY	NO. OF RESP.	PERCENTAGE
MALE	135	67.5
FEMALE	65	32.5
TOTAL	200	100%

SOURCE: FIELD SURVEY, 2000

It is important to give this picture about the structure of the respondents which were surveyed, so as to prove, that the survey was balanced or not with regard to considering various types of respondents. According to the above table, the percentage of male respondents is higher than that of the female respondents. Male respondents account for 67,5% of the respondents, while females 32,5%. This shows that there wasn't an equal balance in the gender analysis.

This finding is the converse to the international literature that suggests that marginalised groups such as widows, single men and women, divorcees, etc. tend to dominate public rental housing. This is not the fact in both areas studied. Furthermore, it was noted that the majority of the respondents were ordinary married couples and nuclear families. So we find that South African rental housing sector is being dominated by historically disadvantaged individuals.

The following set of analysis of questions relates to the socio-demographic and economic section of the respondents as it has been highlighted earlier on.

TABLE 2A: AGE, MARITAL STATUS AND LEVEL OF EDUCATION OF RESIDENTS IN KWA MASHU.

AGE CATERGORY	%	MARITAL STATUS	%	LEVEL OF EDUCATION	%
< 25 years	7.5	Married	55	Primary	66
25 – 35 years	35	Single	32.5	Secondary	20
35 – 45 years	42.5	Widow/widower	0	Tertiary	6
45 – 55 years	10	Divorced	12.5	Other	8
> 55 years	5	Other	0		
TOTAL	100%	TOTAL	100%	TOTAL	100%

SOURCE: FIELD SURVEY, 2000

TABLE 2B: AGE, MARITAL STATUS AND LEVEL OF EDUCATION OF RESIDENTS IN BAYVIEW.

AGE CATERGORY	%	MARITAL STATUS	%	LEVEL OF EDUCATION	%
< 25 years	9.5	Married	50	Primary	71
25 – 35 years	32	Single	19	Secondary	11
35 – 45 years	43.5	Widow/widower	0	Tertiary	3
45 – 55 years	9	Divorced	12	Other	15
> 55 years	8	Other	0		
TOTAL	100%	TOTAL	100%	TOTAL	100%

SOURCE: FIELD SURVEY, 2000

The above tables include three important issues about the profile of the residents of Kwa-Mashu and Bayview. It includes all three aspects, which are social, economic and demographic data of those residents. From the sample undertaken with regard to age, it shows that 42,5% in Kwa-Mashu

and 43,5% in Bayview, which is the majority of the residents in the areas, are between the age category of 35-45 years. The second largest category according to age is that of 25-35 years which has 35% in Kwa-Mashu and 32% in Bayview. These categories are in turn followed by the category of less than 25 years with 7,5% in Kwa-Mashu and 9,5% in Bayview. The final category is that of more than 55 years old which recorded the results 5% in Kwa-Mashu and 8% in Bayview.

Furthermore, the tables provide an analysis of the marital status of the residents. In the sample population, the married people make up the largest percentage (50% in Kwa-Mashu and 54% in Bayview). This is followed by the other categories.

The question on the type of education that the respondents acquired was also asked in order to establish the literacy level of the Kwa-Mashu and Bayview residents. The variables that we used to measure the level of education ranged from primary education, secondary education to tertiary education. There was also a category which dealt with the “other” in the case of the respondents who did not fit in the above categories.

The results indicate that the majority of the respondents were primary educated with 66% in Kwa-Mashu and 71 in Bayview. Secondary education recorded 20% in Kwa-Mashu and 11% in Bayview. A small percentage of respondents were recorded with tertiary education. Many did not complete their studies.

The question which relates to the composition of the heads of the households was asked from respondents.

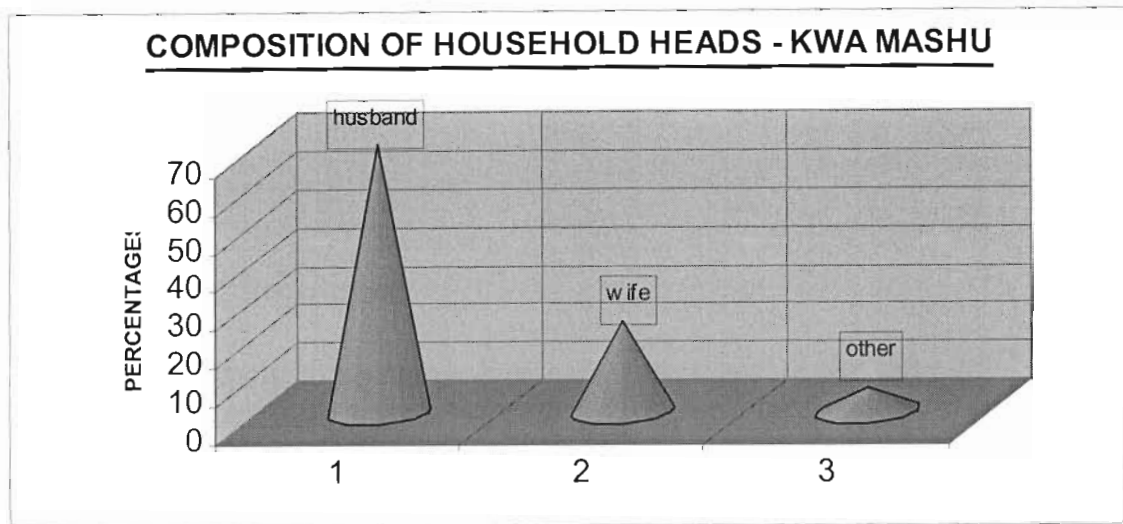


FIGURE 1A (SOURCE: FIELD SURVEY, 2000)

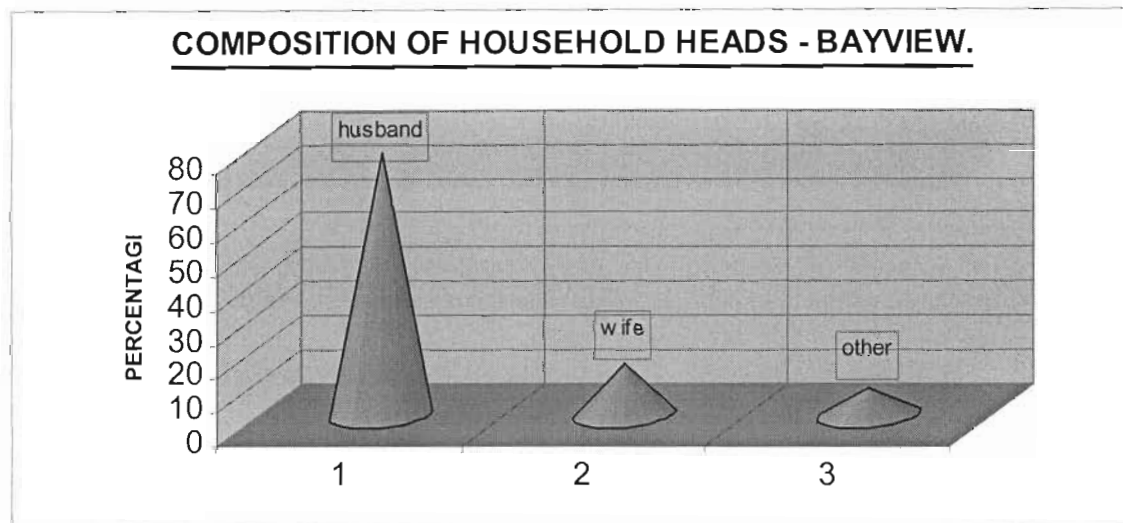


FIGURE 1B (SOURCE: FIELD SURVEY, 2000)

This graph shows the composition of the households in Kwa-Mashu and Bayview residential areas. It indicates who the heads of the households are. There is a dominance of the male headed households in both the areas with 70% in Kwa-Mashu and 77% in Bayview followed by female headed households with 24% in Kwa-Mashu and 15% in Bayview. The “other” category aggregates those respondents who were not the heads of the

households, but are related to the heads of the households such as fathers, daughters, cousins and so on. Those respondents in the “other” category were interviewed in the cases where the heads of the households were not present.

