

UNIVERSITY OF KWAZULU-NATAL

An analysis and evaluation of eThekweni Municipality's Home-Ownership Programme (sale of state-financed flats)

By

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DECLARATION

I Sandhya Nardev Vedalankar declare that,

- (i) The research reported in this dissertation/thesis, except where otherwise indicated, is my original research.
- (ii) This dissertation/thesis has not been submitted for any degree or examination at any other university.
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ABSTRACT

The Housing Department of the eThekweni Municipality implemented a home-ownership programme in Durban, KwaZulu-Natal Province. The programme aimed at selling state-financed flats to tenants of the Municipality. The sale of these flats was in terms of the Sectional Title development scheme. The research study undertaken was to analyze and evaluate the implementation of this programme.

In conducting the research study, a global perspective on the delivery of public housing was obtained. There are challenges globally; there is inadequate delivery of housing by governments both in developing and developed countries. Whilst there are new strategies being formulated by governments, for e.g. housing associations and social housing; there is lack of support by government to sustain these housing programmes.

The research study was undertaken within a systems approach. The use of this approach enabled a holistic enquiry process into the study. Through the systems approach the researcher was able to look at not only the components in the system, but also the interaction and the connectedness between components. The Critical Systems Thinking as a meta-methodology allowed the use of more than one methodology for the research study, i.e. Critical Systems Heuristics and Quantitative Study. The Critical Systems Heuristics methodology was used to analyze and evaluate a policy decision made by Government to sell State-Financed flats to tenants. This research study focused on the officials of the eThekweni Municipality. The second research study was Quantitative and targeted trustees within bodies corporate.

The analysis of the data that was collated highlighted the following:

- While the decision for the sale of flats to tenants in order to promote home ownership emerged as a good decision, there is nevertheless a need to include in the programme an extensive post sales programme that includes training, education and a support network for bodies corporate
- The communication between tenants and the Housing Department was extensive until the transfer of the flats to the tenants and thereafter communication was very limited
- One of the main challenge faced in this programme is the financial management of bodies corporate
- There appears to be challenges of promoting and maintaining social cohesion.

Whilst the programme to promote home-ownership has been well-received by beneficiaries, the programme lacked a supportive post-sales programme and hence viewed as incomplete. Two broad recommendations were:

- Ongoing programme with bodies corporate: There needs to be training and education programmes available for the post sales period. The programmes should be designed to benefit both newly appointed trustees and exiting ones.

- Supportive Network: The Housing Department needs to initially provide funding and facilitate a process to for the creation and sustainability of network forums.

Key words: Critical Systems Thinking, Critical Systems Heuristics, home-ownership, Quantitative Study, Sectional Title Model, systems approach,

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GLOSSARY

Body corporate: Total body of owners in a scheme (Woudberg: 1999). A collective name given to all the owners in a scheme.

Common Property: the area that is outside the flat but is part of the Sectional Scheme. For e.g. lift, stairways, corridors, parking areas and garden area.

Conduct Rules: These are rules in terms of Annexure 9 of 1986 of the Sectional Title Act (No. 95 of 1986). These rules lay down guidance for the conduct of owners and their guests or tenants.

Levy: Is the income of the Body corporate. It is a sum of money that is paid by every owner within a scheme, according to the Participation Quota in terms of the Sectional Title Act (No 95 of 1986), for the maintenance of that scheme.

Management Rules: these are rules in terms of Annexure 8 of the Sectional Title Act (No 95 of 1986). These rules assist Trustees to control, manage and administer the scheme.

Managing agent: Is usually a company or close corporation that specialises in sectional title administration. The agent is appointed by the body corporate for a fee to perform this function.

Participation quota (PQ): It is the ratio of the square metreage of a flat to the total square metreage of all sections in the complex (common property excluded) (Woudberg: 1999:11).

Sectional Title Model: sectional title deals with obtaining title to a section of building or complex (Woudberg, 1999). Sectional title enables one to purchase a section or a flat in a complex; obtain title deeds to that unit and joint owner of the common property in that scheme.

Trustees: They are elected by owners within a scheme, to manage the affairs of that scheme.

Freehold and leasehold tenure: These formal tenures confer on the title-holder the maximum control and discretion over the land, normally only circumscribed by law and/or planning and zoning restrictions. It provides for the land (and improvements) to be used as collateral and mortgaged, and it may be transferred or bequeathed at the discretion of the title-holder. (UN-HABITAT, 2003).

Informal housing: Housing that begins informally, without a title deed or services, and which the members of the household design, finance and often build with their own hands. Such housing usually belongs to the poor and gradually improves over time. In this report, the term is used synonymously with self-help and spontaneous housing. (UN-HABITAT, 2003).

Landlord: Someone who rents out property to a tenant. The term includes landlady, the latter only being used when it is clear that the latter is the landlord, e.g., in the case of a widow without adult sons (UN-HABITAT, 2003).

Owner: Those with legal or de facto right to occupy, let, use or dispose of a dwelling. This includes those who are in the process of acquiring the right to ownership (e.g., through payments on a mortgage) (UN-HABITAT, 2003).

Social Housing: A vague term increasingly reserved for housing that is developed by non-profit making institutions, predominantly for the poor. The institutions involved may range from educational institutions, charities, to housing associations and cooperatives. However, the term can also be applied to formal housing built for poor people, and to all kinds of housing built by non-profit organizations. In Latin America, the term social-interest housing is occasionally used meaning, formal housing built for poor people and often subsidized, but produced by private sector companies. In this report, the term is confined to private nonprofit making institutions building housing for poor people. (UN-HABITAT, 2003).

Tenant: Households paying a prearranged rent for the exclusive occupation of all or part of a dwelling unit (UN-HABITAT, 2003).

ABBREVIATIONS

AGM:	Annual General Meeting
CLO's:	Community Liaison Officers
CSH:	Critical Systems Heuristics
CST:	Critical Systems Thinking
EMA:	eThekwini Municipal Area
LTDF:	Long Term Development Framework
IDP:	Integrated Development Plan
IMF:	International Monetary Fund
NPM:	New Public Management
UN-HABITAT:	United Nations Human Settlements Programme (UN-HABITAT, 2003a)
USA:	United States of America

CHAPTER ONE

1.1 INTRODUCTION

The provision of shelter has been on the agenda of countries globally. Governments have implemented different policies to address the delivery of housing based on the conditions of their respective countries. Conditions such as politics, economics, technology, climate and environment have shaped and determined delivery patterns of housing in different countries (Tiernan and Burke, in Burke, 2004; Edgar *et al.*, 2000). According to Porio *et al.* (2004:1) "Limited access to land in Philippine cities has been the barrier to providing the poor with affordable housing." The Philippines, Brazil and Afghanistan, have been affected by dictatorships and have more challenges due to limited finances, reconstruction of houses and community and political buy-in in providing housing to its citizens. In urban areas over 60% of the urban population lives in informal settlements (UN-HABITAT, 2003b). According to the report by UN-HABITAT (2003b: xxv), "In 2001, 924 million people, or 31.6 percent of the world's urban population, lived in slums."

Public housing programmes are one such approach that many countries introduced to provide and deliver housing to citizens, especially to those people that could not afford private housing. Housing markets would not work where people are not able to afford housing. In recent times, countries such as New Zealand (Blandy *et al.*, 2006), England (Springings, 2002; Walker 2001), Ireland (Redmond, 2001) introduced policies to sell existing housing stock to tenants that resided in those dwellings.

Extensive programmes were developed to sell these housing stocks (Blandy *et al.*, 2006; Hammer, 2004; UN-HABITAT, 2003a and Walker, 2001). In the 1990s the South African Government introduced a programme to sell existing stock to its citizens. It was in the spirit of promoting home-ownership amongst the formerly disadvantaged citizens that the sale of state-financed flats was implemented (Housing Department, 1996).

One of the programmes that the Housing Department of the eThekweni Municipality in Durban focused on was the promotion of home-ownership to tenants that resided in state-financed flats in terms of the Sectional Title Act (No. 95 of 1986). This programme will be henceforth-named the home-ownership programme. The flats were sold under

the Extended Discount Benefit Scheme of 1993, which was initiated by the South African Government nationally as a subsidy to tenants of state housing.

The goal of the project team of the Housing Department of the eThekweni Municipality was to promote sustainable home-ownership through the Sectional Title Model. Since this form of ownership is complex there is a need to investigate whether appropriate planning was undertaken to implement the home-ownership programme. This research study, adopts a systems approach, to evaluate to what extent (if any) the sale of state-financed flats has been successful.

1.2 PURPOSE OF THE STUDY

In order to redress the imbalances of the past, the post-apartheid South African Government developed an extensive housing programme (Housing Department, 1996). In the spirit of promoting home-ownership to tenants there has been a transitional shift from people being tenants to becoming home-owners.

Research studies on housing have largely focused on economic theories that emphasize economics, or financial and market imperfections (Burke, 2004; Edgar *et al.*, 2000), or social theory that focus on social conditions or social policies that emphasized social aspects of housing (Payne and Majale, 2005; Burke, 2004; Khan and Thring, 2003; UN-HABITAT, 2003a) or political theories that highlighted the political implications of the delivery of housing (Ball de Souza, in Harrison *et al.*, 2003; UN-HABITAT, 2003a; Redmond, 2001).

Rhodes (2006) and Midgley *et al.* (1998) have studied housing issues using a systems approach. Rhodes (2006) has suggested that a „systems approach’ could look at cause and effect relationships in public service delivery arenas, such as housing, health and education. Through use of the systems approach the researcher investigates the success of the transitional process from that of dependency on government as tenants, towards independent home-owners making their own decisions. The systems approach also allows for a holistic and in-depth analysis of a complex programme that incorporates social, financial and political elements within the study.

According to Creswell (1994:86) “the purpose statement establishes the direction for the research.” According to Blanche and Durrheim (1999) the research purpose

focuses on what the researcher wants to achieve and what type of conclusion or outcome will be made from the findings in the study. The purpose statement encapsulates the reason for the research study.

The purpose of the research study is to:

- Analyze and evaluate the impact of the sale of state-financed flats to tenants by the eThekweni Municipality; and
- Gauge the relative success (or failure) of bodies corporate in terms of the Sectional Title Act (No. 95 of 1986).

The study investigates the impact of the sale to owners (former tenants) in promoting sustainable housing delivery. The findings of the study will be provided to the Housing Department of the eThekweni Municipality. The researcher has developed the problem statement below based on her experience of having worked for ten years in this home-ownership programme.

The problem statement is:

The sectional title development scheme is a complex form of property ownership, and is governed by legislation such as the Sectional Title Act (No. 95 of 1986). Within this scheme an owner has individual ownership of the inside of the dwelling and joint ownership of common property within that scheme (Sectional Title Act, No 95 of 1986). The eThekweni Municipality conducted the sale of state-financed flats (the home-ownership programme) in terms of this complex model to the tenants of the Housing Department. The profiles of these tenants include pensioners, illiterates, social problems such as drugs and alcohol dependencies and low income levels. These tenants who have been dependent on the Housing Department of the eThekweni Municipality are tasked with managing their property. This problem has been further exacerbated as they are forced to work jointly with other owners to run and manage the common property. There is thus a need to analyze and evaluate the appropriateness of the Sectional Title Model in promoting the home-ownership in the eThekweni Municipal Area (EMA).

The research question is:

“In terms of sectional title development, to what extent (if any) has the transfer of state-financed flats by the eThekweni Municipality to tenants been successful?”

The criteria for success are measured against:

- Financial management: financial statements and funds available, property insurance, payment of levies;
- Social cohesion: interpersonal relationships within and between trustees and owners;
- Technical knowledge on the sectional title model;
- The legislative requirements that bodies corporate need to adhere to in terms of the Management Rules, Annexure 8 of the Sectional Title Act (No 95 of 1986) and Conduct Rules, Annexure 9 of the Sectional Title Act (No 95 of 1986); and
- Ulrich's (2005) twelve critical boundary questions

These criteria are discussed in detail in Chapter Three.

1.3 CONTEXT OF THE STUDY

Maslow's 'Hierarchy of Needs' identified the basic level of need being food and shelter has been identified as a second level of need (in Rogers, 2002). The South African Government has recognized housing as adequate shelter, which fulfils a basic human need (Government of the Republic of South Africa, 1997). The Housing Act further states that every municipality shall ensure that "the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis" (Government of the Republic of South Africa Housing Act, 1997:24).

In 1994 the ANC's housing policy "aimed to rectify some of the injustices of the apartheid policy" (UNHABITAT, 2003a:237). Home-ownership to the ANC is important. The emphasis therefore was on increasing "the number of black home-owners to reverse the legacy of the apartheid years when blacks could only live in rental housing in townships" (UNHABITAT, 2003a:237). The South African government embarked on diverse programmes to promote home-ownership.

There were two broad programmes promoted: the first being new low-cost housing opportunities to people who did not have adequate shelter. According to Glibert (in UNHABITAT, 2003) this was a similar approach to that of Chile, Colombia and Costa Rica. The second was to promote the sale of existing housing units through the Extended Discount Benefit Scheme to people in rental dwellings created by the former apartheid state (Housing Department, 1996). The second programme was indicative of

a paradigm shift from retaining rental stock to selling it. The sale of housing units to tenants was addressed in two ways:

- To tenants that rented freestanding housing. As these properties were freehold properties, there were no conditions that affected a direct purchase and sales process; and
- To tenants living in flats. These flats were to be sold in terms of the Sectional Title Development Scheme (Sectional Title Act 95 of 1986). The rationale for selling the flats in terms of the sectional title was that flats were not freestanding units. They were part of a structure that had several flats within a building grouped together. This programme is the focus of the research study.

The South African Government looked at two ways in which to sell these flats, i.e. share-block or sectional title:

- Share-block did not allow tenants to receive title deeds and they could not be seen as homeowners, but it did give certain rights in respect of occupation.
- Sectional title allowed tenants to own property. The South African Government, in promoting home-ownership that enabled tenants to acquire title deeds, had taken a decision to sell these flats in terms of sectional title (Housing Department, 1996). It appears to be an ideological decision to adopt freehold title rather than a shareholding company.

The eThekweni Municipality introduced its Long Term Development Framework (LTDF) in 2001. The vision encapsulated 'improving the quality of life.' As an extension of the LTDF, the 'Integrated Development Plan' (IDP) is to develop key strategies and programmes in accordance with the LTDF (eThekweni Municipality, 2008; 2002). According to the IDP report (eThekweni Municipality, 2008), one of the challenges of the municipality is access to basic services and housing. The thinking of government (ibid) is to provide housing or housing opportunities for its citizens whereby those citizens are afforded the opportunity to purchase dwellings.

In 1996 the former North and South Central Local Councils of Durban (the eThekweni Municipality) approved the sale of 10 333 state-financed flats in Durban. The Housing Department tasked the eThekweni Municipality in Durban with promoting this sale and employed a project team. The team had a mandate to prepare, package and promote the sale of these flats. This required an extensive consultative and educational campaign that included meetings, workshops, training and skills transfer programmes with tenants of the Housing Department (Housing Department, 1996). In 2005, 251

bodies corporate had been established and 3 942 of 10 333 tenants had become owners (Housing Department, 2005).

In terms of the Management and Conduct Rules of the Sectional Title Act (Act 95 of 1986), the sectional title model stipulates that there are joint responsibilities that owners have to adhere to. The owners elect trustees to manage the scheme. In addition, owners have to pay a sum of money (levy) every month for the expenses of the common property. Thus the transfer of ownership to tenants has led to a complex form of ownership. The concern that arises is that tenants who have been dependent on government to run and manage these dwellings are now asked to take responsibility and make decisions, whilst in the past they did not have to. Previously, these tenants who were not decision-makers are now tasked with managing their property and with working with other owners to administer and manage the common property.

To date there has been limited research internationally to show if bodies corporate are collapsing or are being successfully managed. Studies have shown that there are many problems that bodies corporate have encountered. These problems are (Blandy *et al.*, 2006; Vanoyan, 2004; Vedalankar, 2004),

- owners not paying levies leading to severe financial problems;
- relationship conflict between owners;
- resignation of trustees and lack of continuity;
- corruption by some trustees;
- problems with managing agents;
- lack of commitment of owners;
- poor maintenance of properties.

Having worked as a project manager in the home-ownership programme, the researcher has also observed similar problems in bodies corporate as those highlighted above. In my view the home-ownership programme was introduced by the South African Government for various reasons. Post 1994 there was a need to address the housing shortages and hence the focus was in providing housing access to as many people as possible. The Government did not want to continuously maintain public rental units and hence introduced the sales programme. In selling state-financed flats in terms of sectional title, the government provided training and education to tenants and expected them to then take responsibilities of their private housing. However, the

practice of sectional title is a complex model and the appropriateness of this model needs to be investigated.

It is evident that the sectional title is not only a complex model but there are problems in this form of ownership. Thus there are merits in investigating this home-ownership programme, with specific reference to its planning process, the educational programme (sectional title knowledge and legislation), social (relationship, conflict, working together), financial (legislative requirements and budgets) and management (running of the body corporate) aspects. The next section discusses the approach, i.e. systems approach through which the research study was undertaken.

1.4 A SYSTEMS APPROACH TO THE RESEARCH STUDY

The research study was conducted through a systems approach. A „system’ is a ‚holistic’ approach to understanding and managing complexity. According to Chapman (2001:2), “within systems, a system is usually defined in terms of a purposeful assembly of components (or sub-systems) such that the behaviour of the components is influenced by being in the system.” The converse is also true that the system is influenced by the nature and interaction of its components.

Flood and Jackson (1991:4) identify systems in Systems Thinking as “a complex and highly interlinked network of parts exhibiting synergistic properties – the whole is greater than the sum of its parts.” According to Churchman (1979:13) systems are made up of sets of components that work together to achieve the objective of the whole. Jackson (1991) states that: “Holism puts the study of wholes before that of the parts.” Through the systems approach the researcher was able to identify the system that was to be studied, i.e. the home-ownership programme. This approach also facilitates a process whereby the researcher was able to identify the different components (for example the tenants, the employees of eThekweni Municipality, conveyancers) and the interconnectedness between them.

A systems approach is useful for tackling issues that are embedded in complexity created by human activity (Chapman, 2001). The researcher was investigating a complex programme which has been developed and implemented by employees of the eThekweni Municipality. Through the use of the systems approach the researcher was able to analyze and evaluate the implementation of the home-ownership programme,

as well as examine the different components, their relationship and interconnectedness to each other. The systems approach integrates the analytic method, encompassing both holism and reductionism. Thus the researcher would be examining the specific elements of the home-ownership programme e.g. levies, trustees, project manager, their relationship and interconnectedness, as well as examining the home-ownership programme holistically. Within the system the former tenants of the Housing Department of the EMA and the project team were studied. Chapter Three discusses the use of the systems approach in more detail.

Through a systems approach the following will be analyzed and evaluated in this research study:

a) Complexities, relationships and interaction

The study will identify the complexities that are inherent in the home-ownership programme. The relationship and interaction of the different elements in the system will also be examined. Through this process the challenges that face the home-ownership programme will become evident.

b) Boundary judgments

Through the Critical Systems Heuristics (CSH) the study aims to draw attention to the planning process of the home-ownership programme. Ulrich (1996:7) states that "Critical Heuristics understands planning as the art of promoting improvement." Thus the use of this approach then is used to analyze and evaluate whether there has been improvement. According to Ulrich (2003:1) "CSH can be defined as a critical methodology for identifying and debating boundary judgments." Ulrich (in Daellenbach and Flood, 2001) adds that "the idea is that both the meaning and the validity of professional propositions always depend on boundary judgments as to what 'facts' (observations) and 'norms' (valuation standards) are to be considered relevant, and what others are to be left out or considered less important." Within this study, it was important to investigate the different elements that were addressed and what was omitted.