The above analysis of the personal profile of the residents is useful in a sense that, it gives a background upon which to make an analysis of the responses with regard to the privatisation process and housing satisfaction. This is further elucidated by the fact that people’s perception of their residential environment are informed by their experiences, and by who those people are in terms of their demographic and socio-economic backgrounds (Basolo, 1997).

3.2.1. EMPLOYMENT LEVELS:

An important factor toward the willingness to become a home-owner is that of the ability to pay for the general costs incurred with that status. Also, a significant factor to meeting home-ownership costs is that of unemployment. Bayview was found to have a high percentage of unemployment than Kwa-Mashu. The total number of unemployed respondents in Bayview was 29% while Kwa-Mashu only had 24%.

The majority of the respondents that were interviewed were in the middle ages ranging from 25 years to 45 years. Both study areas displayed substantial numbers of people belonging to that category, which is supposed as the working category of people. Despite this there is still the high incidence of people being unemployed.

The type of employment is also important to affordability. The survey

recorded 33% permanent employment in Kwa-Mashu and 40% permanent employment in Bayview. Thus we see that a dependable income is a major factor in owning a house. This shows us that people are not likely to accept the process of privatisation owing to the high levels of unemployment and lack of permanent or dependable incomes. So proportionately Kwa-Mashu, since they have displayed a low rate of unemployment and higher rate of permanent employment, are more likely to accept the transfer of the title process.

The strong presence of pensioners was also recorded. This indicates the tendency of pensioners to rent public rental units. Due to the minimal income of pensioners public sector rentals is an affordable option.

Further, the levels of employment shows that the public is inhabited by a vast array of people both employed and unemployed.

The number of people working per household results in this question that further illustrates the problem of unemployment. The survey shows that despite the presence of more than one adult there are still incidences of unemployment.

In both study areas the majority of the households have either one or two adults living and working in them. There is however still high percentages of unemployment with 48% in Kwa-Mashu and 33% in Bayview. This has a two-fold implication, firstly, it will be a factor determining whether residents can afford to purchase the unit and secondly, the type of unit required by the family. A definite shortage of space was recorded in respondents with more than two adults in a household. Some respondents show that more than one family reside in a household. This leads to a situation of overcrowding. This increased densification is because it is a way to cut costs of living by pooling

resources, and people who cannot find any other form of accommodation. The process of privatisation will therefore displace more families and increase the backlog of housing provision.

3.2.2 INCOME LEVELS:

In studying the income profiles of respondents, the study has surfaced various results that highlight the groups into which respondents fall as outlined by the local council. Tenants in Kwa-Mashu responded to 70% earning below 100 rands. The other 30% of the respondents in Kwa-Mashu recorded between 1000-2000 rands. Phoenix appears to portray a higher income earning group residing in the area. This area displayed the following results. 54% earning between 1000-2000 rands and an additional 6% earning between 2000-3000 rands.

The income profiles of respondents imply that home ownership will not go well in both areas. The low incomes can be attributed to the reason why respondents cannot afford to raise the one off payment of R7000. So, these results display that public rental housing appears to target the correct group of people. Also it is found that people who are of a higher level of income also inhabit this area. With more intensive selection processes this could be illuminated.

3.3.3. SIZE OF HOUSEHOLD:

When asked about the number of people in the household 49% of the respondents of Kwa-Mashu said they had between 3-4 children while 30% said they had between 1-2 children and 17% said they had between 5-6

children.

In Bayview 42% had between 1-2 children and 20% had between 3-4 children while only 3% had between 5-6 children.

This shows that the families in Kwa-Mashu were larger. The size of the household is an extremely relevant impact on how much income each household has to spend on their families. Further the fact that Kwa-Mashu has larger households - this means that they would in actual fact spend more money on the household itself by buying food and clothes etc. They are less likely to spend a substantial portion of that income in trying to save enough money for the payment of that lump sum as required by council to purchase the unit. Thus a rental housing situation would be an ideal housing opportunity for them. The privatisation process will not be in the best interest of these people.

Bayview has shown a greater willingness to home-ownership as compared to Kwa-Mashu. This could be because they have smaller families and therefore do not have to spend as much on household upkeep and due to higher earnings are more likely to save and be able to make the one-off payment that is required.

3.2.4. CONSUMER EDUCATION:

Resistance to the privatisation process can also be attributed to the fact that there wasn't an acceptable level of consumer education amongst the residents of both the study areas. The results recorded concerning the awareness of the discount benefit scheme was 70% of the people in Bayview knowing about the scheme and only 28% of the respondents in Kwa-Mashu

saying they ever heard of the scheme.

The low proportion of awareness in both the areas could be a reason for people being unwilling to purchase the units. They are aware that the council wishes to sell off the units, but many do not fully understand the conditions that surround the sale. The respondents think they have to purchase the unit for the full amount rather than the percentage.

There is a clear need to educate the residents about the scheme so as to allow them to make an informed decision about the purchase of the units. The ignorance of the scheme is a factor that has clearly contributed to the seeming failure of the privatisation scheme of public rental housing and the resistance it has faced.

3. 3. Perceptions towards Home ownership

Home ownership impacts heavily on satisfaction in general, in a sense that homeowners experience higher levels of satisfaction. Of all the respondents, approximately 30% had opted to purchase the units. This was the result of strong persuasion from the City Council.

3.3.1. Willingness toward Home ownership

In order to surface the reasons why respondent had purchased the units, respondents were asked to identify what they perceived to be the advantages of home ownership as opposed to renting. This would show why they opted to change their tenure status.

All having rented before, 37% in Kwa-Mashu and 41% in Bayview cited the reason that they now no longer had to pay a rental each month and home ownership was cheaper in the long run. Hence, it is implied here that home ownership is in fact cheaper than rental units. Now, the only monthly payment they were required to make was that off rates and this meant that they would have more disposable income left at the end of the month.

Security of tenure was another advantage of purchasing the units. As recorded by Lunga, (1998). This was the case as because of the inherent insecurity that the majority of the blacks lived under in the apartheid era. Apartheid rendered blacks powerless in deciding where and how they lived. Now the fact that there is a choice must instil some feelings of security. The same feelings of security, however, was not so strongly recorded in Bayview.