Ulrich (2003:1) adds that CSH offers a framework of boundary concepts that translates into a checklist of twelve critical boundary questions, which aim "first, to identify boundary judgments systematically; second, to analyze alternative reference systems for defining a problem or assessing a solution proposal; and third, to challenge in a compelling way any claims to knowledge, rationality or 'improvement' that rely on hidden boundary judgments or take them for granted."

CSH calls “the process of thinking through the triangle systemic triangulation,” which considers each corner of the triangle in the light of the other two (Ulrich, 2005:6). According to Ulrich (2005) „boundary critique’ as seen in Figure 1.1 below is the methodological core idea of CSH. Boundary critique is “a systematic effort of handling boundary judgments critically” (Ulrich, 2005:3).



Post 1994 the South African Government aimed to increase housing opportunities and home-ownership to South Africans. The home-ownership programme is being considered and being investigated in this research study. The involvement of different stakeholders such as the Housing Department and trustees (former tenants), with their assumptions and different value judgments, facilitates a dialogue and a critical awareness of different views on the home-ownership programme. There is a need to develop critical awareness (Ulrich, 1996) of these different view points on not only the outcome but also the planning process and implementation of the home-ownership programme.

The use of the boundary judgment in this research study also encapsulates the empirical (is) mode and normative ought (mode) being utilized in this study. According to Ulrich (2005) this process needs to be included to enable a critical reflective process. The reflective process allowed for those interviewed in this research study to look at a programme beyond the transfer of ownership to tenants and also consider the long-term sustainability of the home-ownership programme. The basic requirement for developing the required critical competence is grasping the way judgments of fact, as well as of value depend on boundary judgments and are connected through them (Ulrich, 2005). Ulrich (1996:10) adds that “critical heuristics explains how exactly knowledge depends on value judgment and how value judgment depends on knowledge.”

In studying the planning process of the home-ownership programme “source if motivation, control, knowledge and legitimation” (Ulrich, 2005) are the boundary issues that are examined. This research study also focuses on,

- the facts that have been considered and ought to be considered,
- the values that have been considered and ought to be considered. Has the home-ownership programme been planned to sell-off public rental housing or has the programme been planned to provide opportunities for home-ownership?

c) Stakeholder analysis

According to Lane *et al.* (2001:73) “the stakeholders in a situation are those who have a stake in its outcome.” Every stakeholder has some input into the process and affects the outcome or success of the sale of state-financed flats. A stakeholders’ analysis was undertaken, to analyze the stakeholders that were within the home-ownership programme and to examine the extent of their involvement. As part of the analysis it is also important to review their different perspectives and assess the process for a paradigm shift in the sale of state-financed flats.

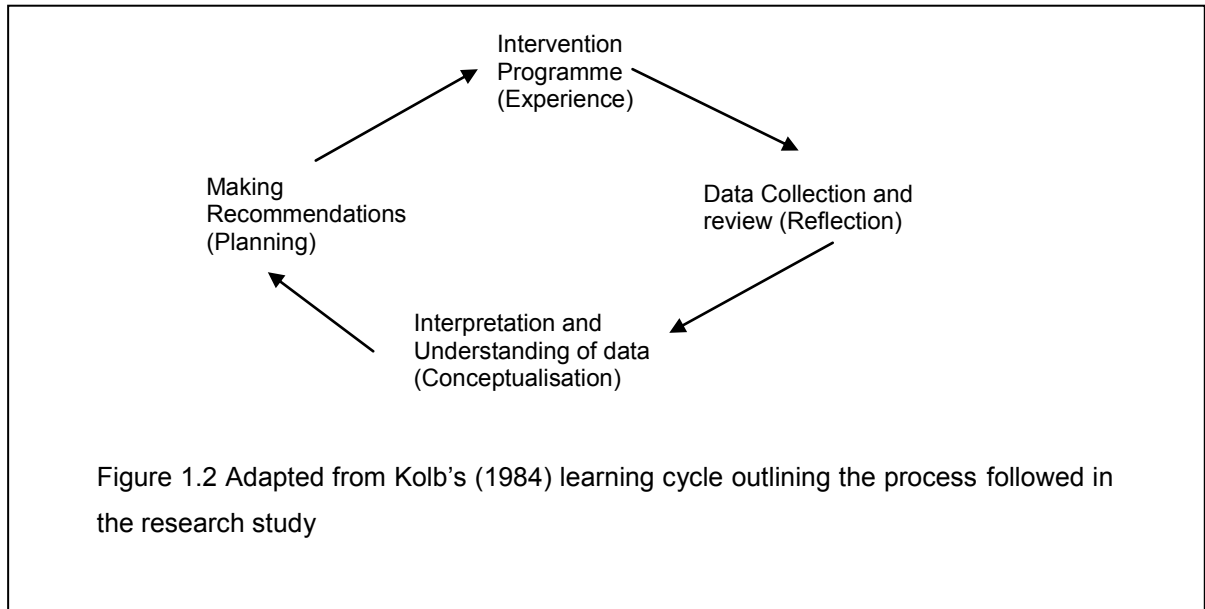
d) Learning cycle (Kolb, 1984)

This process looks at the learning through action reflecting on the implementation of the home-ownership programme and the experience gained through this programme. The research study also facilitates a reflection process that evaluates the outcome and makes recommendations on new ways to move forward. According to Kolb (1984) one’s paradigm (values, attitudes, beliefs) and vocabulary are also influential since without words, it is difficult to verbalize and discuss one’s perceptions.

According to Greenaway (2004) through the use of the Learning Cycle one is not only able to reflect on experience in order to revise learning, but also to meta-reflect on core beliefs, assumptions and values which are challenged and revised as needed. The use of Kolb’s Cycle (1984) as part of the methodology will enable the research to be a process of understanding and learning on the implementation of South African Government’s intervention programme. Reflection on the programme directs the researcher to become more aware of the development and learning process. It also helps to identify the challenges and lessons as well as to advance recommendations for future development and advancing the learning processes.

In Figure 1.2 below the Intervention Programme refers to the home-ownership programme which has been implemented by the eThekweni Municipality. The next three

stages of this Learning Cycle were to be pursued by the researcher. This included the collection of data through the CSH and Quantitative Study. The researcher then needed to interpret and understand the data collated in this study and make recommendations based on the findings.



1.5 RESEARCH METHODOLOGY

Through the use of Critical Systems Thinking (CST) the researcher was able to use various methodologies in undertaking the research study. The research study incorporated mixed methodologies which includes a quantitative dimension and critical systems heuristics (CSH) dimension. The rationale for selecting the quantitative method is too statistically compare data obtained on bodies corporate surveyed. This will assist in determining the success (if any) of the home-ownership programme. CSH according to Ulrich (1996) is a methodology that is used to assess and evaluate policy and it is appropriate to use this approach as the purpose of this research study is to investigate the extent to which the home-ownership programme has been successful. In using CST the researcher also aimed to highlight critical and social elements that were salient to the home-ownership programme.

The quantitative questionnaire was administered to trustees of bodies corporate in Phoenix in Durban in the EMA. The reason for administering the questionnaire to trustees was that most of them were owners and also managed their respective bodies corporate. They thus had more insight in current administration, financial and social

conditions of their respective bodies corporate than the other owners in the EMA. The responses from the interviews are specific to trustees. To evaluate the impact and effectiveness of the home-ownership programme it was relevant to select a sample of bodies corporate that have been registered since the programme was implemented. The aim of the questionnaire was to obtain information on the management of the bodies corporate, understanding of sectional title development, financial status of bodies corporate, and their relationship with the Housing Department of the eThekweni Municipality and other general information.

The second study conducted by the researcher was adapted from Ulrich's (1996) CSH. The research study undertaken was an analysis and evaluation of the South African Government policy that has been implemented therefore this methodology was used for the purpose of this enquiry. This approach was used for the research study and the questionnaire was administered to the project team that was involved in the implementation of the home-ownership programme. The project team consisted of employees in the Housing Department of the EMA. This second study was conducted only with the project team, as former tenants were not involved in the implementation of the policy; they were seen as the recipients in this programme by the Housing Department.

Both research studies are an evaluative case study about the transfer of flat ownership to individuals who were mostly tenants in the past. The process is an unadopted use of sectional title legislation that has been uncritically engaged in this situation. A more detailed discussion of this research methodology and its application is presented in Chapter Three.

1.6 SYNOPSIS OF CHAPTERS

This thesis consists of five chapters: In Chapter Two the Literature Review that was conducted for this research study is discussed. Chapter Two provides an overview of the delivery of public rental housing within a global context, with a particular focus on South Africa. This chapter also includes government's strategy to create home-ownership to its former tenants. The Sectional Title Development Model that was adopted by South African is also discussed.

In Chapter Three the research methodology and research design of the study that was conducted are discussed.

Chapter Four presents the analysis of the data obtained from the research study. The outcome of this study will be of assistance to the eThekweni Municipality, in addition it will also provide guidance to other municipalities engaged in promoting home-ownership in South Africa.

Chapter Five concludes the research study with lessons learnt from the research study, as well as the findings of the research study. Recommendations and suggestions are also presented in this chapter.

1.7 CONCLUSION

This chapter introduced the process of the research study that was to be conducted. The focus of this research study is to investigate the appropriateness of the use of the sectional title model in promoting the home-ownership of the Housing Department of the eThekweni Municipality. The challenges that face these tenants are ensuring that they are able to sustainably manage bodies corporate and sectional title living. The sectional title model is simple but complex in practice, hence the need to conduct this research study. The research study is conducted within a systems approach. The researcher looked at the use of a meta-methodology called CST. There are two methodologies that will be used in this study. One is the CSH and the other is the quantitative method. The next chapter presents the Literature Review of the research study.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter examines the different approaches to public housing and home-ownership programmes and the different approaches of housing delivery patterns in various countries. The role of governments in the delivery of housing has significant ramifications for its citizens. In the last 40 years there has been a trend in several countries for government to promote home-ownership, which is highlighted in this chapter.

The South African Government also embarked on a home-ownership programme and this is discussed. One of the home-ownership programmes, the sale of state-financed flats in terms of Sectional Title Development Scheme (Act 95 of 1986), is the focus of the research study.

The literature study provides a theoretical background and learning from other programmes globally, on the delivery of public housing. The findings from the literature study provide insight into the causes of problems and decision-making in implementing home-ownership programmes.

The overview of the literature study undertaken for this research includes:

- The different approaches that look at the delivery of public housing globally: Economic, Political and Social perspectives,
- Public Rental Policies,
- A shift in these Public Housing Policies, which focuses on:
 - Challenges in the delivery of public housing, and the sale of public housing assets,
 - Communal housing, which focuses on sectional title developmental,
- The South African Housing Policy after 1994,
- Experiences of the sectional title model in South Africa

2.2 AN OVERVIEW OF APPROACHES TO PUBLIC HOUSING

There have been different perspectives that look at the delivery of public housing. Some of these perspectives are now discussed.

2.2.1 Economic Perspectives

The economic perspective has been prevalent in housing research studies. Economic theories have approached housing from a market perspective and as a commodity for trade, be it rental or sale. According to Megbolugbe *et al.* (2001:384) “The principal features of housing as a commodity that distinguishes it from most other goods traded in the economy are relatively high cost of supply, its durability, its heterogeneity, and its special immobility.” The research study (Megbolugbe *et al.* 2001), indicates that to advance understanding of housing consumption decisions there is a need to also look at demography and social aspects that capture attitudes, preferences and perceptions into the classical economic model. Muellbauer and Murphy (2008) also reinforce the need to look at location and demography as they are connected. Factors that would influence housing prices are income, the housing stock, demography, credit availability, and interest rates, creating a fluctuating housing market.

White and Allmendinger (2003) noted that the market fails when it is unable to provide affordable housing for workers in expensive areas. White and Allmendinger (2003) also add that this causes government to intervene which can have both positive and negative effects. Another reason why the housing market is imperfect is lack of knowledge on housing regulations and prices. Arnott (in Alhashimi and Dwyer, 2004:4) adds that “asymmetries in external information brought about by regulations that affect production, exchange, and consumption, for example, zoning and building codes, can be significant.” Alhashimi and Dwyer (2004:4) explain that, “Very few buyers and sellers would possess anything remotely resembling perfect knowledge of current prices and even fewer have perfect foresight with respect to future prices.”

An example that has had an impact on the housing market is the international financial crisis. This has highlighted deficiencies in the system of financial regulation (Muellbauer and Murphy, 2008). “In the UK, the Financial Services Authority has admitted serious regulatory lapses. Deficiencies in financial regulation and in fiscal and land-use policies have sharpened the policy dilemmas now faced by central banks setting interest rates” (Muellbauer and Murphy, 2008:28).

Other external factors e.g. inappropriate planning can also result in failure to deliver housing. White and Allmendinger (2003) note that planning systems impact on housing systems both in the United States of America (USA) and in England. For example England’s inadequate land-use planning system led to overcrowding and environmental concerns which according to Leunig and Overmanl (in Muellebauer and

Murphy, 2008:3) was indicative of “sub-optimal spatial patterns of development.” The home-ownership programme is a contrast to this theory and the housing market is restrictive, as it is a prescriptive form of sale to existing tenants of the Housing Department of the eThekweni Municipality.

Tenants who have been dependent on government to manage these dwellings are not only tasked with managing their property but also tasked with working with other owners to run and manage the common property jointly. The complex South African sectional title model highlights the co-dependence and communal living of tenants rather than independent ownership. In an imperfect market where consumers have limited knowledge on the housing market adding a complex model such as sectional title exacerbates the problem for tenants. It is very necessary to examine and understand economic theories as they also impact on sustainable housing development programmes. In addition, there is also a need to understand aspects such as political, legal and social elements of this programme in assessing and evaluating the home-ownership programme.

2.2.2 Political Perspectives

Whilst economic conditions have dominated delivery of housing, politics impel the decisions made in the delivery of housing and promotion of home-ownership. Venter (2008:2) states that in the 1960s and 1970s, the element of sustainability was not given primary attention in housing development. The main focus was on quantity and location. In the 1980s sustainability was located within an economic perspective it is evident that decisions made by central governments impact on a large number of people. By national government making decisions for local areas, local environment and conditions become sidelined, which is a consequence of centralized control. Political decisions have also been made by governments to sell off public assets which lead to privatization of assets. The Millennium Development Goals (MDGs) was an agreement by all countries to address poverty and Hasan et al. (in Venter 2008:3) noted that whilst the global commitments were not new there was a pledge in “the agreement between international agencies and national governments to work collectively together in order to achieve these goals.” The World Bank and the International Monetary Fund have had a major influence in shaping policies of privatization.

2.2.3. Privatization, Role of World Bank and IMF

Privatization theory focuses on the sale of public assets (which includes the sale of public housing stock) to increase access to the market and facilitate a process of fair trade. According to Jauch (2002) there has been a global trend towards privatization since the 1970s; as a result of poorly managed State Owned Enterprises (SOE) and a growth of neoliberalism that focused on the free market ideology. Jauch (2002) adds that this process was introduced in Africa in the 1980s and 1990s. Governments in developing countries sought privatization to have access to donor assistance which included adjustment loans directed towards SOE reforms from the IMF and World Bank. Jauch (2002) states that the privatization in Africa has had negative consequences with increases in rates of unemployment and increases in prices of basic services such as housing and services. Through structural adjustments programmes in developing countries, Yemtsov (2007) adds that privatization led to an intense process to privatize housing in many countries. According to the IMF report, (2005) which focused on the reform and progress of development in Mali, one of the areas of development highlighted was that there was still a strong demand for public housing.

Whilst the privatization process did, to some extent, improve economic growth and human development in many Asian countries, according to Stewart (in Khan and Thring, 2003:57-58) those countries that restructured under the World Bank and IMF conception of appropriate socio-economic policies witnessed a significant increase in poverty as opposed to those that adjusted on their own.

2.2.4 Social Perspectives

Decisions that impact on the delivery of housing especially in developing countries have largely been economic and political. For example, the Afghanistan Government, which has been torn by persistent conflict and war, needs to re-develop the country, which incorporates health, education, infrastructure, housing and economic regeneration (Un-Habitat in Afghanistan). According to Porio *et al.* (2004:1) "Limited access to land in Philippine cities has been the barrier to providing the poor with affordable housing." One approach to create home-ownership was the Community Mortgage Programme (CMP). According to Porio *et al.* (2004:1) "of the many social housing finance programmes launched by successive Philippine governments, the CMP is the most responsive to the housing needs of slum and squatter communities."

An observation that the researcher has made in reviewing the literature on public housing, is that in recent times there have been changes in the patterns of delivery of housing and promotion of home-ownership. Society and social conditions have become more prominent in these patterns. Governments have begun to introduce home-ownership to people. Various countries have developed policies to sell public housing to tenants. For example in:

- England the sale of public housing was introduced through the New Public Management programme (Springings, 2002; Walker, 2001);
- Ireland (Redmond, 2001) there was an extensive programme introduced to reduce public stock;
- South Africa the sale of public stock was introduced through the Extended Discount Benefit Scheme (Harrison *et al.* 2003, Khan and Thring, 2003);
- Poland (Blunt and Wowicz, 1997) the sale of housing was introduced via co-operative housing;
- According to Hammer (in Global Tenant, 2004:4) in Beijing in the Peoples Republic of China and in Hong Kong the sale of public flats commenced in 1978 in terms of the Housing Ownership scheme (HOS) at a discounted price.

The sale of public stock also has various implications for South Africa. The sale of flats through the sectional title model includes tenants purchasing the inside of the dwelling and joint ownership of common property within that scheme (Sectional Title Act, No 95 of 1986). A process whereby tenants have to co-operate with each other and become dependent on each other in managing their bodies corporate.

Social conditions and housing shortages have also given rise to the development of slums in urban areas. According to the report by UN-HABITAT (2003b: xxv) "In 2001, 924 million people, or 31.6 percentage of the world's urban population, lived in slums and that in the next 30 years, the global number of slum dwellers will increase to about 2 billion." The report (UN-HABITAT, 2003b) also highlighted the significance of an holistic approach that needs to include the involvement of communities, non-government organizations, the private sector and government in planning and developing new programmes. The next sections look at the shift from provision of rental housing to that of home-ownership.

2.3 RENTAL HOUSING

It is important to examine public rental policies and programmes and the subsequent attempts to sell these public housing assets. The research problem that is being considered in this study has emerged from the sale of public rental housing. The section below highlights-salient patterns of governments in attempting to address challenges faced with public rental housing programmes.

According to Venter (2008) after the Second World War there was a need to address the housing shortage which led to the need of providing housing that people could afford. One way of addressing housing needs was the introduction of public rental housing. Both Harloe and Priemus (in Venter, 2008:5) add that public housing, government-provided rental housing became a dominant policy response worldwide during the 1950s and 1960s. Venter adds that in the 1970s public housing was costly to the state and thus rental housing policies were reviewed. According to the UNHABITAT report (2003a), rental housing has been neglected by many governments and recommends that government's review their rental policies as there is still a big demand for rental housing.