The percentage of respondents that felt freedom and privacy to do whatever they wanted to their houses was about the same in both areas. This shows that the desire to either renovate or alter parts of the units is important. Thus freedom was an advantage of home ownership. By the authorities not allowing people to do this it tended to be oppressive.

Another factor worthy of note is the fact that in both areas a considerable amount of respondents who felt that there are absolutely no advantages to home ownership. This result reflects the fact that despite people opted to purchase the units, they do not see any benefits to do so and was probably coerced to buy it in fear of paying escalating rentals.

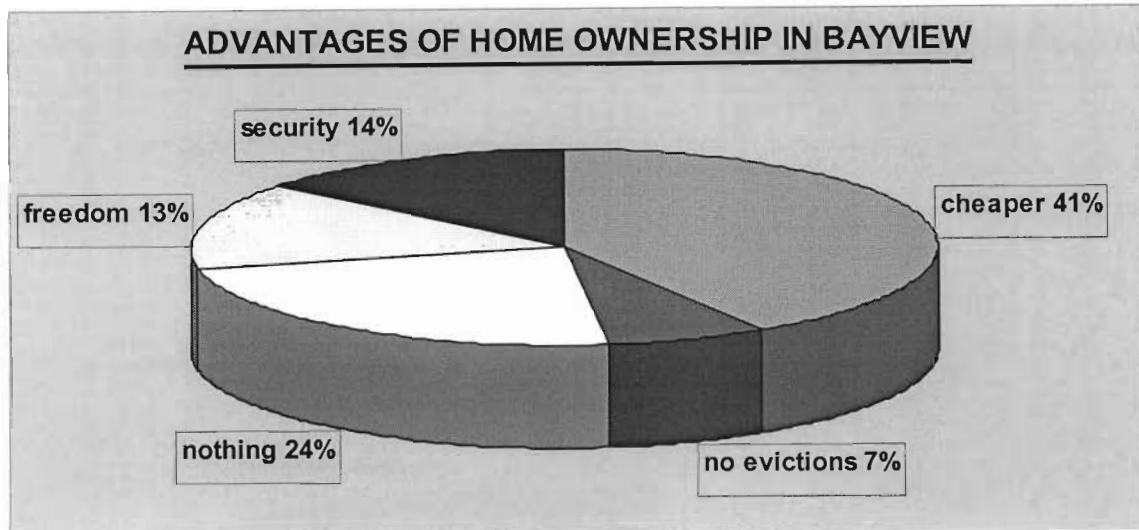


CHART 1A (SOURCE: FIELD SURVEY, 2000)

This shows that the survey was able to illicit the fact that not all home owners purchased freely and may have preferred to continue renting. They are dissatisfied with home ownership. Thus even though the process of privatisation had reached its objective for the council, it might have not met the requirements of the end users.

3.3.2. The Discount Benefit Scheme

Of all the respondents that purchased their houses, all had heard and used the discount scheme to its maximum. There was, however, inconsistencies with the amount each had to pay to transfer title. The difference in the amounts ranged from R5000.00 to R10 000.00. The following charts illustrate responses to whether they felt that the benefit scheme was sufficient.

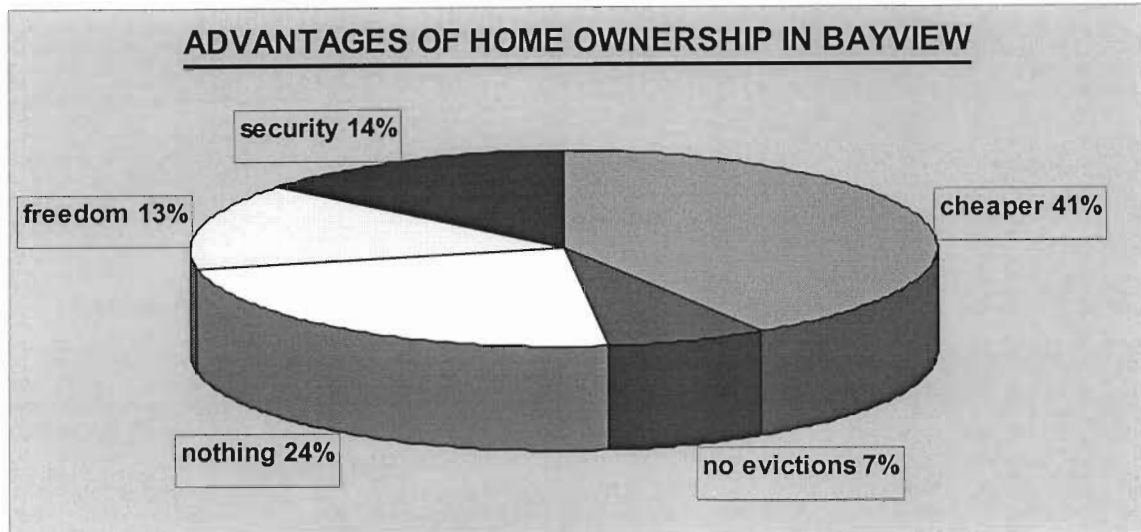


FIGURE 2A (SOURCE: FIELD SURVEY, 2000)

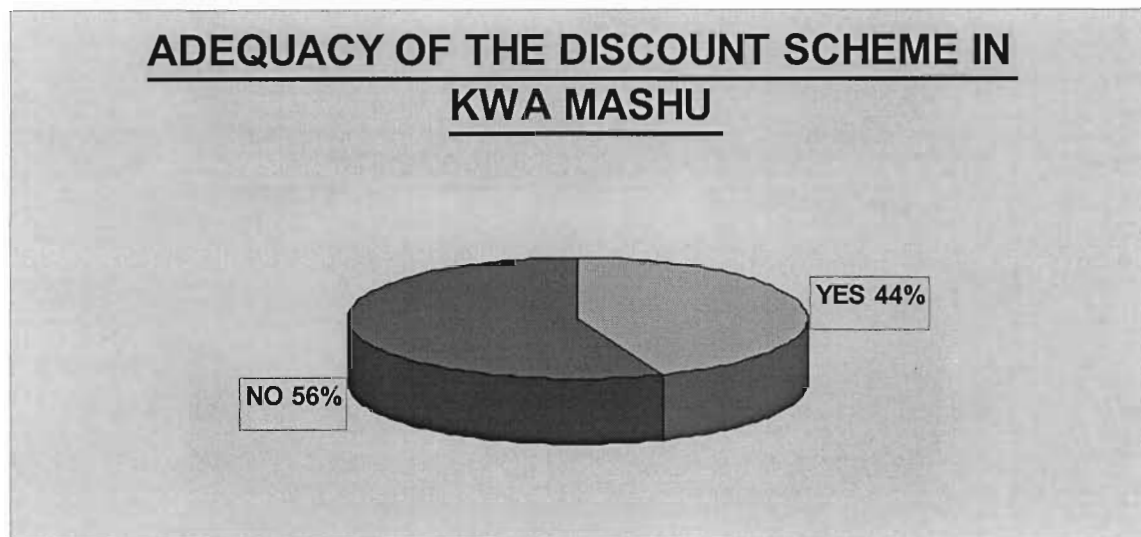


FIGURE 2B (SOURCE: FIELD SURVEY, 2000)

The opinion on whether the benefit scheme was sufficient was in agreement. In both areas, the majority felt that the subsidy provided by the government should have been more than R7500.00 and was inadequate. They felt that the amount that they were asked to pay was too much and since they did not qualify for any sort of bank loans, the subsidy amount should be increased.