There have been many debates on public rental housing schemes being a viable option to address housing needs. UN-HABITAT report (2003a:8) highlights cases of high rate of tenancy as "In Abidjan, Côte d'Ivoire, 80 per cent of households were tenants in the 1980s" and "this percentage does not seem to have diminished." The UN-HABITAT (2003a) report further noted that in "Port Harcourt, Nigeria, 88 per cent of households were renting accommodation in 1984 and in India, 76 per cent of households in 1981 in Calcutta were non-owners and 68 per cent in Madras."

Rental programmes are diverse and they differ in countries. In England, the Netherlands, Germany and Spain there are subsidized rental programmes for low income groups, whilst in Ireland and Belgium there are income-dependent rental programmes (Winters and Elsinga, 2008). According to UN-HABITAT (2003a) developing countries such as Colombia and South Africa still have some form of rental policy. European countries like Spain and Ireland have begun to relook rental accommodation.

In "Spain, Germany and Ireland, the social rented sector is modest in scope, varying between 3% and 9%" (Winters and Elsinga, 2008:223). According to Decker (2002),

Winters and Elsinga (2008) there has been limited involvement of government in the provision of housing in Belgium. In Hong Kong public housing affects half of the population (Lui, 2007). These findings highlight the limited involvement of government in rental housing.

Whilst many countries have housing policies aimed to deliver public housing, internationally there has been a decrease in spend on housing; more so in the rental sector Yip and Lau (2007). The UN-HABITAT Report (2003a) states that renting in cities in developing countries has been neglected and in many developing countries rental policies has disappeared; in addition, there has been a lack of knowledge about tenants and provision of rental accommodation.

2.3.1 Rental Housing Policies

Rental policies determined by governments are based on conditions of their respective countries. In the Netherlands rental housing is extensive. According to Kempen and Priemus (2002) the Netherlands' social rented housing constituted 41% of market share of housing stock, hence social rental housing was never regarded only for the poor, rather there has been a social mix within neighbourhoods. In the UK rental policies by the local authorities focused on raising adequate rent to meet expenditures and they were given autonomy in rent setting (Walker and Marsh, 2003). Social housing units are managed by local authorities which equals to about 20% of Britain's housing (Pawson and Watkins, 2007). The Choice-Based Letting (CBL), a quasi-market mechanism, was introduced in 2000 to treat those seeking social housing as consumers through the advertising of vacant dwellings (Pawson and Watkins, 2007).

2.3.2 Challenges in Public Rental Housing

Public rental housing has often been associated with challenges and failures. Governments face many challenges in implementing strategic policies for rental housing; which includes administration, finance and up grade programmes. These policies need buy-in from the various stakeholders such as tenants, politicians, etc.

- Rental Housing and Affordability:

The provision of public rental housing by governments has been hindered because of economic conditions and affordability. According to Eastaway and Varo (2002), the rental sector in Spain has been decreasing as a result of economic conditions. A significant increase in rental prices and limitation of rental accommodation has also contributed to this decline. Rental unit programmes were introduced and subsidized in

Korea; however problems arose with limited budgets provided for rental units. The biggest challenge for rental housing is the continuous need for financial support which is lacking (Son *et al.*, 2003).

Rental units in Korea have been developed both for commercial business (chonseil rental contract) and a public rental housing programme (Son *et al.*, 2003). In Latin America according to Balchin and Stewart (2001), the GDP's are low and the governments are unable to fund adequate low cost housing or even maintain them, the poor are thus unable to afford rental housing.

According to Balchin and Stewart (2001) whilst attempts have been made to provide rental housing in Latin America the challenges faced are those of affordability. Hence the construction of public housing reduced drastically from the 1980s-90s. According to Balchin and Stewart (2001), in an attempt to address housing needs, programmes aimed at upgrading informal housing (self-help) has been more cost-effective than subsidizing low-cost housing in Latin American countries.

According to Milligan *et al.* (2006) in Australia there is a greater reliance on the private housing sector; lack of affordability is also high. Berry and Hall (2005) also note that declining housing affordability is being experienced by many Australians. There is also a lack of adequate low-rent dwellings and Berry and Hall (2005) suggest a need for government to provide housing assistance programmes and rental housing. In Ghana, due to severe problems like rent control, poor maintenance and public management of public rental units, the conditions of these units have deteriorated (Asabere, 2007).

- Political challenges in public housing

As stated by Gilbert (in Khan and Thring, 2003) large scale public housing often failed as a result of financial difficulties and fewer rental units were built. "In Venezuela political party membership gained access to housing. In Egypt nepotism, clientelism and formal selection meant that dwellings rarely went to those in need" Gilbert (in Khan and Thring, 2003:380). In addition Gilbert (in Khan and Thring, 2003:380) adds "that political patronage encouraged tenants not to pay rent and they were rarely evicted, thus it was difficult to maintain public housing stock or build new ones." Due to the inadequate delivery of rental housing some governments in Western Europe have experienced immense political pressure (Venter, 2008:5).

According to Gilbert (in Khan and Thring, 2003: 381) “whilst there is a need for rental stock, the main role of the state is to set up effective agencies to run housing stock, the role of politicians should not be included in managing the stock, the agency should operate efficiently, i.e. collect regularly and without exceptions, and there needs to be tenants’ involvement in managing the stock.” The decisions made by politicians have significantly impacted on the outcome of the housing programmes.

- Public Housing Subsidies

There has been a shift to support and subsidize housing. Steele (in Lui, 2007) notes that governments in developing countries focus on subsidizing housing rather than building public housing. South Africa has also introduced housing subsidy programmes (Khan and Thurman, 2001). According to Gilbert (in UN-HABITAT, 2003) the introduction of housing subsidy programmes was also noted in Chile, Colombia and Costa Rica.

Australia has promoted home-ownership extensively and has a very small public housing system Milligan *et al.* (2006). There are many housing problems which were “measured by big increases in homelessness, declining affordability, falling home-ownership, and large and increasing public housing waiting lists” (Burke, 2004:11). Burke (2004) adds that the federal government has cut funds and lacks an appropriate national housing policy. This highlights the challenges faced by residents in Australia and failure of delivery of appropriate housing.

- Decrease in public rental programmes

UN-HABITAT Report (2003a) noted that there is reluctance by governments to support public rental housing and that the lack of inclusion of a rental sector is one of the biggest challenges of national housing policies. In addition many governments have neglected rental housing mainly for ideological reasons, indicating that owners are better citizens. UN-HABITAT (2003a: 3) adds that there is little empirical support to this argument, and advantages of owner occupation are exaggerated.

This can also be seen in South Africa with the implementation of the sale of public rental housing. In 1998 the South African Government realized that home-ownership alone could not address housing shortages and thus revised their rental policy and initiated new rental housing programmes through social housing (UN-HABITAT, 2003a).

According to Khan (in Khan and Thring, 2003), countries e.g. Sweden and Singapore, that have been successful in the provision of rental housing programmes, had to invest significantly in the provision of public rental housing for low-income households. The need to facilitate labour mobility also indicates the need for flexible financial regimes at the lower end of the market so rental stock is an important element in addressing the provision and access of housing.

There was a shift from the public rental housing programmes, to home-ownership programmes by governments in many countries like, England, Ireland, China and South Africa. A change to this strategy has varying implications. The next section discusses the implementation of the home-ownership programme.

2.4 A SHIFT IN HOUSING POLICIES

Programmes for the sale of public housing stock have been implemented in many countries. It is important to review and discuss challenges, successes and failures of these programmes in order to advance learnings and make recommendations for future programmes. Whilst the home-ownership programme has been introduced by the South African Government the appropriateness of this sectional title model is yet to be determined.

2.4.1 The Promotion of Home-ownership Programmes

In many countries, a „dream’ is promoted about owning one’s own home. “In Scotland...it’s everyone’s little vision isn’t it, to own a nice house, a nice car, family, isn’t it?” (Rowlands and Gurney in UN-HABITAT, 2003a:11). In Brazil, home-ownership has been declared that, “the dream of every Brazilian family is to have their own house” (Barbosa and others in UN-HABITAT, 2003a:106). In South Africa, “home-ownership and all the pride and family stability it engenders, is one of the cornerstones of a stable society...” (Daily News in UN-HABITAT, 2003a:106). In the USA home-ownership is “part of the American Dream” (Heskin in UN-HABITAT, 2003a:106). Many countries have implemented sale of public housing stock to promote home-ownership, and some countries have had success or partial success, while others have encountered failures.

According to Khan and Thring (2003), research has shown that there is a preference for home-ownership. “The Russian Federation, for example, home-ownership increased from 33% in 1990 to 59% in 1999” (UNCHS in UN-HABITAT, 2003a:11). “In

Slovakia, owner-occupation increased from 65% in 1990 to 88% only four years later (UNCHS in UN-HABITAT, 2003a:11). In developed countries for example “Australia and New Zealand both have high rates of owner occupation” (UNCHS in UN-HABITAT, 2003a:12). In Singapore and Hong Kong owner-occupation “grew very rapidly during the 1970s and 1980s” (IYSH in UN-HABITAT, 2003a:13).

According to UN-HABITAT (2003a) in most developing countries policies have been formulated to promote home-ownership. Khan and Thring (2003:368-368) state that, “in Bolivia (Beijaard) ownership is the most preferred tenure. In Caracas, Mexico City and Santiago most existing owners prefer ownership, 86% of tenants interviewed in Santiago preferred to be home-owners.” In South Africa home-ownership is a problem currently as “many of those given state subsidies to buy new homes have bought and resold” (Cross in UN-HABITAT, 2003:115). The question that emerges from the information above is how successful and how appropriate has the home-ownership programme been in these countries?

According to Kempen and Priemus (2002), in the Netherlands in 2000 the government in wanting to reduce the social rental stock introduced new urban housing policies that enabled high-income households to move to owner-occupied houses. The proportion of low-income earners in social housing has increased and there is a decrease in the social housing sector (Kempen and Priemus, 2002). According to Winters and Elsinga (2008) Belgium has also been promoting home-ownership.

The Ghanaian Government converted public rental units to ownership programmes but these have not been successful (Asabere, 2007). The findings of the study shows that the rental policy has strongly impacted on rental housing stock and recommend that the rental units be donated to tenants (Asabere, 2007).

2.4.2 Communal Housing: a solution to promoting home-ownership

Communal housing refers to conditions where residents share the environment in which they live. Communal living necessitates residents living in such an environment, which requires them to comply with some form of prescribed rules, conditions or guidelines. Residents can either develop these rules and this could be indicative of emergent characteristics that may arise. Owners or management within a housing organisation can also prescribe the rules. Types of communal housing are:

- Sectional Title Development Scheme, where people own their units and jointly own common property,
- Share Block, where people own shares in a residential scheme but the residents and the rules of that scheme is determined by the management that consists of shareholders,
- Hostels, i.e. student hostels, or hostels that are owned and run by the private or the public sector,
- Housing Co-operatives;
- Social Housing.

In promoting the home-ownership programme the Housing Department of the eThekweni Municipality had therefore selected the sectional title development model.

Living in a communal housing environment can be a complex social process with residents having different values, religions or cultural backgrounds. Living in a communal environment with minimum conflict and tension is vested in both the residents and the management of that scheme. Successful management is also based on the constitution of the complex, as well as implementing and adhering to it. Living and managing within a communal housing structure has its own challenges, e.g. adhering to rules, tolerance of neighbours, etc. Given the complexity of communal home-ownership, the successes of such programmes have to be measured. This research study aims to analyse and evaluate the appropriateness of the home-ownership programme. The application and practice of the sectional title model is a complex process. In addition there is a need to examine and understand the interconnectedness of owners through their joint ownership of the common property, managing their body corporate and their relationship. Thus, conducting the research study within a systems approach is appropriate.

2.4.2.1 Sectional Title Development Model

In North America Sectional Title schemes are known as condominiums. According to Ungerson and Karn (1980), in the 1970s the rise of condominium housing became prevalent in North America. This type of housing also became common in cities of Canada. In addition, San Francisco and Chicago in the USA also had programmes where large scale renting stock began to be converted to this form of housing (ibid).

According to Clurman and Hebard (in Ungerson and Karn, 1980:171), the concept of condominiums dates back to Roman times and the term simply means to have joint

control over certain property, by one or more owners. The introduction of condominiums facilitated a process for people to purchase housing units that were grouped into schemes within the private sector. There are two important aspects of this type of housing

- the property is divided into units and common elements;
- the administrative framework enables owners to manage their property, as well as to share in the expenses of that property.

Thus the responsibility of running and managing such schemes is vested in the owners. The other important point to note is the collective responsibility of the owners to run and manage such condominium complexes.

Hud (in Ungerson and Karn, 1980:171) states that with “its more intensive land use, multi-family housing, and higher densities, condominiums presented not just a different form of housing design, but more significantly the development of a new housing social dependence.” The social dependence that is introduced in this model creates the complexity in the home-ownership development model, hence the need to analyze and evaluate the impact of the sale of state-financed flats to tenants by the eThekweni Municipality; and gauge the relative success (or failure) of bodies corporate in terms of the Sectional Title Act (No. 95 of 1986).

Whilst this form of housing presented economic opportunities, affordability and accessibility to housing, there are many challenges that arose. The social aspect of home-ownership allows for control over the property; however, individual control is restricted and limited, as there is a need for collective decision-making in the management of bodies corporate. There is a social interdependence, whereby owners are dependent on each other, in terms of their behaviour, respecting diverse culture, complying with the management and conduct rules as stipulated of the body corporate, and this could result in increased tensions between owners. In addition, meetings need to be held to take decisions. However, “resident’s apathy and little pride of ownership are frequently cited as characteristic of condominium living” (Cartwright Consulting Associates in Ungerson and Karn 1980:176). The complexity of this model has been emphasized above.

2.4.2.2 Sectional Title Developmental Model in South Africa

As discussed in Section 2.2 there are theories that look at public housing. Economic theories looked at housing as a commodity and the housing market did not address

social and welfare needs. Social and political theories focused on political and social challenges such as the rise of slums and evictions. However, there have been no general theories on sectional title schemes. In the researcher's view the sectional title model is a legal device so the theory resides in the thinking that underpins the device. The closest inferences drawn are from condominiums in North America and the New Public Management in England. It is for this reason that the sectional model is selected as the conceptual framework to conduct the research study.

According to Woudberg (1999) the increase in residential property in the 1970s led to freestanding houses becoming unaffordable. The introduction of the Sectional Title Act of 1971 made it possible for people to purchase apartment units which were cheaper, it was also more economical to build sectional schemes than individual units and it became popular for security reasons (Woudberg, 1999).

The home-ownership programme is based on a legislated model, the Sectional Title Act (No. 95 of 1986). According to this Act, purchasing in a sectional title development scheme refers to obtaining a title deed to a section of a building or complex. Sectional title enables one to purchase a section or a flat of a complex, obtain title deeds to that unit and joint ownership of the common property in that scheme. The model is prescriptive in that there are rules stipulated through which the body corporate is administered and managed. The body corporate according to Woudberg (1999) is the total body of owners in a sectional title scheme. It is a collective name given to all the owners in a scheme. The management rules are regulated in terms of Annexure 8 of the Sectional Title Act (No 95 of 1986). These rules assist trustees to control, manage and administer the scheme. The conduct rules are rules in terms of Annexure 9 of the Sectional Title Act (No 95 of 1986). These rules lay down guidelines for the conduct of owners and their guests or tenants. In addition the income obtained to financially manage sectional title schemes is derived from levies. A levy is the income of the body corporate. It is a sum of money that is paid by every owner within a scheme, according to the participation quota (PQ) in terms of the Sectional Title Act 95 of 1986, for the running of that scheme. The PQ refers to the "the ratio of the square metreage of a flat to the total square metreage of all sections in the complex (common property excluded)" (Woudberg, 1999:11).

A body corporate is also a legal entity, which according to Woudberg (1999) can sue or be sued and thus needs to be managed as a business. Therefore trustees play a pivotal role in managing bodies corporate. According to Colman (2004) the success or

failure of most bodies corporate is dependent on trustees, as the trustee needs to understand the Act and interpret the rule of the body corporate. The trustee must be able to understand and control budget and accounts. Colman (2004) adds that in reality most trustees are laymen without a legal or accounting background. Thus the viability of a body corporate being successful depends on good management.

The model is simple in principle but complex in practice. Whilst problems experienced with sectional title have been noted at a concept level in Chapter Two there is a paucity of research in this area. There is a requirement for home-owners to take responsibility for their own unit and joint responsibility of the common property. Home-ownership thus leads to interdependence with co-owners. Challenges such as property insurance relapsing, complexes auctioned for non-payment of rates and no electricity on the common property could hinder the success of bodies corporate.

2.4.2.3 Case Studies of the Sectional Title Model

Below are some case studies that show the successes or failures and the appropriateness of the sectional title development model in promoting home-ownership.

- HONG KONG

According to Hammer (in 2004:4) in Beijing and Hong Kong the sale of public flats commenced in 1978 in terms of the housing ownership scheme (HOS) at a discounted price. In 2003 the rate of home-ownership was 56% and the target set by the government reached 70% by 2007. According to Hammer (2004) there has not been a great deal of participation from the tenants during the years, there has been mostly passive involvement. The experience highlights financial difficulties experienced by owners, and the owners had a very minimal role in property that they owned, and hence the appropriateness of this form of ownership has not been viable.

- SINGAPORE

According to an HDB annual report (Chin, 2004:2), "the HDB built 862,918 flats to house 2,854,000 people or about 85% of Singapore's population." This programme placed great emphasis on providing a total living environment, fostering resident's identity with their neighborhood and to promote social interaction. "Singapore has achieved one of the most successful public housing programmes in the world" (Wong and Yeh, in Chin 2004:7). Chin has highlighted that through promoting a total living environment this form of ownership can be successful.

- ENGLAND

In England there has been a major move to dispose of government housing through the New Public Management (NPM) (Springings, 2002; Walker 2001). According to Walker (2001) in England the sale of municipal housing has not been transferred completely into tenant ownership but has been transferred into independent housing associations. These transfers have been likened to „management buyouts’ and as a result are transforming the nature of the housing association sector and social housing according to Forrest 1993, Kleinman 1993 (in Walker, 2001:679).

According to Springings (2002) Housing Associations have become more authoritarian and less accountable to their tenants as the associations are influenced by managers and not accessible to tenants’ complaints. “Housing managers appear to be interpreting government’s wish to support NPM by abusing powers to tackle rent arrears” (Springings, 2002:16). Atkinson *et al.* (in Blandy *et al.*, 2006) found that many of the individual owners in such developments report that they lack control over the management of the site and its facilities, despite their rights of legal ownership.

The NPM has had an influence internationally on public housing policies. Dunleavy (in Walker, 2001) notes global pressures towards the widespread adoption of NPM, whilst highlighting divergence at the national level due to constitutional or cultural factors. Flynn and Strehl (ibid) examined NPM in Europe, noting the increased emphasis placed on management. According to Gray and Jenkins (in Walker, 2001) the adoption of NPM varies by country and has been shown to vary by public service industries within countries.

- NEW ZEALAND

In New Zealand the demand for housing increased and gave rise to multi-complex ownership. According to Blandy *et al.* (2006:2368), “bodies corporate are managed under the Unit Titles Act 1972 (UTA) and that (ibid, 2006:2366), “the law is largely silent on the range and nature of the rights and responsibilities of the various parties involved in property co-ownership and co-management.” This approach is similar to the Sectional Act in South Africa, and England. Research in New Zealand (Dupuis and Dixon, 2004, Dupuis *et al.* 2002 in Blandy *et al.* 2006) indicates that owners have a minimal role in the management of the multi-complex. According to a research study undertaken in England and New Zealand the following were noted:

- “many residents complained of feelings of powerlessness and/or lack of knowledge, both with respect to the developer and with respect to the professional managing agent” (Blandy *et al.* 2006:2369); and
- “Research has established that purchasers in both England and New Zealand are frequently ignorant of, or confused by, the legal structure of the development which they have bought into, and about their own rights and obligations” (Blandy *et al.* 2006: 2375).

A gap that is identified is the need for education and support to home-owners that live in bodies corporate. This study also shows that sectional title is not only restrictive for home-owners it can be a major financial risk for home-owners.

- IRELAND

In Ireland, according to Redmond (2001), reduction of public stock was through extensive privatisation right-to-buy schemes that were introduced. The majority of housing stock built by local authorities has been sold to tenants. Power and Fahey (in Redmond, 2001) add that Ireland has a large amount of outstanding social housing and in the poorest of conditions. Corcoran (in Redmond, 2001:294) state that there are many social problems like “joyriding, vandalism, drinking and drunkenness in public, open drug dealing and drug use, harassment of settled individuals and households, or noisy quarrels between neighbours.” This anti-social behavior (Corcoran in Redmond, 2001) impacts negatively on the living conditions of tenants and reinforces external prejudices. From this article the challenges that emerge are both financial and social.

- SAN FRANCISCO (IN CALIFORNIA) AND CHICAGO (IN ILLINOIS)

According to Ungerson and Karn (1980) in San Francisco in California and Chicago in Illinois much large scale renting stock was to be converted to this form of housing. The challenges linked to this model are financial and social aspects, which have an impact on the management. Whilst control is restricted and limited, as there is a collective decision-making that is taking place. There is a social interdependence and this resulted in a rise of tensions between owners. In addition, for decisions to be effective, meetings need to be held. However, “resident apathy and little pride of ownership are frequently cited as characteristic of condominium living” (Cartwright Consulting Associates in Ungerson and Karn, 1980: 176). These conditions lead to failures of complexes.

In this form of tenure developers draw up by-laws and these are either not understood by owners or they are not implemented. Enforcing these by-laws can become costly if

taken to court. Some examples of by-laws are keeping of pets and parking. According to Ungerson and Karn (1980) a limitation of this form ownership is that it does not allow for structural changes or extensions to the individual unit.

- CALIFORNIA

In a Californian co-housing model (similar to condominiums) a developmental approach was created to enable more interaction and participation of residents. According to Williams (2005:146) "Co-housing combines the autonomy of private dwellings with the advantages of community living. Co-housing is a high quality and highly sustainable alternative to other housing options" according to Marcus and Dovey (in Williams, 2005:153). According to Williams (2005) this model has been successful in California as it included a developmental approach to co-housing. It took into account culture, institutional structures and created professional and public awareness of the programme. However, according to Williams (2005) the UK experience of co-housing has not been successful, and there are three barriers to this success: lack of awareness and expertise by developers, professionals and financial investors; the standard model regarding access to suitable sites and funding for such sites to construct suitable housing is inadequate, and resale value is low.

- ARMENIA

According to Vanoyan (2004), condominiums were introduced in Armenia in the late 1980s, whereby tenants were able to purchase their apartments from the government. In a study in 2001 conducted it was found that payment for management by owners towards maintenance was poor and that governments and not residents were previously responsible for maintenance (Vanoyan, 2004). The Armenian Government with the assistance of World Bank had to further invest funding to address serious maintenance problems. Vanoyan (2004) adds that for condominiums to work a condominium advisory centre needs to be formed, as noted in World Bank projects.

From the above multi-forms of home-ownership many problems that stem from social, financial or management factors have been noted. Yet more home-ownership programmes are being promoted through sectional title. Extensive research needs to be done to understand and guide such programmes. In addition, alternate forms of home-ownership need to be examined. As O'xley (2001) notes in drawing from experiences of different countries, there is awareness that different forms of ownership of social housing exist, and these findings add to the general pool of knowledge on housing. Whilst a few programmes like the Californian programme is successful and

workable the analysis however shows that the provision of housing still remains a global challenge.

- The inadequate delivery of housing by government is not restricted to developing countries; rather, it is a problem in many countries.
- As home-owners tenants have limited roles or involvement as seen in Hong Kong, England and New Zealand;
- Financial problems are highlighted in Hong Kong, San Francisco and Chicago and Armenia;
- Despite introducing new strategies in the form of social housing, co-operatives, housing associations' problems still exist in the housing arena;
- There is a lack of support for housing programmes by governments, there is very little consultation or involvement of those that are affected i.e. the residents;
- Many problems exist in the management of communal housing, for example in Australia, England and New Zealand;
- Legislation on housing is often not understood by people in England, New Zealand, San Francisco and Chicago.

In this section the challenges, successes and failures of home-ownership programmes has been discussed. A specific focus has been on condominiums or the sectional title development model. As the home-ownership programme being researched is based in the EMA the next section focuses on the South African housing policy.

2.5 ORIGINS OF SOUTH AFRICAN HOUSING POLICY

During the apartheid era the Group Areas Act of 1950 and 1966 were introduced along racial categories. According to Morris (1999) these Acts determined the use of urban land on the basis of four racial categories, African, Coloured, Indian and White. People classified White were allocated prime locations and most of the urban territory (Cooper in Morris, 1999) and the land allocated to the others categories was much smaller and on the periphery of the city. According to Smith and Hanson (2003:1520) "the fragmentation of service delivery in South African cities is rooted in 60 years of apartheid." This impacted on service delivery by the Apartheid Government, where there was overcrowding and housing shortages for African, Coloured and Indian and Whites had access to adequate and affordable rental housing (Morris, 1999).

According to Smith and Hanson (2003) in a case study in Cape Town in the 1970s and 1980s the White minority received high-quality and highly subsidised municipal services for e. g. water, electricity, sanitation yet paid low rates. Coloured areas received relatively high services and the Black areas received poor or no services and overcrowding exacerbated problems such as health and hygiene, and social tensions and conflict. Post-apartheid the government faced many challenges in attempting to redress the imbalances created in the apartheid era (Smith and Hanson, 2003:1543). The South African Government made a commitment to address the injustices of the past through its housing policy and declared the provision of housing for the historically oppressed majority of people in South Africa to be a priority (Miraftab, 2003).

One of the challenges faced by the new democratic government was the enormous task of addressing the backlog in the provision of housing opportunities to people excluded by the former apartheid state. Housing policies that developed post apartheid have been strongly influenced by strong local and national political forces (ibid).

In South Africa, the role of the central government in housing was “to formulate policy and to support the provinces in implementing it” (Ministry of Housing, 1997:3). According to the Ministry of Housing (1997), the government is tasked with the responsibility for providing shelter to the low-income groups; and the Local government is responsible for the delivery of housing, which is budgeted for by the central government. Various housing programmes were introduced:

- Capital Subsidy Scheme;
- Extended Discount Benefit Scheme;
- Peoples Housing Process: This process allows people at an individual, family and group level to “take the initiative to organize the planning, design and the building of their own houses” (Ministry of Housing, 1997:7);
- Mobilisation of savings, credit and private sector investment: support of additional finances to the subsidy scheme and
- Complementary grants: support to local government through the Consolidated Municipal Infrastructure Programme by national government, for the provision of large infrastructure and services.

With the current housing policies the South African Government has made inroads to increase access to housing. According to the South African Institute of Race Relations (SAIRR, 2008)

- Formal houses in South Africa in 2007 increased from 64.4% to 70.5%
- Informal housing had decreased from 16% in 1996, to 14.4% in 2006.
- Traditional housing also decreased from 18.2% in 1996 to 11.7% in 2007

Despite there being attempts made to address housing shortages by the South African Government, there are still a large number of people that do not have access to adequate housing. For example, according to the IDP report (eThekweni Municipality, 2008) there is still a shortage of 200 000 houses in the EMA.

Challenges for the South African Housing Policy

According to Charlton (in Harrison *et al.*, 2003) housing projects in Durban, whilst having resources and a committed local authority, struggled at times due to “major institutional constraints and weaknesses within the local government and lack of co-ordination between spheres of government (ibid:275). Khan and Ambert (in Khan and Thring, 2003:xxv) noted that housing delivery programmes resulted in construction of “mass, non-functional schemes undertaken on disconnected parcels of land and characterized by a low-density, undifferentiated blanket of freestanding housing shells.”

The South African Government introduced the Breaking New Ground (BNG) housing plan 2004 which included a broader range of housing subsidies that offer a wide variety of tenure choices. However the most radical shift from the original policy document is the inclusion of the Informal Settlement Upgrading and Social Housing programmes (Venter, 2008).

Venter (2008:6) notes that the “measures to address the housing backlog through social housing include the transformation of public sector hostels into family units, inner city renewal, and building new high-rise rental housing stock. The direct objective of social housing is to facilitate the production of effectively managed institutional housing in the areas where demand for institutional or managed housing units exists.” Whilst social rental housing programmes have been introduced, the sale of state-financed flats in terms of Sectional Title Development was still being implemented by municipalities in South Africa.

One of the housing programme's that was introduced in South African was the home-ownership which was discussed (in this chapter in 2.4.2.2.2). Based on problems associated with finance, management, limited technical knowledge in this home-ownership programme, there is a need to investigate the appropriateness of the home-

ownership model implemented in South Africa. The section below highlights specific problematic experiences of this form of ownership in South Africa.

2.6 PROBLEMS WITH THE SECTIONAL TITLE DEVELOPMENT

The introduction of the Sectional Title Act in 1971 enabled many tenants to purchase the apartments they resided in (Morris, 1999). Morris (1999) notes that in Hillbrow, South Africa, many tenants had purchased their apartments at a later stage, then leased them to tenants creating a large number of tenant-landlord relationships within a complex. Challenges in this model that arose were rents were high, overcrowding, inadequate maintenance, lack of capital and managerial skills, racial tensions. The challenges of bodies corporate in Hillbrow were apathy and non-payment of levies which has led to degeneration. There are similar problems noted in the case study in Albert Park below.

Problems in sectional title schemes: a case study: Albert Park, Durban

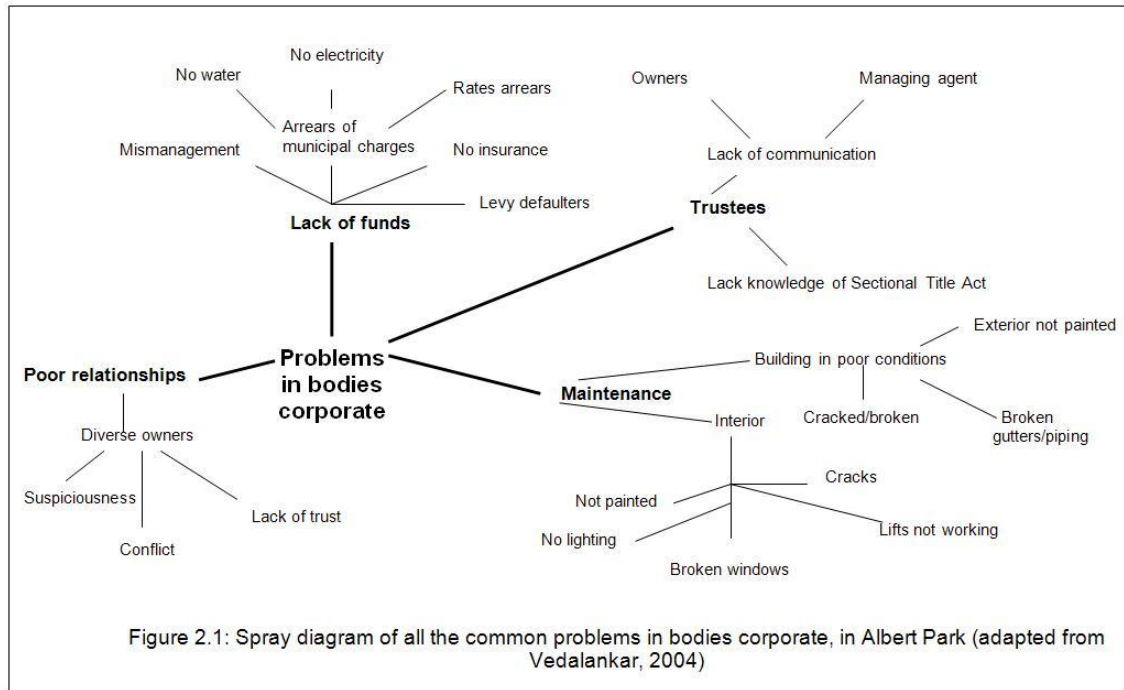
During 2004 the Housing Department of the eThekweni Municipality undertook a study in Albert Park, Durban on the management of eight private bodies corporate that had failed and collapsed (Vedalankar, 2004). The study was conducted at two levels; the first level identified all the different problems experienced by bodies corporate, and the second level was to examine common problems of all bodies corporate. The study highlights the common problems experienced. Figure 2.1 depicts the findings of the analysis.

The Albert Park case study that was undertaken reports the following concerns: municipal services like rates, water and electricity have not been paid and hence the bodies corporate do not have water and electricity. In addition there is no insurance and there is non-payment of levies by owners.

From Figure 2.1 below the following problems were identified.

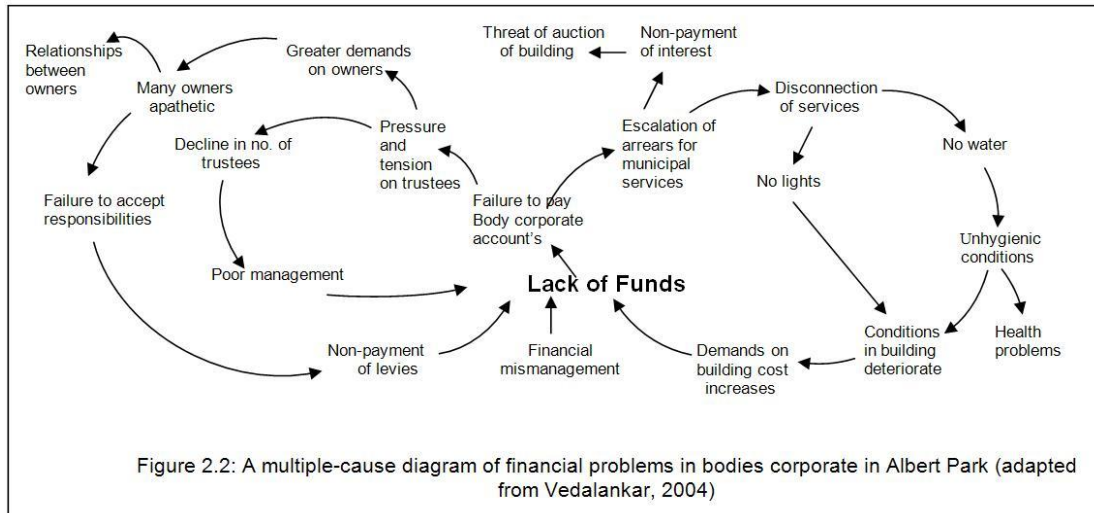
- The bodies corporate had severe financial problems. Levies were not being paid and the levy arrears escalated.
- The buildings were in a very poor condition and this made it difficult to make a visual assessment.
- The trustees needed to be empowered with knowledge on sectional title management to deal with the many tasks that faced them.

- The bodies corporate needed assistance (e.g. from the local municipality) as they were not coping on their own.
- The relationships between home-owners, and between home-owners and trustees were poor.



The study also analysed the effects of financial problems that emerged within the bodies corporate. Figure 2.2 below depicts the effects of financial problems in bodies corporate in Albert Park.

The findings depicted in Figure 2.2 reports the significance of bodies corporate lack of finance. The non-payment of levies gives rise to the collapse of bodies corporate. Thus there is clearly need for legislative support, as well as to put into effect and implement procedures for bodies corporate to address non-payment of levies. From this case study it is evident that the sectional title model in Albert Park, Durban has not been successful.



The study reveals two key aspects for consideration; firstly, sectional title model as a form of home-ownership poses many challenges and this model has not been very successful. The challenges not having being addressed leads to the failure of this model. Secondly, as municipalities in South Africa are promoting this form of home-ownership, there is a need for research to analyze and evaluate the appropriateness of this model in promoting home-ownership in the eThekweni Municipal Area, to provide lessons and guidance for programmes in the EMA.

Sectional Title as a model to promote home-ownership:

The literature review undertaken is indicative that the promotion of home-ownership can be a good concept. In the words of A nacker and Morrow-Jones (2008) "home represents the biggest investment that people will ever make." However security of tenure entails different forms of ownership. Research studies have noted the challenges and often failures are prevalent in multi or communal forms of ownership.

- Burke (2004) noted the need to take cognizance of social problems in these schemes.
- Ungerson and Karn (1980) emphasized that social aspects of home-ownership allow for control over the property, individual control is restricted and limited as there is a collective decision-making. There is a social interdependence and this results in increased tensions between owners.
- Blandy *et al.* (2006) noted problems that owners had with managing agents and lack of control over management of bodies corporate despite being owners.
- In South Africa many problems related to management and behaviour has been highlighted in a study done in Albert Park (Vedalankar, 2004) and Hillbrow

(Morris, 1999) bodies corporate have many problems, such as management and financial problems.

The finding of this literature review is indicative that the interrelation and interdependence of owners creates complexities in living within a sectional title scheme. Management of such schemes has the complexities of a soft system, especially those involving owners from diverse backgrounds, and have multiple and conflicting views. In my view (having worked in the home-ownership programme in the Housing Department of the eThekweni Municipality), the strength of such schemes' success is often measured through financial elements rather than from a broader perspective.

In view of the challenges of the sectional title model highlighted above, there is thus a need to conduct a research study to examine to what extent (if any) has the transfer of state-financed flats in the EMA in terms of the sectional title development model, been successful.

2.7 CONCLUSION

In this chapter the review of public housing with specific reference to the home-ownership literature was given. The literature study discussed the delivery of low cost housing by governments in different countries. A trend of transferring housing stock, and a paradigm shift in governments' delivery from rental stock towards promoting home-ownership, has also been highlighted. The successes or failures of home-ownership were then discussed. A case study in Albert Park in the EMA was also presented. In the literature review conducted the researcher noted that there was limited research on the Sectional Title Model. In the next chapter (Chapter Three) the research methodology will be presented.