3.3.3 Home ownership as an investment

To adequately assess the level of satisfaction of the new home owners with regard to whether they saw their units as a good investment, respondents were asked if they felt that they had received good value for their money. In Kwa Mashu the number of those respondents that were satisfied was 60% and felt that they had received good value for money. In Bayview 64% of the respondents thought that they received good value for money, while only 36% of the Bayview respondents felt that their houses were not good value for money.

Clearly, there is a general satisfaction with the units by home owners. However, there exists a level of dissatisfaction. A number of reasons were put forward by the respondents who felt that units were not good value for money.

The most prominent reasons given in both Kwa Mashu and Bayview was that the majority of them had been tenants for over ten years and have thus been paying rent for a long time, they felt that for this reason alone they should have got the houses at a much lower price, if not having them just transferred to them.

The reasoning in this case was that they have been paying over the years and the amount totalled far above the actual cost of the house. Therefore, in paying such a high amount the tenants were paying more than double the actual price of the house. Therefore in paying such a high amount, the tenants were paying more than double the actual price of the house. They have feelings of resentment towards the city council and feel that they are

being cheated by the authorities and being given a bad deal. Many felt that home-ownership is essentially good yet purchased the unit because of fear of escalating rentals.

The second reason was that many felt that the house that they were receiving houses that were not good value for money because of the state of disrepair and they were not worth the price that they had paid. Thus we have seen that they purchased the unit simply because they had no choice to do otherwise. Their quarrel is then not with home-ownership but with the condition of the units.

The third reason for respondents to be unhappy was that they felt that the units were too small and so they should have been cheaper. Also the fact that the condition of the flats were so bad show the amount of maintenance work that was carried out on the flats. The majority of the respondents were satisfied with the locality did not cite that as a reason for not receiving value for money. Surprisingly despite the apparent deterioration of some parts, the respondents were generally satisfied about them.

3.4. PERCEPTIONS TOWARDS RENTING:

The survey reflected clearly a certain amount of dissatisfaction amongst the tenants. Given a choice they would most likely prefer another form of tenure rather than rental. One may ask then why they continue renting if they are so dissatisfied. Thus this raises a number of other issues to why tenants see no advantages to renting. The primary reason is because they cannot afford to purchase.

The second reason as to why respondents see no advantage to rent is because they fell dissatisfied with the type of house they have.

Amongst respondents many saw advantages of renting, these included free repairs and not having to pay for services.

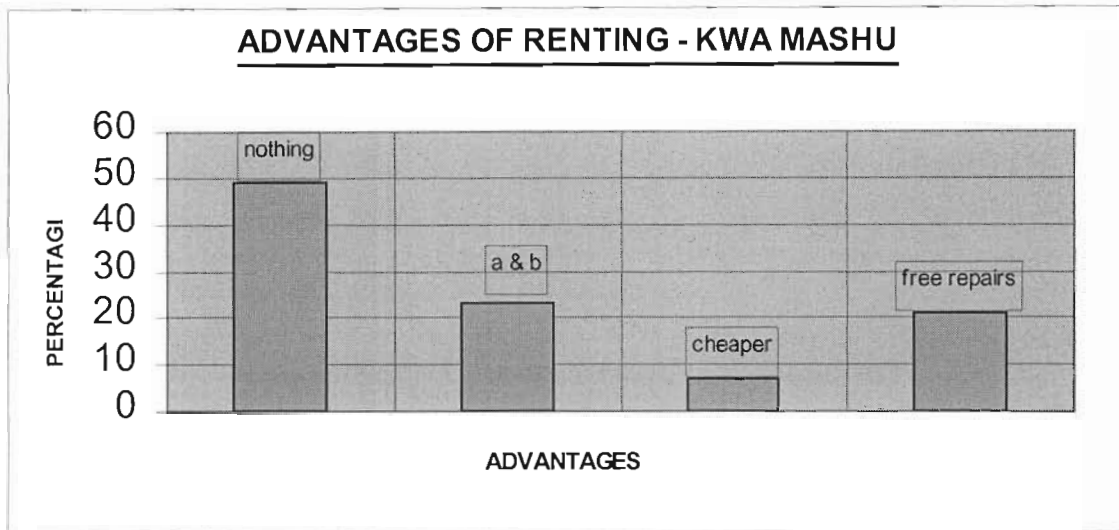


CHART 1A (SOURCE: FIELD SURVEY, 2000)

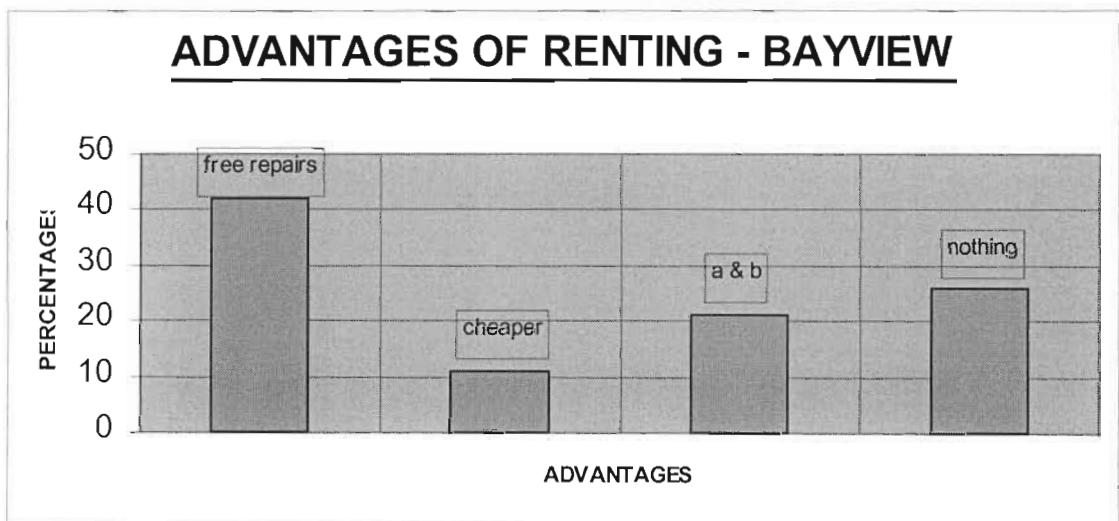


CHART 1B (SOURCE: FIELD SURVEY, 2000)

MAINTENANCE OF UNITS:

The attitudes of the respondents towards renting could be attributed to their perception of to what extent the local authority carries out maintenance of the units. The levels of satisfaction amongst the tenants is illustrated in the following charts.