CHAPTER THREE: RESEARCH METHODOLOGY

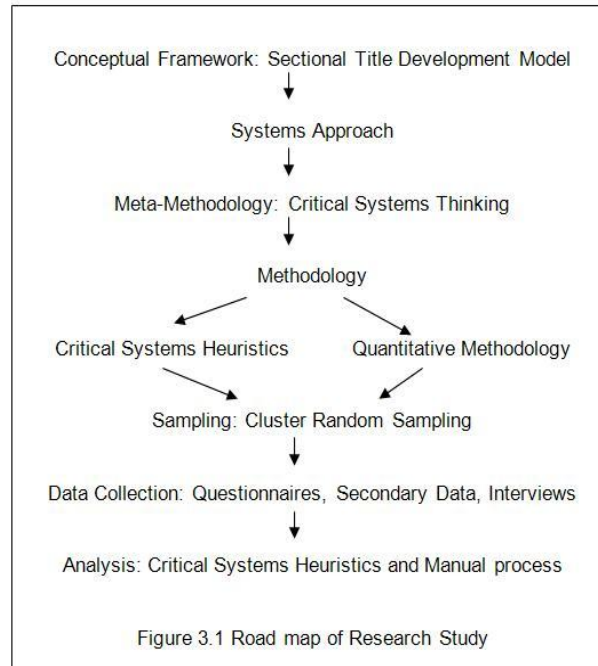
3.1 INTRODUCTION

This chapter discusses the research methodology that was used to conduct the research study. This chapter presents a brief overview of the sectional title development model as the conceptual framework within which the research was undertaken. The research study was conducted within the systems approach and through the CST framework which are also discussed.

The research methods used in the research study, the CSH and quantitative approach are then discussed. The research design utilized in this study includes the research question, validity and reliability, the research technique, data analysis, ethical considerations. The limitations of the study and the process followed in the study are also discussed in this chapter.

3.2 RESEARCH APPROACH

Figure 3.1 presents an overview of the approach taken to conduct the research study. The research study looks at analyzing and evaluating the impact of the sale of state-financed flats to tenants by the Housing Department of the EMA; it gauges the relative success (or failure) of bodies corporate in terms of the Sectional Title Act (No. 95 of 1986). The study has been conducted by a former employee (a project manager) of the eThekweni Municipality and in the home-ownership programme.



The research study is conducted within a systems approach. The home-ownership programme is a complex programme that impacts on former tenants of the eThekweni Municipality. A meta-methodology CST was used to determine the way in which the research was approached. The use of CST enabled the use of multi-methodologies (Mingers and Brockelsby, 1997). The attributes of CST are: complexity, large scale, uncertainty, impermanence and imperfection (Bammer, 2003) which is applicable to the home-ownership programme and will be further discussed. There are two methodologies within CST that will be used in this study,

- The Quantitative Method that enables the researcher to obtain data on bodies corporate and compare this data between a number of bodies corporate to measure the outcome of the home-ownership programme. The use of the Quantitative Method through the CST also enables the researcher to analyze and compare the data obtained from the bodies corporate and Housing Department of the eThekweni Municipality. The aim of the quantitative questionnaire was to obtain information on the management of the bodies corporate, understanding of sectional title development, financial status of bodies corporate, and their relationship with the Housing Department of the eThekweni Municipality and other general information. The quantitative questionnaire was administered to trustees of bodies corporate in Phoenix, Durban in the EMA. The use of CST enables the researcher to draw on different perspectives of

the home-ownership programme, namely trustees of bodies corporate and the project team of the home-ownership programme.

- Critical Systems Heuristics (CSH) focuses on the twelve critical boundary questions. The reason for selecting CSH through CST, is, that CSH facilitates a process for the analysis and evaluation of a complex and large scale home-ownership programme systemically. In addition the use of CSH enables the researcher to probe into the planning and implementing the home-ownership programme by the Housing Department of the eThekweni Municipality. A questionnaire was administered to the project team that was involved in the implementation of the home-ownership programme. This process will also highlight the perspectives of housing employees on the outcome, success or failure of the home-ownership programme.

Cluster random sampling is being used in this study. The data collection was conducted through a process of developing questionnaires and conducting interviews. The analysis process entailed two elements. In the CSH study the analysis was conducted as stated by Ulrich (1996). For the quantitative study a statistical analysis was undertaken manually by the researcher as the sample size was fifteen and did not warrant a sophisticated process.

This is an evaluative case study that focused on the sale of state-financed flats to tenants. The process followed is an unadopted use of the sectional title model implemented by the eThekweni Municipality.

Evaluative research has been used extensively for assessing a programme in social research. A study conducted by Visionpoint (2004) in England looked at conducting an evaluation of a programme called SureStart. This programme used face-to-face interviews to determine output of services, which required probing and reflection. Gassner *et al.* (2008) conducted a research study in Scotland to evaluate both environmental and financial elements in developing social housing programmes. The evaluation included a case study of public sector housing. Questionnaires and interviews are also being utilized in this research study.

In 2003 the Urban Sector Network conducted an evaluative research on the National Housing Subsidy Scheme (HSS) in South Africa. The evaluation included a review of the

housing policy, interviews with the Provincial Department of Housing and in-depth interviews with the recipients or beneficiaries of the HSS and workshops with regional stakeholders. As discussed in Chapter Two there are many challenges encountered in the sale of public housing assets in the different countries.

3.3 A SYSTEMS APPROACH

The systems approach has been recently used to look at housing issues. Rhodes (2006), Midgley *et al.*, (1998) in their study on the housing need of the aged have used a systems approach. Boston (2000); Chapman (2002, in Rhodes, 2006:8) have suggested that “systems effects may be one of the keys to unlocking the door of cause and effect and relationships in public service delivery arenas, such as housing, health and education.” Susilawati, Skitmore & Armitage (n.d.), also through a systems approach, investigated a multi-stakeholder partnership in affordable rental housing.

Systems’ thinking provides tools for dealing with some important aspects of complexity, particularly non-linear relationships, feedback loops, hierarchies and emergent properties (Bammer, 2003:2). As discussed in Chapter One the sectional title model is a complex form of property ownership, and is governed by legislation. This model requires these home-owners to manage the common property jointly. The appropriateness of using this model in promoting the home-ownership is still to be determined through this study. The home-ownership programme is multifaceted and needs to encapsulate identifying, examining and understanding the:

- wide range of stakeholders and their interconnectedness within the programme
- different elements such as technical, social, financial and legal and how these different elements work together as a whole in the delivery of home-ownership.

Through Figure 3.2 the system’s map the components of the sale of state-financed flats were identified. The following technical, financial, legal, political, and social and educational elements (Housing Department, 1996) were looked at by the project team in preparing and planning the home-ownership programme. Below is a discussion of what each element entails.

Technical Elements: As the flats were not built for sale, the flats had to be prepared for sale in compliance with the Sectional Title Act and Town Planning Regulations. This entailed the separation of services and survey of flats to develop Sectional Plans (Housing Department, 1996).

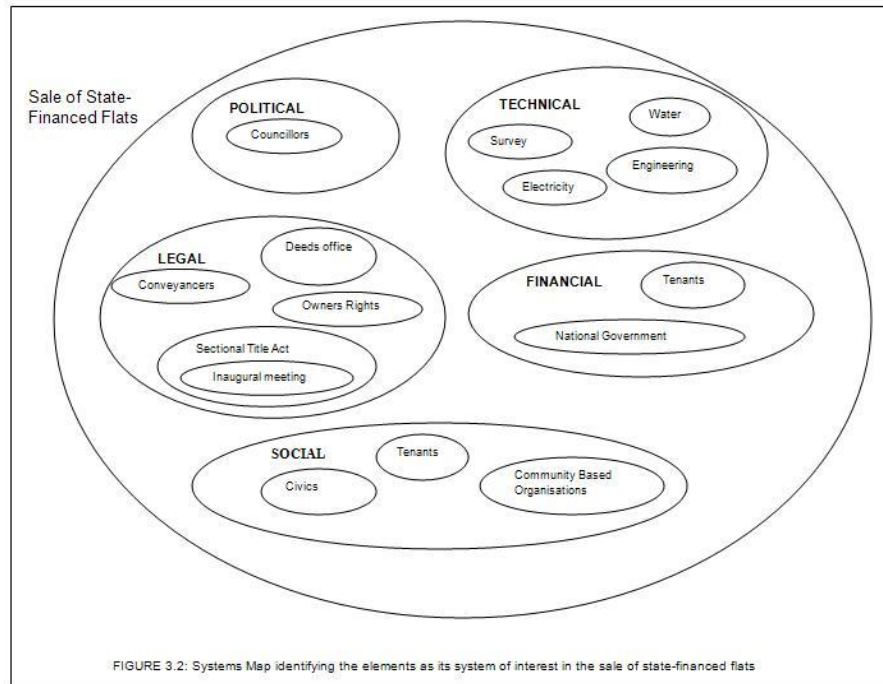
Financial Elements: The funds for this project were allocated from national government. The purchase prices of the flats were calculated by adding the historical cost of the flats plus preparation for sale cost, less the discount of up to R7 500 in terms of the Extended Discount Benefit Scheme, (i.e. historical cost + preparation cost – the discount = purchase price). Thus the prices of flats varied from R600 (which included the conveyancing cost) to R17 000. The Housing Department in the EMA had to draw up a budget for this project, which was approved both by the local and national government (Housing Department, 1996).

Legal Elements: As part of the sales process, there was a need to appoint a panel of conveyancers to execute the transfers. The panel was appointed in accordance with affirmative procurement policies of the eThekweni Municipality (which was then referred to as the North/South Central Local Council) (Housing Department, 1996). The transfer of the flats was done at the Deeds Office, in Pietermaritzburg, KwaZulu-Natal. Once the flats were transferred, in terms of the Sectional Title Act (No. 95 of 1986) it was mandatory for the developer (i.e., the Housing Department of the eThekweni Municipality) to convene an inaugural meeting within sixty days of the transfer.

Political Elements: It was important to have the support of the local councillors in this project, as they could disrupt the sales process if they did not support it. The team had meetings with councillors and invited them to community meetings held with the tenants.

Social and Educational Elements: As the flats were to be sold to the tenants, an educational campaign was undertaken. This campaign included explaining to the tenants the conditions of sale, criteria, the sales administrative process and the prices of the flats. The bigger challenge for the project team was to take a middle-class urban concept of sectional title and promote it in the mass-based, working class townships. The tenants' profile included pensioners, the unemployed, those with very low levels of education and widespread illiteracy. The IDP (2008:119) has indicated that within the municipality 16% of

adults are functionally illiterate, 38 per cent of the adult population has matriculated and only 8% has tertiary qualifications. The challenges that face these tenants are ensuring that they are able to sustainably manage sectional title living. These include the responsibility and role of home-owners in this form of ownership. There is a need to have the responsibility of a communal identity while retaining individual ownership.



Through the home-ownership programme tenants became home-owners (Housing Department, 1996). The change inculcates a process for tenants who were dependants of the Housing Department to become independent home-owners. Thus the research study also investigates the programme and examines whether the process followed effects this positive social change.

3.4 CRITICAL SYSTEMS THINKING

The research study being conducted is also complex; the home-ownership programme was targeted to approximately 10 000 tenants, the success of this programme is being investigated in this research study. Research on social theory requires the existence of complexities and CST places great emphasis on this. According to Flood (1994:1) the

main goal of CST “is to achieve progressive social change.” There are various stakeholders in the home-programme.

In CST, according to Midgley *et al.*, (2001) problem situations are assessed critically with participants. Jackson & Flood (Jackson, 1995:30) state that “addressing issues of critical awareness, social awareness, complementarism at the methodological level, complementarism at the level of theory and the ethical stance led to the formation of Critical Systems Thinking.” The use of different methodologies facilitated a process of obtaining data extensively. In addition the researcher was able to draw on different perspectives and experiences from different sources. This allowed for a holistic and in-depth study. CST also facilitates the process of creating critical awareness through dialogue for the purpose of creating debate around boundary judgments’ (Cordoba, 2007). The research study through the use of CST investigates the different perspective of different stakeholders as to what was and what was not considered in this programme.

According to Mingers and Brockelsby (1997) CST enable the use of multi-methodology from different paradigms for a research programme. As discussed in Chapter One (Section 1.5) the different paradigms in this research study are the trustees of the bodies corporate through the quantitative approach and the project team of the Housing Department through CSH. It is appropriate to use CST as Meta-methodology in which to conduct the research of a messy situation.

CST as a research approach has been used extensively for e.g., Cordoba (2007) and Midgley *et al.* (1998). Cordoba (2007) has used CST and boundary critique in an organizational IS planning programme. According to Cordoba (2007) CST is useful for highlighting a reflection process, the inclusion of stakeholders, facilitating dialogue and sharing concerns in planning programmes. Midgley *et al.* (1998) also used the theory of boundary critique and CST highlighting the need to be aware and engage various stakeholders in developing housing services for the aged people. Both these studies have applied CST highlighted elements that are relevant to the research study being conducted:

- The use of multi-methodologies to obtain a broader perspective, a wider and deeper understanding of the subject matter that allows for introspection and reflection.
- The need for undertaking a boundary critique is significant, for example in planning an IS planning programme, the focus area could have been only on the technical design,

but by extending the study to include a bigger stakeholder grouping that would be users of this programme, a multi-perspectives understanding has been gained and hence a more relevant and useable IS programme designed. In the home-ownership programme if the research study was limited either to the Housing Department of the EMA or only the bodies corporate, the analysis and evaluation would be limited. The use of CST facilitated a process of extending wider stakeholder participation and the use of different methodologies within a research study;

- Stakeholder engagement, which includes the need for dialogue - by including more stakeholders the researcher not only gains a better understanding of the topic but this process facilitates dialogue and greater participation. In addition this would draw attention to the complexities that need to be addressed. This would in my view lead to a greater commitment to the home-ownership programme.

Thus it is appropriate to use the CST approach in this research study.

Based on the principles of CST (Gregory, n.d.) the home-ownership programme aims to:

- be systemic
- incorporate meaningful participation with stakeholders
- encourage reflective thinking through interviews
- encourage empowerment through finding in this research study

There are three commitments of CST: (Midgley, 2001)

- Critical Awareness: According to Midgley *et al.* (2001) stakeholders may have differing views on changes or progress and it is important to facilitate a process for critical awareness. The interviews with stakeholders of the home-ownership programme will make salient the different views and aim to develop a critical awareness of the programme.
- Emancipation: According to Midgley *et al.* (2001) improvement or emancipation is a central focus of intervention. Jackson (in Midgley 1996:14) states that "critical systems thinking is dedicated to human emancipation and seeks to achieve for all individuals the maximum development of their potential."
- Methodological Pluralism (MP): "There is a huge diversity of methods of intervention, originating in a multitude of paradigms and designed with very different purposes in mind" (Midgley *et al.*, 2001:619). MP is also seen as complementarity by Flood and Jackson (in Midgley 1996). This entails making "explicit use of a meta-theory to identify

the strengths and weakness of different methodologies, and the methodologies are viewed as complementary” (Midgley, 1996:13).

The CST aims to address problems that are characterised by complexity, large scale, uncertainty, impermanence and imperfection (Bammer, 2003). These characteristics are identified within the home-ownership research as:

- Complexity - As discussed in Chapter One (page five) the home-ownership programme entails a complex process. Home-owners thus need to understand legislation that governs sectional title ownership. In addition home-owners have to work jointly in managing the body corporate. It is a complex method of ownership to understand and implement. In Ireland (Redmond, 2001) there was an extensive programme introduced to reduce public stock, however, some of the challenges faced linked to anti-social behaviour of tenants which impacted negatively on living conditions of tenants. This was also found in England (Walker, 2001) and New Zealand (Blandy *et al.* 2006). The complexity of such models was also highlighted in Armenia by Vanoyan (2004);
- Large scale - the programme impacts EMA, there were 10,333 (all the state-financed flats administered by the Housing Department) state-financed flats to be sold in terms of the home-ownership programme;
- Uncertainty - there has been a paucity of research on the home-programme. The programme is vast and difficult to predict. The studies done on the NPM programme in England (Springings, 2002; Walker, 2001) and the multi-complex ownership in New Zealand (Blandy *et al.* 2006) have both looked at some of the challenges to owners and the management of schemes. Whilst these studies have looked at management there is limited data on the outcomes of these programmes. In Hong Kong there has been a 56% take-up by residents of the sale of public flats (Hammer, 2004). Home-ownership entails the need to also have adequate finance to manage and maintain structures and according to Megbolugbe *et al.* (2001) housing as a commodity has high cost in terms of resilience and usage;
- Impermanence – due to the home-ownership programme, tenants have been in a state of transition to becoming owners;

- Imperfection – there is no single way of implementing the programme; there is also no right or wrong solution. Dealing with people on a large scale involves differing views, dynamics and complexities, and hence does not have a blue-print or perfect solution.

Undertaking a research study on the home-ownership programme entails understanding of complexities linked to joint ownership, management and social interactions of the owners and the use of CST in this study is thus appropriate. The next section discusses the research methods utilized in this research study.

3.5 RESEARCH METHODS

The research method discusses the two approaches used to conduct the research study, namely, quantitative research and CSH.

3.5.1 Quantitative Research

According to Schurink (in Poggenpoel *et al.*, 2001), the main aims of “quantitative research is to objectively measure the social world, to test hypotheses and to predict and control human behaviour.” The quantitative approach has been used extensively to obtain data and test hypotheses in public housing. Ibrahim and Ong (2004) used quantitative research to conduct a study on branding of public housing estates in Singapore. Donoghue and Tranter (2008) also used quantitative research to study public housing tenants in Australia. The use of the quantitative research method enables the researcher to obtain statistical data in a scientific and structured manner. Thus the use of quantitative method was appropriate and will enable the researcher to follow a methodical and structured manner in which to investigate the extent of the success or failure rate of bodies corporate. The use of the quantitative method will allow for comparison of data from all bodies corporate studied.

The study was conducted in an area called Stonebridge in Phoenix within the EMA. This study was conducted through a questionnaire that was developed from the management rules (Annexure 8) and conduct rules (Annexure 9) of the Sectional Title Act (No 95 of 1986). The questionnaire was administered by community liaison officers who work in this area.

3.5.2 Critical Systems Heuristics (CSH)

CSH is appropriate to use for the home-ownership programme as it seeks to analyse and evaluate the appropriateness of the implementation a complex programme to tenants. A scan of literature reveals that CSH has not been used for a sectional title development model, Midgley, et.al. (1998) to enable a wider stakeholder engagement and minimise the marginalisation processes. Cordoba (2007) has used the boundary critique in an IS programme.

Ulrich (2005:1) noted CSH as a “framework for reflective practice based on practical philosophy and systems thinking.” Heuristics is formed from a Greek verb ‘heuriskein’ which in essence means the art or practice of discovery (ibid). Through heuristic procedures the researcher was able to enquire and probe into the rationale for decisions that were made when promoting the home-ownership programme. In addition, this process enables the researcher to probe into soft issues that were not easily quantified but rather highlights viewpoints and motivations for decisions taken in the implementation of the home-ownership programme in the EMA.

As discussed in Chapter One, CSH is a methodology used to debate boundary judgement. CSH has four boundary issues, sources of motivation, control, knowledge and legitimation that bring to light twelve boundary judgements (Ulrich, 2005). The checklist focuses on twelve questions on what ‘ought’ to happen and what ‘is’ happening. CSH supports a systematic process (Ulrich, 2001:1)

- Firstly in identifying boundary judgments through a systematic process
- Secondly, in analyzing alternative reference systems for defining a problem; and
- Thirdly, challenging any claims to knowledge, rationality or improvement that rely on hidden boundary judgments or take them for granted.

A questionnaire was developed from Ulrich’s (1996) CSH. Annexure 2 is the questionnaire. The use of CSH in this research study enabled the researcher to conduct a study with the Housing Department of the eThekweni Municipality.