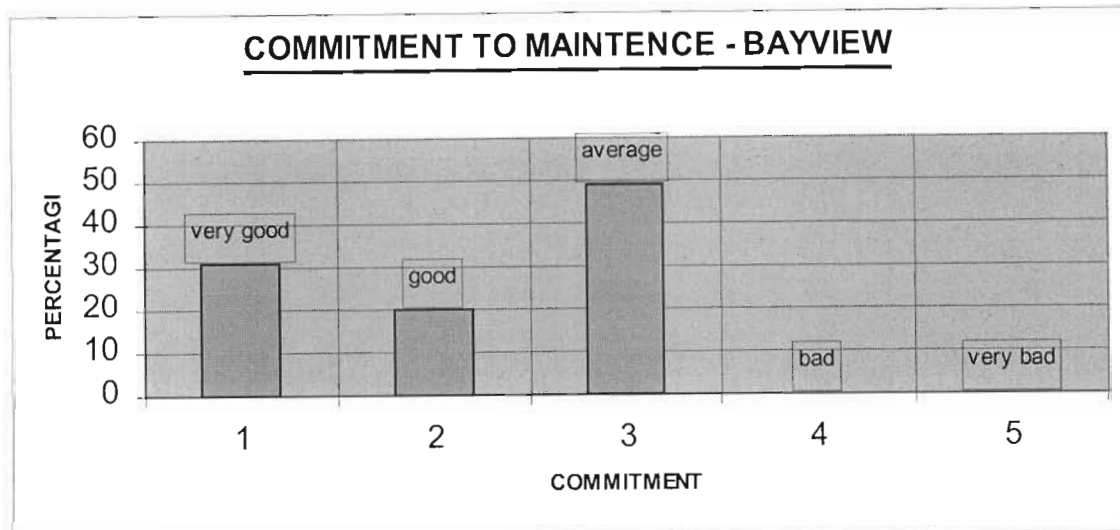


CHART 2A (SOURCE: FIELD SURVEY, 2000)

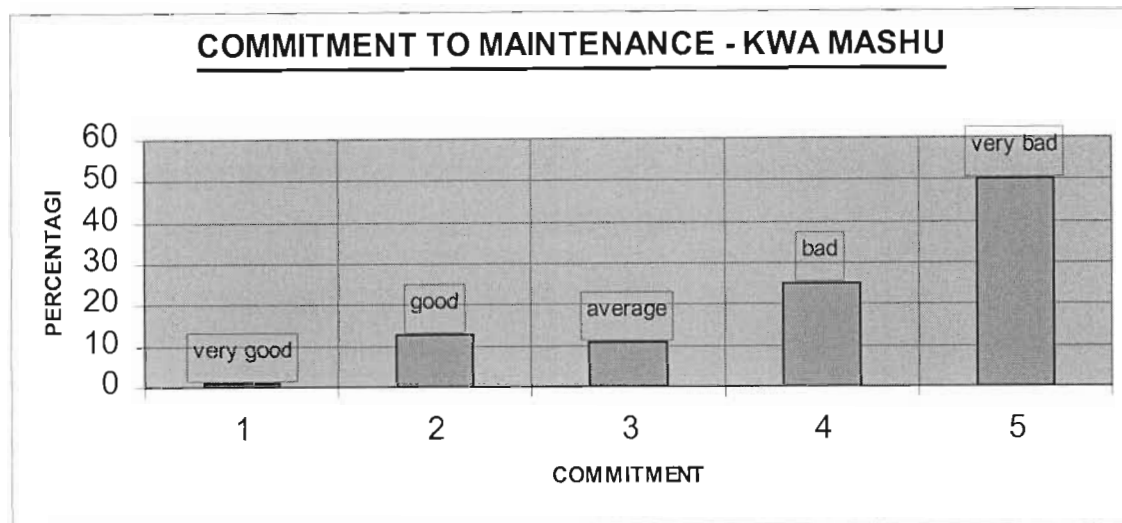


CHART 1B (SOURCE: FIELD SURVEY, 2000)

The charts show a general satisfaction amongst tenants in Bayview with the maintenance work carried out by the authorities. On the other hand a completely different picture was painted by the tenants of Kwa-Mashu. Less than a quarter of total respondents said in the response of the authorities was either good or bad, while the majority said that the authorities' response was bad or very bad.

Reasons for the difference in quality of units can be attributed to the apartheid background of South African history. Less commitment to

maintenance of the units in Kwa-Mashu has resulted in the faster deterioration of units in Kwa-Mashu.

On average 50% of the respondents in Kwa-Mashu had thought that the authorities commitment to maintenance was thin. As a result of the differences already mentioned in the commitment of authorities to maintenance, it reflects on the basic condition of the houses in both areas.

The majority of the houses in Bayview area was in a good state of repair, while only a small percentage still felt that their housing was in bad state of repair. In general, therefore, they were satisfied with the condition of the houses. In Kwa-Mashu on the other hand more than half of the respondents felt that the units were in bad condition. This sort of findings imply that there still exists a number of residents who are dissatisfied with the state of repair of the units. Thus the state of repair of the rental unit was found to have an important impact on the choice of whether to buy the unit or not. This factor should have been considered in the privatisation process, so as to increase the levels of satisfaction among would be buyers.

In order to assess the tenants views on the privatisation process and home ownership, they were asked if privatisation would be the best option for them. The finding found were important and will contribute greatly to the conclusions of this research.

The results in Bayview was that 63% of the tenants indicated that they would not buy their unit as it is currently even if they had the money to do so. Only 37% said that they would go ahead and buy the unit. In Kwa-Mashu it was

the opposite, 41% of the respondents indicated that they would not purchase the unit and 59% indicated that they would purchase the unit. This disparity portrayed, is clearly a direct reflection of the state of repair of the unit. The tenants are less likely to purchase owing to the high cost of maintenance they would incur because of the poor condition of the flat. Tenants also indicated that should they have to invest in repairs, they would have to invest more money in repairs than the worth of the unit.

Even in the case of Bayview where a greater level of satisfaction was recorded, the transfer of the title process would not so easily occur. Tenants may be willing to own the units but due to financial circumstances would not be able to afford the purchase price of the units. So even though home-ownership is more desirable in Bayview, it may not be feasible for the majority.

FACTORS THAT DISCOURAGE BUYING:

In the analysing the reasons why tenants would not accept the privatisation process, the majority cited affordability as a major factor. They perceive rental as a better option as opposed to being burdened with a financial debt, even though it meant home-ownership. The wide-scale privatisation process would affect many in this way.

A proportion of people in Kwa-Mashu said that they did not like their unit and so did not have a desire to purchase it. Only 11% of the respondents of Bayview felt its way. The complaints relating to the units, surround the typology and size of the units. As shown earlier tenants had large families. Therefore they disliked the fact that they were forced to live in these units

and not had any option for a larger unit. Many indicated that should they have had a choice of unit, then they would be more ready to accept the privatisation process.

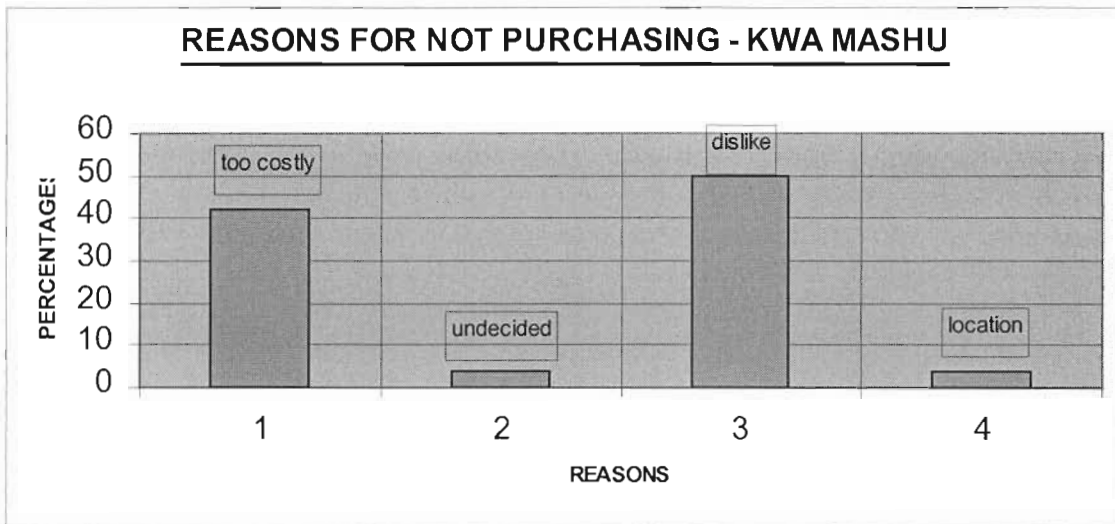


CHART 3A (SOURCE: FIELD SURVEY, 2000)

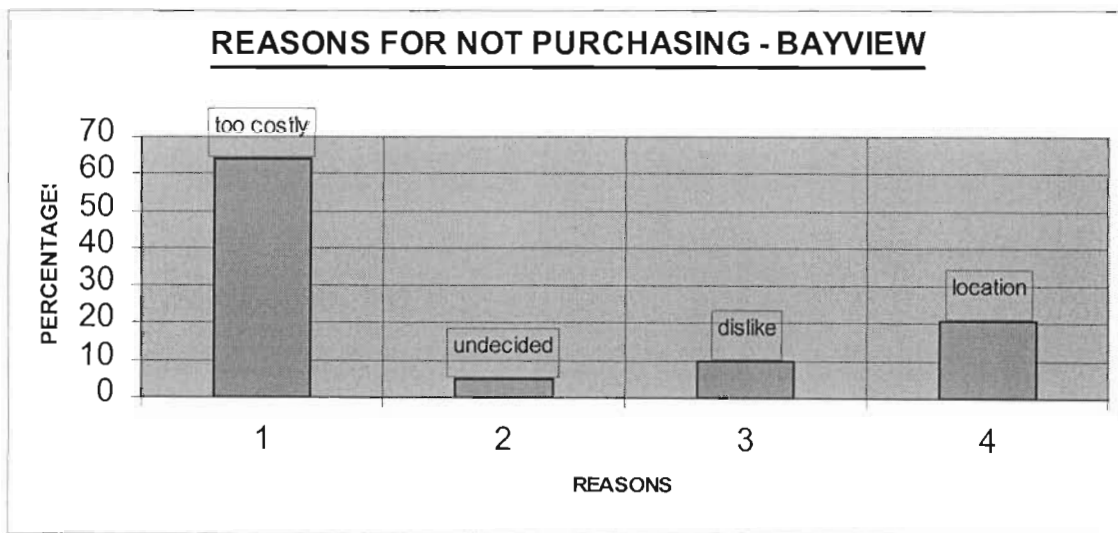


CHART 3B (SOURCE: FIELD SURVEY, 2000)

Further complaints for not wanting to purchase was that the units were in a state of disrepair. They maintain that they are constantly living under terrible conditions.

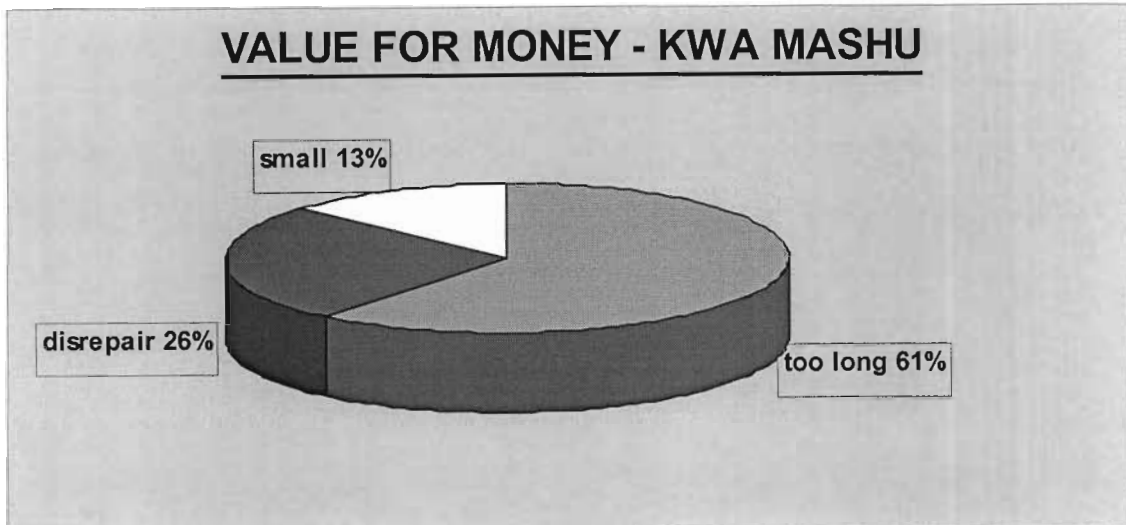


FIGURE 3A (SOURCE: FIELD SURVEY, 2000)

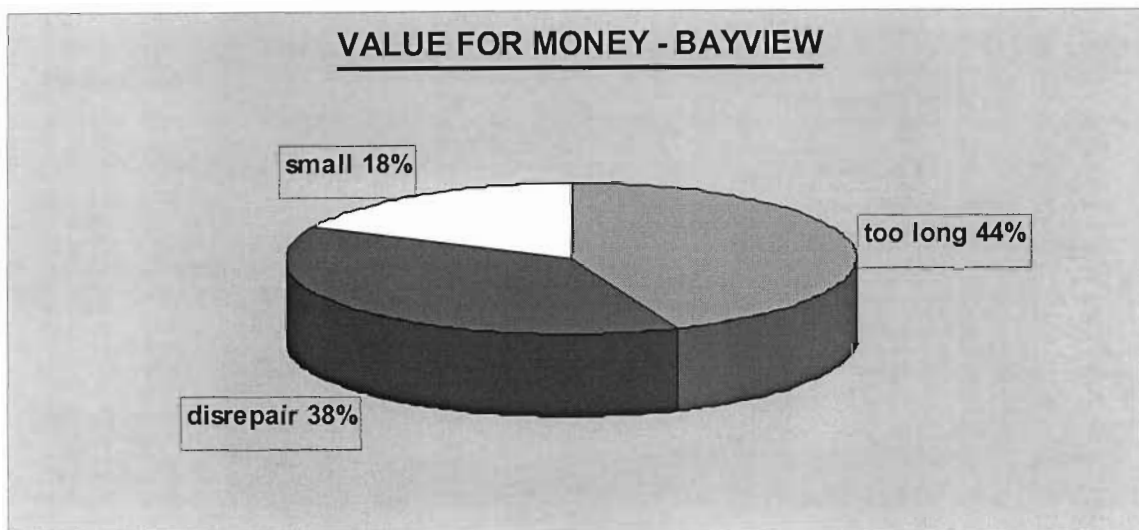


FIGURE 3B (SOURCE: FIELD SURVEY, 2000)

So conditions of overcrowding and substandard living conditions have forced tenants to resist the privatisation process. When asked if tenants were satisfied with the units, 89% in Kwa-Mashu indicated that they were not satisfied and 64% of these cited that the house was too small as the main reason why they felt dissatisfied.