Qualitative Element to the study

The questionnaires administered within the CSH also encapsulate a qualitative element to the study. According to Schurink (in Poggenpoel *et al.*, 2001) the qualitative paradigm is

“holistic in nature and the main aim is to understand social life and the meaning that people attach to everyday life.” In exploring and analyzing the impact of the sales process, there is a need to undertake an in-depth analysis to understand the policy that was implemented, its impact on social needs and the requirements of people (tenants) living in these flats.

According to Patton (in Blanche and Durrheim, 1999:43) in a holistic inquiry within the qualitative approach “the whole phenomenon under study is understood as a complex system that is more than the sum of its parts; focuses on more complex interdependencies, not meaningfully reduced to a few indiscreet variables and linear, cause-effect relationship.” A Systems Approach is seen as a “holistic approach to understanding and managing complexity” (Chapman, 2001:66). Use of this approach enabled exploration of the different social and basic needs of people.

The research methods have been discussed above. The next section discusses the research design used in conducting the research study.

3.6 RESEARCH DESIGN

The research design is the steps or plans that a researcher will undertake to investigate the research question. “The research design is the plan that guides the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure” (Sellitz, Jahoda, Deutch and Cook in Blanche and Durrheim, 1999:29). The research design in this study included the following:

- Research question;
- Validity and reliability;
- Technique used in the research study;
- Strengths in selecting the research study;
- Ethical considerations;
- Limitations of the study; and
- Process followed during the research study.

The geographical context within which this study was undertaken was in Stonebridge, Phoenix, in the EMA in South Africa. The research study also focused on the implementation of a policy to promote home-ownership in the delivery of housing in the

public sector . The study focused on the implementation of home-ownership by the Housing Department in the EMA.

3.6.1 The Research Question

As discussed in Chapter One the research aimed to answer the following question:

In terms of the sectional title development, to what extent (if any) has the transfer of state-financed flats by eThekweni Municipality to tenants been successful?

To explore this research question the research study was conducted in two ways:

The first set of criteria to measure success was directed to bodies corporate and focused on obtaining data on the impact and post sales process of the home-ownership programme:

- Financial management: financial statements and funds available, property insurance, maintenance of property, payment of levies;
- Social cohesion: interpersonal relationships within and between trustees and owners;
- Decision making: technical knowledge on sectional title compliance to the Sectional Title Act (No 95 of 1998); and
- The legislative requirements that bodies corporate need to adhere to in terms of the Management Rules, Annexure 8 of the Sectional Title Act (No 95 of 1986) and Conduct Rules, Annexure 9 of the Sectional Title Act (No 95 of 1986).

The second set of criteria used to measure success focused on Ulrich's (2005) four boundary issues that bring to light twelve critical boundary questions that were aimed at employees of the Housing Department of the eThekweni Municipality; which focused on understanding the planning and implementing the home-ownership programme. The four boundary issues are:

- Motivation for the sale of state-financed flats in the eThekweni Municipality (the plan's source of motivation);
- Implementation of the sale of state-financed flats in the eThekweni Municipality (the plan's source of control/power);
- The plan's knowledge-base; and
- A plan's legitimation.

3.6.2 Validity and Reliability

Validity enquires whether what is being studied is what was intended to be studied (Black, 2002). Whilst reliability focuses on the authenticity of the data collected in the research study. In ensuring that the data was valid and reliable, a mixed methodology method was utilized for the collection of data. This ensured the use of a combination of data collection tools and various data sources. Through conducting face-to-face interviews with both the implementers and recipients of the home-ownership programme the data obtained was authentic, in addition the data was obtained from the primary source in the home-ownership programme. In conducting a quantitative audit of trustees of bodies corporate it was important to assess the extent to which the data was reliable. The use of the CSH approach with the project team of the Housing Department facilitated a process to examine what was being done and what should be done in the home-ownership programme. In addition, it facilitated an analytical and evaluation process in the study.

3.6.3 Technique used in the Research Study

A technique is the modus operandi in the planning of the research. The specifics can be divided into three aspects, sampling, data collection and analysis. The research design according to Blanche and Durrheim (1999:44) “states explicitly which procedures will be developed: a flexible guide will state explicitly which procedures will be adopted to determine the method of sample selection, and analysis.” The technique in the research study enabled the researcher to be structured and systematic when conducting the research. The three aspects of the technique are:

3.6.3.1 Sampling

According to Webster (in Fridah n.d.) a sample is “a finite part of a statistical population whose properties are studied to gain information about the whole.” Sampling is an important research tool used by researchers to assist in conducting a research study. “In most applied social research, one is interested in generalizing to specific groups. The group that one wishes to generalize to is often called the population in the research study. This is the group that the researcher takes a sample from because this is the group the researcher is interested in generalizing about” (Research Base: Knowledge Methods Sampling). Collins *et al.* (2006) state that sampling is “an important step in the research process because it helps to determine the quality of inferences made by the researcher that stem from the underlying findings.” Sampling thus is a selection process of a specific

number of respondents that is taken from a population that the researcher wants to study (Blanche and Durrheim, 1999).

The sampling method was a probability sampling method. This method was chosen because the home-ownership programme was first implemented in the geographical area Stonebridge, Phoenix which is in the north of Durban and there was a high percent of tenants who had taken transfer of their homes. According to Research Base (Research Base: Knowledge Methods Sampling) it “is any method of sampling that utilizes some form of random selection. In order to have a random selection method, you must set up some process or procedure that assures that the different units in your population have equal probabilities of being chosen.” The type of sampling that is selected is cluster random sampling. Cluster random sampling was used to select fifteen bodies corporate that were among the first to be transferred to owners. This type of sampling divides “population into clusters (usually along geographic boundaries), randomly sampled clusters measure all units within sampled clusters” (Research Base: Knowledge Methods Sampling).

The sectional title model is a fairly new concept in South Africa; hence there is limited research undertaken in this area. In a study undertaken by Khoza (2008) on the sectional title model the sample was one body corporate and the trustee and the managing agent was interviewed. The selection of fifteen bodies corporate is considered suitable to assess and evaluate the appropriateness of this model. The research study can be seen as a pilot that could be developed for further research study. The geographical area chosen was Stonebridge, Phoenix which is in the north of Durban. To evaluate the impact of the sale it was relevant to select a sample of bodies corporate that have been registered since 2000 (Housing Department, 2005).

The second study focused on the project team of the Housing Department that implemented the home-ownership programme. The team comprised of two managers and four project managers, one of the project managers is the researcher (who resigned in December 2007) of this research study. As this study was based on CSH it required an in-depth understanding of the home-ownership programme. The sample size for this programme was five. The study aims to determine to what extent (if any) the home-ownership programme has been successful. The study also highlights the complexity of sectional title and could provide learnings for a similar research study that is done.

3.6.3.2 Data collection

The data is collected when conducting the research. Through the collection of data obtained through the interviews in both the studies the researcher was able to analyse, evaluate and draw conclusions on the subject that was being researched. As the study was undertaken through a multi-methodological approach, it focuses on obtaining data that was quantitative and qualitative. Through which the research will be able to make in-depth and holistic recommendations and conclusions.

The following methods were used for data collection:

i) Questionnaires

Questionnaires were developed for both studies that were being undertaken. Questionnaires ensured that the process of obtaining information was organised. In developing a questionnaire the researcher was able to plan and conceptualise what data was required for the study. The study that was aimed at bodies corporate was quantitative. The use of the quantitative research facilitated the comparison of the data obtained from the management of the fifteen bodies corporate. Annexure 1 is the questionnaire that was administered to bodies corporate. The questionnaire aimed to obtain data on the management of the bodies corporate, their understanding of sectional title development, financial statuses of bodies corporate, their relationship with the Housing Department and other general information.

The second questionnaire (Annexure 2) that was developed was based on Ulrich's (1996) "CSH." This approach facilitated a process of analyzing and evaluating a policy decision. As this study's focus was on analyzing and evaluating the implementation of a policy to transfer home-ownership to tenants, the use of this approach was appropriate. The nature of the questions in this questionnaire was qualitative, and thus enabled the researcher to study the subject matter in depth. The second study was aimed at the project team that was involved in implementing the home-ownership programme. Thus this study also enabled the researcher to draw on the experiences of the project team.

ii) Secondary data

In conducting a research study that assessed and evaluated the implementation of a policy decision, it became necessary for the researcher to examine all documents and reports that affected the home-ownership programme. There was also a need to

examine legislative and policy documents relevant to this study. This is the source of the hard data for the study. It consists of 6 documents including Government Legislation such as the Housing, Rental Housing and Sectional Title Development Acts; and Reports of the Housing Department of the eThekweni Municipality.

iii) Interviewing

According to Suman (2001) the interviewer is the collector of the raw data and as such influences the quality of social research. Thus the interview process was critical in obtaining accurate raw data, so that inferences could be made in the analysis.

The advantages of conducting interviews are (Marketing Research: Quantitative Research Techniques, n.d.),

- there is direct interaction between the interviewer and interviewee;
- there is more room to clarify the data being collected;
- the data obtained is of better quality and quantity;
- there is a higher response rate in the study conducted.

These reasons specify why the interview was used for this research study.

According to Hiller and DiLuzio (2004:1) “the research interview is usually discussed from the vantage point of the researcher. While activist research has drawn attention to the voice of the participant, constructivists have added a new perspective by showing how the research interview is both collaborative and meaning-making.” The interviewer is seen as an active participant in the interview process. Hiller and DiLuzio (2004:3) add that, “In the traditional approach in which the interviewee is viewed as a repository of answers and the interview process itself is visualized as a conduit or pipeline of information that the researcher sees, constructivists understand the interview as a meaning-making experience involving both the interviewer and the interviewee.”

The interviews in the first study were conducted by community liaison officers. The liaison officers thus needed to attend an orientation session before conducting the interviews with the trustees of bodies corporate. This is discussed in detail in Section 3.7.7.1 below. The interviews for the CSH study were conducted by the researcher.

3.6.3.3 Analysis

According to Blanche and Durrheim (1999:47) the aim of data analysis is “to transform information (data) into an answer to the original research question.” The research study undertaken within a systems approach needed to identify the different elements and their interconnectedness through the data that was obtained in conducting the research. As the sample size was fifteen, the statistical analysis conducted was undertaken manually by the researcher. The process followed for the quantitative study was a tally of the interviews responses to the questions in Annexure 1. The researcher will use the Microsoft Office Excel spreadsheet to tally the responses of the interviewees which will be discussed in Chapter Four. The data will enable comparison in responses between bodies corporate, as well as a cross tabulation between different questions.

The CSH questionnaire is analytical and evaluative and thus will facilitate the analytical process through identifying themes from the study. The comments obtained from the interviewees will be analyzed and the themes that emerge from this process will be discussed in Chapter Four.

A Stakeholders' Analysis was also conducted in this study. According to Lane *et al.* (2001:73) “the stakeholders in a situation are those who have a stake in its outcome.” Once stakeholders are identified, it was important to undertake a stakeholders' analysis. Every stakeholder has some input into the process that affects the outcome or success of the home-ownership programme. As part of this process it was also important to take note of their different perspectives, and assess the need and process for a paradigm shift. Selection and involvement of these stakeholders ensured a holistic approach. The next section discusses the choice for the research study.

3.6.4 Strengths in selecting the research study

According to Mouton (2001: 159) implementation evaluation research is a “form of applied research aimed at assessing whether interventions have been well conceptualised and properly implemented.” The analysis and evaluation of the implementation of the home-ownership programme enabled the researcher to draw inferences on the outcome of the programme. Use of the CST which is seen as a meta-methodology enabled the researcher the use of more than one method of information. This study also looks at the different perspectives of those affected by the implementation of the home-ownership

programme. Thus the use of a systems approach ensured a holistic study was being conducted and the findings have meaning and value for the programme in the future.

3.6.5 Ethical Considerations

Before the commencement of the research study, the researcher sought written consent from the Housing Department to undertake the research study see attached Annexure 4. Prior to being interviewed all respondents completed a written consent, see attached Annexure 3. To ensure that confidentiality was maintained, measures were taken to protect the identity of respondents. No names were recorded in the questionnaires.

3.6.6 Limitations of the Study

The research study was contextual in terms of the time, the geographical location and area of study, i.e. low-cost housing. The research study could have been biased from the perspective of the researcher during the intervention. As the intervention was undertaken for specific bodies corporate it was not the intention of the researcher to make assumptions about bodies corporate in general.

3.6.7 Process followed during the Research Study

3.6.7.1 Process for administering the Quantitative Questionnaire

The quantitative questionnaire (Annexure 1) was administered to trustees of bodies corporate in Stonebridge in Phoenix; through the interview technique as it ensures that the questionnaire was answered in a structured manner thus allowing for its full completion. The questionnaires were administered to trustees between October and November 2007.

The questionnaire was administered by community liaison officers (CLOs) that worked in the Phoenix area. The researcher held a meeting with the two CLOs. The purpose of this was:

- to orientate them to the study;
- to explain the nature of the study being conducted;
- to explain their role in this study;
- how to make the first contact, either telephonic or direct contact;
- obtaining consent of trustees to participation in the study;
- the right of confidentiality of the interview;

- the need for accurate recording (written) of the data obtained during the interview, and,
- a role-play session to assess the preparedness of the CLOs to conduct the interviews.

The CLOs conducted the interviews in twelve of the fifteen bodies corporate that were selected. There was no success in eliciting the participation of the three bodies corporate as planned interviews were not honoured by the trustees.

3.6.7.2 Process for administering Ulrich's CSH

The second questionnaire (Annexure 2) was to be administered to members of the project team through an interview process. The interviews were conducted during September and October 2007. The sample size chosen was five members of the project team. The interviews were conducted by the researcher and were done individually (i.e. on a one-on-one basis).

Through the interview process the researcher observed the following:

- The interviewees were not comfortable with some of the questions as this entailed both an evaluative and reflective process of the implementation of the home-ownership programme.
- Whilst some of the interviewees gave detailed answers, some of them gave short crisp answers.
- The questionnaire was lengthy and interviewees were getting restless towards the end of the questionnaire. The approach to such studies needs to be revisited when undertaking future research.

3.7 CONCLUSION

This chapter presented an overview of the methodology used in the research study. This chapter discussed the use of the systems approach within which the research study was to be conducted. CST, the use of the quantitative approach, as well as the use of Ulrich's CSH were then discussed. The research design discussed the method of sampling, the data collection and analysis process applied to the research study. The chapter then

concluded with stating the ethical consideration, the limitations and the process of the research study. Chapter Four focuses on the data analysis and evaluation of data collected.

CHAPTER FOUR: DATA ANALYSIS AND EVALUATION

4.1 INTRODUCTION

This chapter focuses on the analysis and evaluation of data obtained from the quantitative study that was administered to trustees of bodies corporate and the CSH study with the project team of the Housing Department of the EMA. This enabled the researcher to answer the problem statement, analyze and evaluate if the transfer of state-financed flats to tenants by the eThekweni Municipality in terms of Sectional Title Development Scheme was successful.

The data analysis and evaluation discussed in this chapter are:

- **The Perspectives of Trustees of Bodies Corporate**
This section discusses the analysis of data and evaluation of the Quantitative Study undertaken with trustees of bodies corporate. The discussion is presented in Section 4.2.1 under the following sub-sections,
 - General Information of Bodies Corporate;
 - The Body Corporate;
 - Rules of Bodies Corporate ;
 - Management of Bodies Corporate;
 - Financial Management;
 - General; and
 - Inferences from the Quantitative Study undertaken.

- **Perspectives of Employees of the Housing Department of the eThekweni Municipality**
This section discusses the analysis of data and evaluation of the CSH undertaken with officials of the project team of the Housing Department. The discussion is presented in Section 4.2.2 under the following sub-sections,
 - Motivation for the Sale;
 - Implementation of the home-ownership programme;
 - The Plan's Knowledge-Base;
 - A Plan's Legitimation; and
 - Inferences from the CSH study

- **Stakeholder's Analysis** - A stakeholder's analysis was also conducted and is discussed in Section 4.2.3

- Implication from Both Studies - This section draws inferences from both research studies and is discussed in Section 4.3.
- Validity, Biasness and General usability in Section 4.4

4.2 FEEDBACK FROM RESEARCH STUDIES UNDERTAKEN

Within a systems approach the researcher through CST, was able to use multi-methodologies as discussed in Section 3.3 in Chapter Three. The use of CST facilitated a process of extending wider stakeholder participation and the use of different methodologies within a research study. In addition, CST, which emphasized the need to conduct a boundary critique, was also undertaken in this study.

The process followed in the analysis of the data was discussed in Section 3.7.3.3 in Chapter Three. For the quantitative study from the completed questionnaires a tally was made of interviewees' response to questions in Annexure 1, this is presented and discussed below. For the CSH study from the completed questionnaires, comments received in response to questions in Annexure 2 were recorded; in addition the themes that emerged are presented below and discussed.

4.2.1 The Perspectives of Trustees of Bodies Corporate (BC)

As discussed in Chapter Three (3.6.1) the use of the Quantitative Method has been used extensively to obtain data in public housing for e.g. Ibrahim and Ong (2004) and Donoghue and Tranter (2008). Through this method the researcher was able to determine success or failure of a body corporate in terms of Annexure 8 and 9 of the Sectional Title Act (No 94 of 1986).

The data obtained from the quantitative questionnaire (Annexure 1) administered to the trustees of twelve bodies corporate was analyzed by the researcher. The tally of responses of interviewees was analyzed in relation to the sectional title model as prescribed in terms of Sectional Title Development Act of 1986.

4.2.1.1 General Information of Bodies Corporate

4.2.1.1.1 Number of Units (flats) within a Body Corporate

The tally of interviewees' responses to question 1.1 of Annexure 1 indicates that the number of units in the twelve bodies corporate, ranged in size from 6 to 28 flats per body corporate.

4.2.1.1.2 Number of Males and Females interviewed

The tally of interviewees' response to question 1.3 of Annexure 1 indicates that, seven females and five males were interviewed for this study, thus showing that both sexes were included in the study.

4. 2.1.2 The Body Corporate

4.2.1.2.1 Number of Trustees in a Body Corporate

The tally of interviewees' responses to question 2.1.1 of Annexure 1 is depicted in Figure 4.1 This figure shows the number of trustees that were elected by bodies corporate. The number of trustees ranged from two to six trustees, with larger bodies corporate having more trustees. In terms of the Management Rules, i.e. Annexure 8 of the Sectional Title Act (No.95 of 1986) the minimum number of trustees required is two and the data analysis concurs that all bodies corporate had at least two trustees.

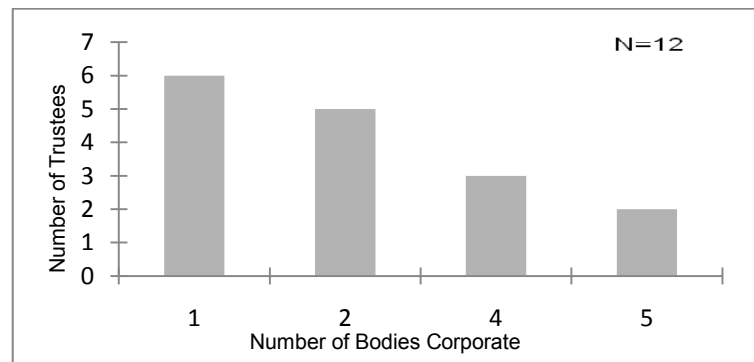


Figure 4.1: Number of trustees within a body corporate

4.2.1.2.2 Minutes of Meetings held within Bodies Corporate

The tally of interviewees' responses to question 2.1.2 of Annexure 1 indicates the minutes of meetings kept by bodies corporate, in addition it also notes the comparison between the minutes of meeting kept of owners and the minutes of meetings kept of trustees. The tally indicates that ten out of the twelve of the bodies corporate kept minutes of meetings of owners. This is indicative that trustees understand the need to keep records and adhere to the Management Rules, i.e. Annexure 8 of the Sectional Title Act (No.95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. The analysis of the tally shows that trustees have some basic knowledge of the requirements of the Sectional Title legislation and requirements.