3.5. INTERVIEW FINDING.

3.5.1. INTRODUCTION:

Most of the housing development projects which take place in Durban Metropolitan area are administered or monitored by the Durban Metropolitan Housing Department. An official from the Durban Metropolitan council was interviewed on a number of issues, concerning the privatisation of the public rental sector. As outlined earlier, the policy of privatisation is seen as a way to address the previous inequalities of the apartheid government. Also it is to increase the levels of home-ownership in low income sectors. Therefore the move by National government to privatise the public rental housing sector is attempting to correct what had been wrong for so many years. The government further placed the extended benefit discount scheme to aid people in accessing their housing opportunity.

3.5.2. THE INTERVIEW:

Vish Naidoo of the Metro Housing, is the director of rental housing at the department. According to him, all the present waiting lists for public rental housing has been moved to the subsidy waiting list. Thus all waiting lists for the public rental housing has been dissolved. Further he explained that government had no intention of pursuing any further commitment to rental housing. He does admit however that by moving the rental lists to the subsidy lists, some people might not be able to access a housing opportunity for a long time as the subsidy scheme is not working efficiently.

He enforces that home-ownership is a better option for tenants citing reasons such as security of tenure, investments etc. However this might not be what they have chosen as a housing option. Having decided to rent (being on the waiting list) people felt that it was their appropriate option. So being on the

subsidy waiting list now changes the opportunity to home-ownership.

Mr. Naidoo was then asked about the structuring of the privatisation policies in terms of it being in the best interests of the tenants. He agreed that besides the policy being sensitive to income levels, no other concession was made. The council did not record any special concessions for housing choices and satisfaction.

Further he was aware of the income levels of the tenants and recognised it as being a reason why many could not afford the stipulated 7500rands required to purchase the unit. He regretted that the council could not afford to provide any sort of financial assistance to residents.

Mr. Naidoo agreed that the blanket policy of privatisation was inadequate and thus resulted in much resistance to the process. He further acknowledged that a revisit of the privatisation policy in Durban would prove a smooth transferral of title process. He also added that housing satisfaction is important to would-be home-owners.

3.5.3. SUMMARY OF FINDINGS:

In both areas, it would seem that renting is a more desirable form of tenure. There are however a number of factors that contribute to this feeling.

It is not that people love being renters but rather people were not satisfied with the housing unit or the process by which privatisation was implemented. The condition of the units played a major role in people's dissatisfaction.

This leads to many resisting the sale of the unit. As discussed earlier, should the units have been revamped, then privatisation might be more readily accepted. It is clear that tenants are not happy with the conditions under which they live.

Tenants also find it difficult to live in such small units. They feel that it is overcrowded. Because of the sheer size of families, many have planned to move into larger accommodations. Being burdened financially by the privatisation process will inhibit this move.

The affordability of the units are also a major factor contributing to the resistance of privatisation. With the inadequacy of the discount scheme, many find it difficult to raise the stipulated amount to purchase. Many of these people live below the poverty datum line of 1050rand, as outlined by the World Bank. Since there is not clear advantages of home-ownership over renting, should these situations change the process of privatisation might then smoother.

All respondents, however did agree that housing costs were expensive, whether renting or owning. Renters felt that rent was high and owners felt that rates were high. There was however a general agreement that home-ownership was more affordable. Furthermore, both groups desired security of tenure but not necessarily home-ownership.

CHAPTER FOUR

CONCLUSIONS AND POLICY RECOMMENDATIONS.

4.0. Introduction.

The focus of this study has been to study the factors related to the privatisation process of the public rental stock in the Durban Metropolitan area, and the satisfaction of the residents with the quality of their residential environment. The purpose of this research has been to address the research question and the hypothesis set up with regard to the nature of the study. The conceptual framework of the study, the analysis and interpretation of findings have also been successfully unpacked in the preceding chapters.

The conclusions and recommendations are another crucial component of this study and are yet to be discussed. The purpose of this chapter is therefore to provide conclusions and recommendations of this study.

The findings illustrated in the previous chapter revealed the fact that although home ownership is naturally desirable, other factors play an important role in deciding between renting and homeownership. The typology and residential environment are critical findings also illustrate conditions that were not conducive to successful and smooth privatisation. Tenants made it clear that renting their units would be more viable. Hence a revisit of the Durban Metropolitan privatisation policy is required.

4.1. Major Conclusions of the Study.

The preceding chapters of this study indicates that there is definitely a case for sustained public rental housing. Thus the research question posed in chapter one can now be adequately addressed. The evidence shows that the Privatisation Policy of the Durban Metropolitan is not sensitive to the needs of people who prefer, due to circumstances, to rent. The blanket policy does not allow for people who wish to rent. Tenants have a sense of identity as 'tenants' rather than homeowners. The sheer willingness of tenants to rent units is widespread. Thus there would never be a lack of a market for rental units. A further illustration of this fact is the long waiting lists that existed.

Social housing, the world over has provided accommodation for people who were in need of accommodation. These categories of people need not only be people who are homeless, but people from abroad spectrum. They are from all walks of life. So sale of public housing units will only lead to a greater backlog of housing opportunities for that category of people.

The socio-economic survey in the questionnaire reveal that the majority of the beneficiaries are from a low income group. This evidence was extracted in both study areas. Broadly, public housing targets that category of people, hence, it is benefiting the target group. The privatisation policy has no contingency plan with which to help this target group. The study has already pointed out the failures of the capital subsidy scheme. The viability of public housing has proved its usefulness to low income people. It offers an affordable level of accommodation. Should mass privatisation proceed, there will be an increased burden on the housing backlog.

The affordability problem multi-faceted. Many people have not been able to access a housing opportunity despite the implementation of the capital subsidy scheme. This proves its inadequate for the majority of the tenants. Public rental housing thus offered an opportunity for people to access some form of accommodation. This issue of affordability needs to be addressed by National Government. Until then, public rental housing will prove beneficial. The Metropolitan Council has neglected to acknowledge the fact that the capital subsidy scheme cannot adequately provide housing opportunities for low-income people. Mass privatisation will again marginalise low income people. The privatisation policy further implies an immediate rise in rentals for the tenants who do not wish to purchase their units. This escalation will prove to be detrimental to tenants. The increase of financial burden will stifle economic growth. Further there is not conclusive evidence to prove that homeownership is more affordable than renting. Lungu, (1998) describes that in the case of renting all costs such as maintenance, insurance, repairs and general upkeep will be taken care of by the state. In the case of homeownership all costs including services are payable by the homeowner. The Metropolitan Council's hastiness to "load-shed" ultimately ends up the load of the homeowners. Policy has not been sensitive to these needs.

The insensitivity of the Metropolitan Council to the individual needs of tenants shows that instead of an obvious expectation of complete transferal rates, there has been some resistance. Even though the majority did choose home-ownership, a considerable number still choose to rent. This shows an interest in renting.

This response was not anticipated by the Council. The reason for this response was plainly that tenants felt that this option best suited them for the moment and wanted to rent. Also, a reason why people chose to rent over buying was because they felt that the units were in a state of disrepair. They often did not like the configuration and some even did not wish to be “tied” down by home ownership. The survey did record however that if better units were offered for the purchase then they too would purchase. The Metropolitan Council did not allow budgets for the upgrading of these units. Knowing well that these units were in a serious state of disrepair they opted to coerce people into buying. Should council has kept the units in a good state of repair they might had experienced a higher rate of transferal. People would have been willing to purchase these units.

To conclude the survey has revealed to a to a greater extent a general satisfaction with units. It was recorded that whoever had enough money to purchase the units, went ahead and did it, while those who felt that they should go on renting did so. Thus it again proves that public housing is a viable to meet the housing needs of South Africa.

4.2. Hypothesis

The privatisation policy of the Durban Metropolitan Council has for many reasons not addressed the needs of the tenants in a sensitive way. Being unable to access a housing opportunity in the private rental sector, public rental housing has been the best alternative. Too many people are at the

stage still dependent on public rental housing. The Metropolitan Council's privatisation policies have not embraced this, and has led to much resistance in the transferal of title process. So the hypothesis cited at the beginning of the study " The inadequate structuring of the Durban Metropolitan Privatisation Policy of its public rental stock has led to much resistance in the transferral of the title process" is correct as a portion of the residence still resist privatisation.

The hypothesis has indicated that there is a need to provide a more satisfactory designed Privatisation policy and this has also been suggested by the research. This process would need to be done in a more integrated manor and with greater consultation. It thus needs to consider a broad range of needs and this has also been suggested by the study. Research therefore suggests that most aspects of the hypothesis are confirmed.

4.3. Suggested Steps to an Adequately Structured Policy.

Based on the responses from the beneficiaries of public rental units and local authorities, it is indicated that there is a need. For more integration and consultation in privatisation policy planning. The study can suggest various recommendations to achieve a more adequately structured policy.

Having established the fact that there is a need for public rental housing, the fact that government wants to completely pull out public rental provision is not reasonable. This form of housing offers a viable form of housing to a considerable number of people. Policy should not entail a blanket privatisation plan rather create an option for beneficiaries - allowing them

decide whether they choose to buy or rent. From international study the use of housing co-operatives has proven with great success.

Lungu, (1998) states that the transfer of housing into the hands of housing co-operatives or organisations is “likely to be more socially advantageous to the lower income groups”. She cites the reason for this as being the fact that in the long term the non-profit nature of these organisations will allow the units to become cheaper. Thus these associations control the now smaller rental market.

The socio-economic demographic extracts by the survey show affordability as a major reason that has hampered the process of transferral of title. With many citing affordability as a reason for not purchasing, council should put into place a system of loans, both short and long term in order to make the units more affordable. Many from low income groups are unable to access loans from traditional financial institutions.

The state of disrepair was also another reason cited as to why tenants refused to buy. Many of these units require major repairs and council has planned to shift the responsibility of maintenance to the beneficiaries. Should the council choose to provide some sort of repair to the units so as to better the living conditions - many more tenants would buy the units. Also, the authorities would be able to fetch a higher price for the units. By doing this they would also make the public rental stock a more desirable purchase. It would create a feeling that people would be getting more value for their money.

The council should also provide a greater variety of unit typology in order to accommodate a broader spectrum of family types. Presently public rental housing units are suited for nuclear families.

4.4 The Extent to Which This Dissertation meets its Objective.

The purpose of this dissertation has been to establish whether there is a need to restructure the Durban Metropolitan Council's privatisation policy so as to be more sensitive to the needs of the beneficiaries. Two case studies were used to provide empirical findings with regard to this research. Having proven the hypothesis the dissertation has achieved its purpose in a sense that, from the analysis and interpretation of findings, it has been proven that there is a need for policy restructuring.

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APPENDIX

QUESTIONNAIRE:

1. In which gender category do you belong?

- (a) Female (b) Male

2. In which age category do you belong?

- (a) <30 years
(b) between 31 and 60 years
(c) above 61 years

3. What is your marital status?

- (a) married (b) single
(c) divorced (d) widowed

4. What is the occupation of the person who owns the house?

- (a) skilled (b) unskilled
(c) clerical (d) professional

5. Please indicate who is the head of the household.

- (a) husband (b) wife

6. Who is completing this questionnaire?

- (a) husband (b) wife

If you are not the head of the household please indicate your relationship to him/her.

- (a) father (b) mother

- (c) sister (d) son

- (e) other: (specify).....

7. What is your level of education?

- (a) primary school (b) secondary school

- (c) tertiary (d) other (specify).....

8. What is the size of your household?

- (a) 1-2 (b) 3-4

- (c) 5-6 (d) above 6

Of these how many children?

- (a) 1-2 (b) 3-4

- (c) 5-6 (d) above 6

9. How many people are working in your household?

- (a) 1-2 (b) 3-4

- (c) 5-6 (d) above 6

- (e) none

What is the total income of this household?

- (a) below 1000
- (b) 1000-2000
- (c) 2000-3000
- (d) above 3000

Do you receive your income from a:

- (a) pension
- (b) self-employed
- (c) formal employment
- (d) temporal employment

B. Residential History

10. When did you occupy the present dwelling?

- (a) before 1990
- (b) 1990-1992
- (c) 1992-1994
- (d) 1994-1996
- (e) 1996-1998

11. Prior to that, how long were you on the waiting list?

- (a) 0-6 months
- (b) 6-12 months
- (c) 12-18 months
- (d) 18-24 months
- (e) above 24 months

12. What was your previous place of residence?

- (a) public rental housing
- (b) private rental housing
- (c) informal settlements
- (d) formal dwelling

13. In your previous place of residence what type of tenure did you have?

- (a) rented
- (b) owned
- (c) other: (specify).....

14. What was the reasons for the last residential move? You may choose more than one option.

- (a) far from employment
- (b) far from social facilities
- (c) wished to live in better residential environment
- (d) affordability
- (e) convinced by friends to move
- (f) other: (specify).....

Is this new location:

- (a) closer to employment areas
- (b) better local facilities (i.e. schools, crèches, etc.)
- (c) better living conditions
- (d) other: (specify).....

Were you consulted by the Metropolitan Council about your housing needs prior to the privatisation process?

- (a) yes
- (b) no

What type of housing choice procedure was presented to you?

- (a) Government subsidy
- (b) Private home loan

(c) Other: (specify).....

15. What type of tenure do you currently have?

(a) ownership

(b) tenant

(c) leasehold

(d) other: (specify).....

16. In what form do you currently pay for accommodation?

(a) bond

(b) rental

C. Housing Choice and Satisfaction.

17. Were you properly informed about the privatisation procedure?

(a) yes

(b) no

18. Were you satisfied with the procedure?

(a) yes

(b) no