Two bodies corporate did not have minutes of meetings of owners. This is indicative that they do not have records of documents relevant to managing the bodies corporate which includes decisions or resolutions of owners. These bodies corporate have not

complied with the Management Rules, i.e. Annexure 8 of the Sectional Title (No 95 of 1986) as discussed in section 2.4.2.2 in Chapter Two. The consequences of this could lead to serious mismanagement or legislative problems, if the matter is not addressed by the bodies corporate. These decisions are made by owners and if there are no records then there is no accountability for how finances have been spent or a body corporate managed.

The tally of interviewees' responses to question 2.1.2 of Annexure 1 also depicts that only four out of the twelve of the bodies corporate had minutes of trustees meetings. This is indicative that these bodies corporate did not comply with the Sectional Title Act (No. 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. In addition the tally of responses of interviewees indicates that the trustees either did not know how to do minutes, or they had no time or it was not important for them. This response could be seen as a „don't care' attitude or apathy. The analysis reveals that the trustees have some knowledge of sectional title; however; they have not fully understood or grasped the significance of:

- the body corporate being a legal entity (Sectional Title Act No.95 of 1986), i.e. that it could sue or be sued
- understanding sectional title development, its management and their fiduciary responsibilities as trustees

Lack of knowledge or interpretation of legislation on housing has been noted and discussed earlier in Chapter Two in England (Atkinson *et al.*, in Blandy *et al.*, 2006), New Zealand (Blandy *et al.*, 2006), San Francisco and Chicago (Ungerson and Karn, 1980).

4.2.1.2.3 Problems within the Bodies Corporate

The tally of interviewees' responses to question 2.2 of Annexure 1 is depicted in Table 4.1. The table below portrays the problems experienced by bodies corporate. The problems were categorized into problems experienced with: Trustees, Owners and Managing Agents. The biggest challenge that interviewees faced, was the non-payment of levies by owners. Ten out of the twelve bodies corporate identified this to be a problem. The analysis of this indicates that many owners do not adhere to the Conduct Rules in terms of Annexure 9 of the Sectional Title Act (No 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. Thus the non-payment of levies is a serious threat to this model, as was seen in the consequences of non-payment in the Albert Park case study on Page 34 in Chapter Two.

In Table 4.1 another finding is that managing agents did not take action against levy defaulters and failed to respond to matters in time. Whilst measures have been taken to address these problems the data above shows that this has not been successful. In Chapter Two Atkinson *et al.* (in Blandy *et al.*, 2006), Springings (2002), and Walker (2001) have also noted problems with managing institutions in England. In addition this has also been highlighted by Blunt and Wowicz (1997) in their study in Poland.

According to the researcher the late payment or non-payment of levies has financial implications for the body corporate. The body corporate is obligated to pay for rates, insurance, electricity and water, and maintenance costs. Ultimately the long term sustainability is threatened if these obligations are not met leading to water and electricity being disconnected, buildings not being insured and building deterioration, becoming dilapidated and left in a state of disrepair. The value of property will also decrease.

The analysis of the tally of interviewees' responses in Table 4.1 illustrates the need for trustees to understand the Sectional Title Model. This includes the need for them to understand their own role and responsibilities and addressing the problems identified with trustees i.e.:

- Trustees lack of skills for fulfilling their legal obligations
- Ensuring that owners understand rules and
- Trustees developing a deeper understanding of managing bodies corporate and being confident in addressing problems that arise

These results concur with most of the other studies done in Poland (Blunt and Wowicz 1997), San Francisco and Chicago (Ungerson and Karn 1980), and England (Blandy *et al.*, 2006), highlighting that the legislation on this form of ownership was not clear and difficult to understand by owners.

Other problems noted were, according to the tally of responses in Table 4.1, five bodies corporate indicated that owners did not follow the rules of bodies corporate, and four bodies corporates indicated that there was a lack of unity within bodies corporate. The analysis is also indicative that many owners do not adhere to the Conduct Rules in terms of Annexure 9 of the Sectional Title Act (No 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two.

Trustees		Owners		Managing Agent	
Problems	No. of bodies corporate	Problems	No. of bodies corporate	Problems	No. of bodies corporate
Fail to do work	5 BC	Do not pay levies	10 BC	Does not respond timeously to queries	3 BC
Do not call up meetings	3 BC	Do not follow the rules of the Body Corporate	5 BC	Not taking action against levy defaulters	2 BC
Do not have skills and knowledge to perform tasks	2 BC	Lack of unity	4 BC	Does not have proper administrative records	1 BC
Fail to take action on matters	1 BC	No co-operation amongst owners	2 BC	Provide a poor quality of service	1 BC
		Loud music	2 BC	Has not submitted financial statements	1 BC
		Involved in drugs/alcohol	1 BC		
		Is physically abusive to trustees	1 BC		

Table 4.1: Problems experienced within Bodies Corporate

4.2.1.2.4 Fulfilling their Roles as Trustees

Table 4.2 below shows the tally of interviewees' response to question 2.3 of Annexure 1. This table indicates that owners have appreciated the voluntary work undertaken by trustees. Eight of the bodies corporate have recorded that trustees have kept proper secretarial, administrative and financial records. Trustees were asked to explain the procedures taken to address problems. From the feedback, it was ascertained that they would meet to find solutions as trustees, seek advice and guidance from the managing agents and their lawyers. From the analysis of the cross-tabulation of the responses depicted in Section 4.2.1.2.2 (only four of the bodies corporate had kept minutes of trustees meetings) indicating contradictory responses that proper records were not kept in terms of the Sectional Title Model.

Role as Trustee	No. of bodies corporate
Keeping proper records	8
Giving feedback on financial statements	4
Taking action against defaulters	4
Having regular meetings with owners	3
Ensure rules are kept	2
Make improvements within body corporate	2

Table 4.2: Appreciation for work undertaken by trustees

4.2.1.2.5 Sectional Title Knowledge:

From a tally of interviewees' responses to question 2.4 of Annexure 1 is shown in Table 4.3. Only five of interviewees received training from the Housing Department and seven of interviewees stated that they read the Sectional Title Act. Ten of interviewees indicated that they would require training on sectional title management.

The tally reinforces the earlier findings that sectional title legislation is complex and owners do not understand it. This was also found in England, New Zealand and the Albert Park case study. These findings challenge the viability of the sectional title model as this model is difficult in its application.

Understanding Sectional Title Development	Yes	No
Training or Education in Sectional Title Development	5 BC	7 BC
Read Sectional Title Act	7 BC	5 BC
Do trustees need to be trained to do the job?	10 BC	2 BC

Table 4.3: Training Requirements of Trustees

4.2.1.3 Management of Bodies Corporate

4.2.1.3.1 Annual General Meetings (AGM)

From a tally of interviewees' responses to question 3.1 of Annexure 1 the number of AGMs held by bodies corporate is varied. In assessing the feedback given by interviewees, five of the bodies corporate were registered in 2000, two were registered in 2001, one in 2004, whilst four trustees did not know the date of registration. Thus in terms of the Sectional Title Model the maximum number of AGMs that a body corporate would have had, including the inaugural meeting, would be eight (between 2000 and 2007). The tally of interviewees' response also indicates that one body corporate had ten AGM's, which could mean that the body corporate had more than one meeting in a year, or incorrect information was given to the interviewer.

It is also difficult to assess if regular AGMs were being held with four of the interviewees did not know when they were registered. However, with seven bodies corporate being registered by 2001 they should have had a minimum of seven meetings. Five bodies corporate (out of seven) have held at least seven meetings. And this is also shown by the data that five of bodies corporate had their last meeting in 2007.

In addition question 3.1 of Annexure 1 also questioned the date of the last AGM held. According to the tally of the interviewees' response in Table 4.4, five of the bodies corporate had their last AGMs in 2007, whilst three of the bodies corporate had their last AGMs in 2006, one body corporate has their AGM in 2005, one body corporate has their AGM in 2003 and one interviewee indicated that their body corporate had not held an AGM and one interviewee did not answer this question.

In terms of the Sectional Title model it is a legislative requirement for bodies corporate to have meetings annually. From the tally it is clear that seven of the bodies corporate were not up-to-date with their AGM. Thus they were not adhering to the Sectional Title Model and this could create legislative problems. In the researcher's opinion the following concerns would arise,

- Financial statements are not being audited – financial status of the body corporate is unknown, is it being mismanaged, is the budget adequate or is there an over-expenditure or if the body corporate is in major debt.
- Insurance of the body corporate – There needs to be an annual review of the insurance policy to see that it is meeting the needs of the body corporate.
- Management of the body corporate – trustees are accountable to owners for giving feedback on the year's administration and management of the body corporate.

Year that the last AGM was held	Number of bodies corporate
2003	1
2004	0
2005	1
2006	3
2007	5

Table 4.4: Last AGM's held by Bodies Corporate

4.2.1.3.2 Tenants of the Housing Department of the eThekweni Municipality within Bodies Corporate

According to the tally of the responses of interviewees to question 3.2 of Annexure 1, depicted in Table 4.5, eight of the bodies corporate had tenants of the Housing Department. From the tally of responses of interviewees two of the bodies corporate had problems with tenants and three interviewees stated that the Housing Department addressed the problems with their tenants.

Involvement of Housing Department	Yes	No
Council tenants within bodies corporate	8 BC	4 BC
Any problems in dealing with the Housing Department	2 BC	8 BC
Does the Housing Department take action against tenants when you make a complaint against their tenant?	3 BC	7 BC

Table 4.5: Involvement of the Housing Department within Bodies Corporate

4.2.1.3.3 Rules of Bodies Corporate

From the tally of responses of interviewees' to questions 3.3.1 of Annexure 1, depicted in Table 4.6 below, eleven of interviewees had responded to this question. Five of the bodies corporate referred their problems to their managing agents for resolution and action. Whilst two referred problems to managing agents, two referred problems to their lawyers and two had meetings with the owners concerned. The analysis is indicative that eleven of the bodies corporate attended to problems experienced with owners. In addition the tally of responses is indicative that these bodies corporate have complied with the Management Rules, i.e. Annexure 8 of the Sectional Title (No 95 of 1986) as discussed in section 2.4.2.2 in Chapter Two.

Attended to problems with owners	No. of Bodies Corporate
Referred problems to managing agent	5
Pay fines with levies	2
Refer to lawyers	2
Had meeting with owners concerned	2

Table 4.6: Attending to Problems with Owners

From the tally of responses of interviewees' to questions 3.3.2 of Annexure 1, eleven of the bodies corporate had a success rate in taking action against owners. There is contradiction between the success rate in dealing with the non-payment of levies highlighted in Section 4.2.1.2.3 It is difficult to draw an accurate conclusion on the successful implementation of the rules of the body corporate.

The tally of responses of interviewees' to questions 3.3.3 to 3.3.7 of Annexure 1, is depicted in Table 4.7 below. Only ten of the interviewees responded to question 3.3.3 and eleven responded to question 3.3.4. nine of the interviewees added that they received advice from managing agents and lawyers. From the tally of responses of interviewees six of the bodies corporate of owners criticized trustees whilst five indicated this was not the case. Two of the interviewees also indicated that they had been assaulted by owners. One indicated being intimidated and harassed by owners. One had indicated that they had opened criminal charges.

Tall of response to 3.3.3 to 3.3.7 of Annexure 1	Yes	No	No response
Advice received from managing agent/attorney before taking any decisions	9 BC	1 BC	2 BC
Owners criticized any decisions of trustees	6BC	5 BC	1 BC
Owners/tenants assault trustees	2 BC	10 BC	0
Trustees scared of owners/tenants	1 BC	11 BC	0
Any criminal charges opened by trustees?	1 BC	11 BC	0

Table 4.7: Adhering to rules of Bodies Corporate

4.2.1.3.4 Management of a Body Corporate: Owners versus Managing Agent Responses of interviewees to question 3.3.8 of Annexure 1 indicates that eight of the interviewees reported that they can self-manage their bodies corporate as they had skills, knowledge, and there was unity. Four of the interviewees indicated that they would not be able to manage on their own as they needed skills. According to their responses there was no unity and owners did not trust each other.

Number of meeting held with owners

From a tally of responses of interviewees' to question 3.3.9 of Annexure, four of bodies corporate did not have meetings, whilst the number of meeting held by other rest of bodies corporate varies. The tally of responses to question 3.3.10 of Annexure 1 of interviewees' indicate that eight of the bodies corporate sent out formal invitations for meetings and four did not send out invitations to owners. In both instances the analysis depicts a failure by four of the bodies corporate to comply with the Management Rules of the sectional Title Act (No. 95 of 1986) in Section 2.4.2.2 in Chapter Two.

4. 2.1.4 Financial Management

The Sectional Title Act (No. 95 of 1986) directs that all owners have to pay their levies to the body corporate for the management of the scheme. From the tally of responses of the twelve interviewees to question 4.1 of Annexure 1, the levies differs for each body corporate and range from R150 to R266 per month.

4.2.1.4.1 Levy Administration

The tally of responses of interviewees to questions 4.2 of Annexure 1 is depicted in Table 4.8 below Owners in ten of the bodies corporate deposited levies into the body corporate bank whilst one body corporate paid in cash to trustees.

Owners pay levies through	No. of Bodies Corporate
Depositing monies at bank	10
Pay cash to trustees	1
Debit order/Stop order	1

Table 4.8: Payment of levies by Owners

According to the tally of responses of interviewees to questions 4.3 of Annexure 1 depicted in Table 4.9, eleven of the bodies corporate provide receipts to owners, confirming that their levy has been received and thus adhering to the Management Rules of the Sectional Title Act (No. 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. According to the tally of responses of interviewees, one did not give receipts to owners to confirm payment of levies, which is not in keeping with proper financial management practice.

Receipts issued to owners	Yes	No
Receipts issues to owners by trustees	11 BC	1 BC

Table 4.9: Receipts Issues to Owners

4.2.1.4.2 Owners in Levy Arrears

The tally of responses of interviewees' to question 4.4 of Annexure 1 indicates that eleven of the bodies corporate have problems with receiving levies; of which four have at least four owners that are defaulters. Non-payment has serious implications to the sustainability of the body corporate as discussed in 4.3.1.2.

4.2.1.4.3 Managing Non-Payment of Levies

The tally of responses of interviewees to questions 4.5 to 4.8 of Annexure 1 is depicted in Table 4.10. This table also illustrates the steps taken to address the non-payment of levies by owners and the success rate in recovering levy arrears. Ten of the bodies corporate refer matters to their managing agents for action to effect debt recovery, which has yielded a success rate in five bodies corporate. Eight of the bodies corporate have taken legal action against defaulters, whilst the responses of interviewees' indicated that they would raise this with owners or at their AGM. As discussed in 4.2.1.2.3 one of the challenges faced in the use of the sectional title model are both the non-payment of levies and recovering arrears in levies. This has also been seen extensively in the Albert Park case study.

Steps to address Non-Payment of levies			
Action taken by	Managing Agents 10 BC	Trustees 1 BC	
Type of action taken	Legal Action 8 BC	Spoke to Owners 2 BC	Discussed at AGM 1 BC
Success rate of action	Successful 5 BC	Not successful 7 BC	
Attempts to recover arrears	Owners to pay Arrears + levies 4 BC	Referred to lawyers 2 BC	Final reminder/ Discussed at AGM 1 BC

Table 4.10: Addressing Non-Payment of levies

4.2.1.4.4 Municipal Charges and Insurance of bodies corporate

The tally of responses of interviewees' to questions 4.9 & 4.10 of Annexure 1 is shown in Table 4.11, which indicates that many bodies corporate are paying their municipal charges and insurance. However, three of the bodies corporate did not answer the questions in full and one of the bodies corporate did not answer the questions. The table above shows that eight of the bodies corporate do not have rates arrears, whilst three indicated that they have rates arrears. Eleven of the bodies corporate have paid for their insurance policies and nine have their general light and water accounts up to date. From the data analysis only a few bodies corporate have not been paying their municipal charges and insurances accounts.

Municipal Charges and Insurance		
	YES	NO
Rate Arrears	3 BC	8 BC
Insurance Policy	11 BC	1 BC
Insurance Arrears	-	9 BC
General Lights & Water	-	9 BC

Table 4.11: Municipal Charges and Insurance of Bodies Corporate

4.2.1.4.5 Income and Expenditure Statements

The tally of responses of interviewees' to questions 4.11 and 4.12 of Annexure 1 noted that one of the bodies corporate last did its income and expenditure statement in 2004, whilst another body corporate's income and expenditure statement was last done in 2005. From the tally of responses of interviewees, three of the bodies corporate last did their income and expenditure statements in 2006, and five of the bodies corporate in 2007. Eight of the bodies corporate had had their financial statement audited and four are not meeting their legal obligations of the Sectional Title Model for having an annual audit undertaken.

4.2.1.4.6 Feedback on Financial Statements

A tally of responses of interviewees to question 4.13 of Annexure 1 is shown in Table 4.12. The tally indicates that, owners in four bodies corporate receive feedback on their

financial status annually, two receive it monthly, two receive it bi-annually and one receive it quarterly. Thus nine of the bodies corporate give feedback to owners on the body corporate financial status; this feedback is given monthly, quarterly or annually. The tally of responses is indicative that nine of the bodies corporate kept financial records thus adhering to the Management Rules of the Sectional Title Act (No. 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two.

Feedback given to owners on financial statements	No. of bodies corporate
Once a month	2
Once a quarter	1
Twice a year	2
Once a year	5
Not at all	2

Table 4.12: Feedback given to Owners on Financial Statements

A tally of responses of interviewees to questions 4.14 and 4.15 of Annexure 1 is shown in Table 4.13. The tally of responses to question 4.14 of Annexure 1 also indicated that there was no theft or misappropriation of the levy fund. The tally of responses to question 4.15 of Annexure 1 also indicated that nine of the interviewees were of the view that when comparing the cost of their previous rentals against their monthly levies they found that the latter was more.

Tally of responses to 4.14 to 4.15 of Annexure 1	Yes	No
Trustees charged for stealing	nil	12 BC
Levy cheaper then rent paid to council	3 BC	9 BC

Table 4.13: Financial Management

The tally of responses to question 4.17 of Annexure 1 show that the types of improvements made were as follows: fencing and boundary gates, roof repairs, lighting of common property, ablution facilities for workers, plastering and leveling of common property. The analysis reflects a willingness of bodies corporate to commitment and invests in their properties.

4.2.1.4.7 Savings within Bodies Corporate

The tally of responses of interviewees to question 4.16 and 4.18 of Annexure 1 is shown in Table 4.14. The tally indicates that only five of the bodies corporate have funds at present. Four of the interviewees indicated that they would have sufficient

funds for the next five years, whilst eight indicated that they would not. Thus eight of the interviewees do not have confidence in their body corporate being sustainable.

Sufficient Funds	Yes	No
Saved Money at present	5 BC	4 BC
Sufficient Funds in the next 5 years	4 BC	8 BC

Table 4.14: Sufficient Funds for the Present and Future of Bodies Corporate

From the data analysis it is apparent that there is a strong need for intervention in the financial management of bodies corporate in some of the bodies corporate. This is shown by the non-payment of levies and not having clearly audited statements. There is a need for both levy payment and financial training. In addition, support and intervention programmes are required for sustainable sectional title ownership.

4. 2.1.5 General

4.2.1.5.1 The role of the Housing Department within the Body Corporate

A tally of responses of interviewees' to Section 5 indicates that ten of the bodies corporate still want or require support from the Housing Department. In the researcher's opinion this confirms that whilst bodies corporate have been independent for several years, they still believe that the assistance of the Housing Department is needed. The data above implies that trustees need a better understanding of sectional title development, legislative conditions, financial management and a supportive network to obtain advice and support when required. This has been highlighted in other studies conducted in England, New Zealand, Poland, Ireland, San Francisco and Chicago as discussed in Chapter Two.

4.2.1.5.2 Decision to Sell State-Financed Flats

The tally of responses of interviewees depicts that eight of interviewees supported the decision of the eThekweni Municipality to sell the state-financed flats. Two were of the view that it was the incorrect decision taken by the government to transfer ownership to tenants and cited that the buildings were in a poor state.

Interviewees suggested that government upgrade the flats prior to transfer and there was a need for a continued education programme. In addition they believed that tenants should be given their flats at no cost.

This section discussed the analysis of data from the quantitative questionnaire (Annexure 1). The section below discusses the inferences drawn from this study.

4. 2.1.6 Inferences from the quantitative study undertaken

- Communication within bodies corporate

It was established that there is a structured form of communication and decision making within eight of the bodies corporate. Thus, the analysis indicates that there is adherence to the Management Rules, i.e. Annexure 8 of the Sectional Title Act (No. 95 of 1986) discussed in Section 2.4.2.2 in Chapter Two. Meetings of trustees and owners are held at regular intervals with all decisions recorded and effected. Four of the bodies corporate lack proper communication processes and mechanisms to involve, consult and advance the interests of the members of the body corporate. These bodies corporate do not adhere to the Sectional Title Model as discussed in Section 2.4.2.2 in Chapter Two. Whilst minutes of meetings of owners were kept by most bodies corporate, the same could not be said for the minutes of trustees' meetings. There is some element of record keeping but it is inadequate.

- Problems within bodies corporate

Ten of the interviewees identified the non-payment of levies as their major challenge in sustaining sectional title ownership. This is indicative that owners do not adhere to the Conduct Rules, i.e. Annexure 9 of the Sectional Title Act (No. 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. Non-payment has an effect on services, insurances, maintenance and management. The implication of non-payment of levies can lead to disconnection of services, sales in execution, legal action against the owners and the inability to undertake essential repairs and maintenance. The case of Albert Park in central Durban has demonstrated failures of bodies corporate as a direct result of the refusal of owners to pay their levies and protect their assets. In the researcher's opinion, there needs to be a serious focus and rethink on how to develop strategies to encourage the payment of levies. Ungerson and Karn (1980) have stated that in San Francisco and Chicago enforcing laws can become a very costly affair if taken to court. Some of the case studies discussed in Chapter Two, Hong Kong, New Zealand, Armenia, Ireland, San Francisco and Chicago, have highlighted financial problems.

Ten of the interviewees indicated that they are in need of training to execute their legal responsibilities. Based on the findings the researcher believes there is a need for a strategic intervention for stakeholders to intervene by convening a platform for dialogue and the development of an action plan to inculcate a culture of payment. The stakeholders should include trustees, councillors, experts, community representatives, managing agents, the Housing Department and the legal fraternity.

The analysis of the responses of interviewees highlights social problems. The information obtained indicates that there is a lack of unity, co-operation or cohesion amongst owners. In these instances it would be difficult for trustees to ensure that owners abide by the management rules of the bodies corporate. From the findings it appears that owners are not able to use their power to charter a course for improvement as they have historically depended on the Housing Department to resolve their social conflicts as the landlord. Thus the researcher recommends considering a holistic intervention programme.

- Management

There is an absence of sound management systems in several bodies corporate that does not comply to the Management Rules, i.e. Annexure 8 of the Sectional Title Act (No. 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. The absence stems from their lack of capacity and skill to manage and lead an organisation.

- Rules of Bodies Corporate

The tally of responses of interviewees indicated that they were able to ensure that rules of bodies corporate were maintained. Eight of interviewees also indicated that they would be able to manage the body corporate as opposed to having a managing agent. There is a contradiction between what the interviewees believe they can do and the findings in this study. Their perception is that they can manage, is contrary to other information that is emerging in this study, for example, the numbers of owners in arrears with levies, the lack of proper records and not being up to date in holding regular AGM's.

- Financial Management

Levy Management - The analysis with regards to owners in arrears indicates that eleven of the bodies corporate experience this problem. The recovery rate has only been in five bodies corporate. For any body corporate to be successful, it needs to have a levy income to pay for all the expenses that arise and thus challenge the success of the home-ownership programme. In the researcher's view, the post-sale support for the bodies corporate is an urgent and immediate requisite that is emerging.

The analysis indicates that only eight of the bodies corporate had audited financial statements and others are operating outside the requirements of the legal framework. The non-disclosure of income and expenditure to owners is not in keeping with the requirements of the management rules (the constitution) of the body corporate and

thus depicts the seriousness of the problem. The success of the home-ownership programme is thus challenged as suspicion and mistrust between owners will deepen, leading to a total collapse of the body corporate.

Saving Funds for the Future - The analysis indicates that only five of the bodies corporate have incorporated future planning and savings into their financial strategy. This finding reveals the lack of ability in planning for emergencies.

- **Support from the Housing Department**

The analysis of this study highlights a need for the Housing Department to provide post sales support. The Housing Department needs to revisit their decision in providing support to bodies corporate.

The next section discusses the analysis of the data from the CSH Study (Annexure 2).

4.2.2 Perspectives of Employees of the Housing Department of the eThekweni Municipality

This questionnaire (Annexure 2) used in this study was based on Ulrich's CSH. According to Ulrich this methodology can be used for "policy analysis and evaluation" (1996). As discussed in Chapter Three (Section 3.6.2) Ulrich (1996) had designed this methodology to focus on the actual implementation (empirical mode) process and on what should have happened (normative mode). This research study undertaken was aimed at analyzing and evaluating the implementation of a government policy. Five interviews were conducted with the project team members of the Housing Department of the eThekweni Municipality.

4.2.2.1 Motivation for the Sale

4.2.2.1.1 The customer or the client in this home-ownership programme

From the comments received from all the interviewees in questions 1a and 1b (Annexure 2), it was apparent that all of them felt that the customer in this programme was and should be the tenant. In addition, the interviewees felt that the national government was also seen as the client. The eThekweni Municipality was seen as both the client and customer (in that it serves as the client to the tenants and has a relation also as customer of national government in acquiring subsidies).

National government as a customer benefits in that it has to no longer to worry about the non-payment of rentals which has been its woe with irate ratepayers who had to

subsidize rental arrears of council tenants. Further benefit is accrued through the collection of property rates, as well as for the provision of services to both the body corporate and individual owners.

According to the feedback, tenants as customers benefited as they have the power to take decisions on their own living environment and will set rules for peace and harmony amongst themselves; as well as to find instruments to deal with those owners or tenants who choose to deviate and they acquired an asset at no or minimal cost which is worth between R120 000 to R350 000.

The benefits of the home-ownership programme

From the comments of the interviewees, the empirical mode (Ulrich, 2005) of the programme was that the home-ownership programme actually served the government and the tenant. Firstly, it serves in the main the interest of the government to dispose of its liability. To ensure sustainable management of bodies corporate government needs to play a more active role in post-sales support and care. The shift from tenancy to ownership needs patient dialogue and education as this is a complete revolution in the transfer of power from the state to tenants. Through this transfer of power, decision making is in the hands of owners. Secondly, it also served the interests of the tenant as they acquire an asset.

From the feedback of interviewees the home-ownership programme serves the interest of both the government and the tenant. In assessing whose interest was taken into account and whose interest the programme should have taken it is clear from the normative mode (Ulrich, 2005) that the interest of the tenant should be the first priority.

4.2.2.1.2 The purpose or reason for selling state-financed flats to tenants

From the comments received from interviewees to questions 2a and 2b of Annexure 2, the empirical mode for selling these flats to tenants was to promote home-ownership to tenants and for tenants to acquire an asset. Table 4.15 depicts the comments from interviewees with regards to the positive and negative consequences in selling the flats to tenants. From the analysis of these comments the sale enabled tenants to become more responsible and involved in the management of their homes. However, concerns and challenges with regards to the sustainability of these bodies corporate have been stated.

The normative mode according to the comments of interviewees includes:

- “To promote pride of owning one’s own home and having an asset;”
- “To ensure communities become legal entities with their own autonomy and decision making abilities;”
- “To promote self reliance and mutual co-operation” and;
- “To encourage citizen responsibility.”

In analysing both the normative and empirical mode the sale of flats was to promote home-ownership to tenants. In addition the reasons that should (normative mode) be considered included a more philosophical view of tenants becoming independent and taking control of the decision-making process in managing their own living environment.

Negative Consequences to selling flats to tenants
Owners now have to deal with the electricity and water theft, tenants’ misconduct, damage to property and setting the levy.
Limited tenure option available in terms of Property Law and the application of the Discount Benefit Scheme, i.e. only sectional title.
Ensuring the continuous payment of levies by owners.
Those in financial difficulties will sell flats lower than property value and will not qualify for further assistance from government nor be able to purchase a new home in the private market for less than R350 000.00.
Positive Consequences to selling flats to tenants
Encourages tenants to become home owners and become responsible for their property.
Tenants can improve their living conditions.

Table 4.15: Consequences (negative and positive) of selling the flats to tenants

4.2.2.1.3 The impact of the home-ownership programme

According to the comments by interviewees to questions 3a and 3b of Annexure 2, the sale has had a major impact on the Housing Department, in that it reduced the number of rental units and thus there were fewer units to administer. This led to a major re-engineering programme within the Housing Department. This included a reduction of staff as well as the re-structuring of the administrative components of the Housing Department. One of the interviewee’s also noted that the home-ownership programme applied a developmental approach, which is underpinned by education and skills transfer, the improvement of living conditions and communal decision making.

The comments of interviewees also depicts that owners began to take an interest in the decisions that affected their lives. They have come to learn that if they exclude

themselves then they are losing the opportunity to participate in matters that affect their immediate surrounds, as well as their monthly budget. There is also a visible attitudinal shift for e.g. yards are being fenced; conduct rules are being discussed, agreed upon and enforced. There is a demonstration of faith within them to succeed.

The normative mode suggested by interviewees to improve the Home-ownership Programme is depicted in Table 4.16 below. The tally of the responses of interviewees of the study discussed in Section 4.2.1 noted similar comments on the need for support from the Housing Department. According to the responses of interviewees, promoting home-ownership was a good decision of the government. The tenants benefited and became owners and they have acquired an asset in this process. However, interviewees believed that there is a need for a post-sale support programmes.

There is a need to check levy payment levels and the maintenance plans of the body corporate.
Review the budget to look at accounting practices and determine fraudulent or corrupt practices.
Evaluate relations among owners through interviews to determine whether they are recovering from the dependency created through government tenancy.
Provide ongoing support to bodies corporate, i.e. create forum for bodies corporate, transfer of skills and learning programmes.
There should be more involvement and intervention by the Housing Department with owners, associations, councillors and community based organizations.

Table 4.16: Suggestions to improve the home-ownership programme

4.2.2.2 Implementation of the Sale of State Financed-Flats by the eThekweni Municipality

4.2.2.2.1 The Decision to Sell State Financed Flats in terms of the Sectional Title Development Scheme

According to comments of all interviewees to questions 4a and 4b of Annexure 2, the empirical mode was that it was the national government who introduced the Extended Discount Benefit Scheme thus it involved government at all spheres, national, provincial and local, and that the local government was responsible for the implementation of the programme. According to the comments received the funding for constructing all these flats had been originally provided by the national government. It was a directive from the national government to sell the state-financed flats in terms of the Extended Discount Benefit Scheme. The flats were also to be sold in terms of the Sectional Title Development Scheme.

The comments of the interviewees noted that the normative mode includes taking into consideration the need to involve tenants, civic organizations and the local council,

provincial government, and national government in making such decisions to sell these flats in terms of Sectional Title Development Scheme.

As discussed in Chapter Two in South Africa, the role of the central government in housing is “to formulate policy and to support the provinces in implementing it” (Ministry of Housing, 1997:3). As the funding that was made available to build these flats came from the national government, the local government as the managing agent would have to follow their directive. However, underlying the decision for the sale of these flats by the national government the researcher’s perspective includes the following:

- Emotional: The South African Government wanted to redress the imbalance of the apartheid era, thus giving opportunities to previously disadvantaged people to own their own homes;
- Political: It would make a good political decision to sell flats to show support and goodwill to its citizens by a democratic government;
- Financial: As it emerged from the feedback of interviewees, previously rents of tenants were subsidized by the government. This would create a financial strain on the government if the subsidy programme continued in addition to providing housing opportunities to all citizens. The national government also introduced other new housing development programmes to address the backlog of housing. As stated by Behrens and Wilkinson (in Harrison *et al.*, 2003), the National Department of Housing in 1994 had introduced a National Housing Subsidy Scheme for the delivery of low-cost housing. The subsidy and discount schemes were to be financed from the national budgets.

4.2.2.2.2 Resources and other conditions that the Municipality organized in order to embark on the sale of these flats

According to the comments of interviewees to question 5a and 5b of Annexure 2, initially the Housing Department provided the minimum requirements in terms of the Sectional Title Act (No 95 of 1986) and the Discount Benefit Scheme to effect homeownership. The project managers were permanent whilst the CLO’s were contracted employees.

The CLO’S comprised of social workers, an estate agent and a community development worker. The initial plans of the financial planners were replaced with a more developmental perspective and supported by the project leader. Technical consultants (for example, engineers, surveyors, conveyances) were also contracted to

ensure that the technical requirements were met in terms of the Sectional Title Act (No 95 of 1986).

Resources for the programme also included eThekweni Municipality vehicles, computers, equipment (overhead projectors), telephones and printing facilities. At a community level, task teams were set up with tenants from each proposed body corporate as a means to popularize the programme and serve as a structured platform of communication with the Housing Department to track progress, obtain updates and deal with queries.

From the comments of interviewees the home-ownership programme should have conducted a detailed community analysis which would have informed strategies to promote ownership in a structured manner. Additional development workers should have been employed in each area that could have assisted in education; coaching and mentoring of the body corporate for a period of 24 months.

4.2.2.2.3 Aspects not taken into account when selling these flats to Tenants in Terms of the Sectional Title Model

According to the comments of interviewees to questions 6a and 6b of Annexure 2, aspects that were not taken into account when the government embarked on selling the flats are depicted in Table 4.17 below.

Continuous skills development for trustees
Periodic review of progress and functioning of the body corporate
The impact of transferring unresolved behaviour cases to the trustees Social cohesion among tenants
Sustainability of managing bodies corporate
Exploitation of new owners by unscrupulous people who would buy the flats at ridiculously cheap prices
Affordability of levies, sustainability to manage flats. The problem of owners who will not pay levies
Sectional Title Act (No 95 of 1986), concept of Sectional Title not aimed at poor level of skills among the working class to implement a middle class concept of ownership
Extended moratorium on evictions for non-payment as well as behavioral problems
Grouping of flats into sectional title schemes where tenants were not consulted on whether they were in support of such grouping (based on the experiences of conflict)
The impact of tenancy in creating a dependency syndrome
Maintenance

Table 4.17: Aspects not taken into account when selling flats

According to the comments of interviewees the normative mode includes the following aspects in selling these flats to tenants.

Skills development to manage bodies corporate
Community education and conscientization strategy
There will be a percentage of tenants who will want to remain tenants of government
Need to ensure that people can pay levies for sustainability, tenants have no arrears, and history from social perspective doesn't show that tenants have conflicts.
Prepare tenants to be owners, with financial obligations to meet them
Involvement of non government organizations in assisting bodies corporate to run and manage
6 to 12 months assistance from municipality to ensure the smooth running and management of bodies corporate

Table 4.18: Aspects that should have been taken into account when selling the flats

Both the empirical and normative mode are indicative that there is a need for a post-sales support programmes for bodies corporate. Sectional title ownership is complex and has historically been located in urban areas and targeted the middle class or professionals, and will have several challenges.

The comments of interviewees indicated that eThekweni municipality had limited power in selling these flats. As the guidelines and legislation for the sale of the flats was developed by national government. eThekweni Municipality merely effected the national government's intention to promote ownership by undertaking the necessary legal (opening of sectional title registers, transfer) and technical (survey, engineering assessments, relocation of services) preparations. The eThekweni Municipality acted as an agent of national government.

From the comments of interviewees the municipality however had the following administrative powers:

- Substitution of tenancy in the cases where legal tenant is deceased;
- Regularization of illegal tenants;
- Approve budgets for technical preparations;
- Implementation of Discount Benefit Schemes (1993 and 2005 respectively);
- Placing of moratoriums on evictions for non-payment.

Table 4.19 depicts the views of the interviewees to questions 6a and 6b of Annexure 2, over the control the municipality had in the home-ownership programme which indicates that their control was very limited. The table also gives recommendation to

the level of control that they should have. As the directive for the sale of flats was from the national government, the eThekweni municipality had mainly administrative control over tenants.

The level of control of the municipality had when selling the flats (this would be referred to as the empirical mode)	The level of control that municipality should have when selling the flats (this would be referred to as the normative mode)
The municipality had no control over those who were violating their tenancy agreements.	Dealing decisively with social conflict and being firm with their position even if challenged in Court
The moratorium on evictions was also extended to those tenants who caused social conflict and unruliness	The ability not to sell flats that are plagued by illegal activities and social conflict until such time that there is a consensus on social relations, termination of illegal activities (sale of drugs and alcohol)
The acceptance of the offer by the tenants Acceptance of the offer to purchase the flat by tenants in terms of meetings, municipality requirements 50+1%	Accept the offer within the 6 month period or return the monies of those who paid and registered their interest to be part of the sales process
Social cohesion between tenants which is vital for the functioning of the body corporate	A thorough analysis of social conditions should have been undertaken that would have highlighted tenants' conflicts, ability to resolve conflict, programmes that were needed to build organizational capacity to manage bodies corporate and deepen understanding of sectional title ownership.
Directive came from national government, Council selling assets in excess of R100 000 virtually free e.g. selling price, affordability	
Non-payment of rental from illegal tenants, resistance from tenants and negativity from within the community	Take into account the ability of tenants to meet levy payment obligation as well as the Conduct Rules of the Body Corporate

Table 4.19: The level of control that the municipality had and should have in the home-ownership process

4.2.2.3 The Plan's Knowledge-Base

4.2.2.3.1 Planning of the Home-ownership Programme

The comments of interviewees to question 7a and 7b of Annexure 2 indicated that initially the planning of the programme was done by accountants who approached the

programme from a financial planning perspective. The minimum requirements in terms of the law (Sectional Title Model) were followed to prepare the flats for sale. Through the employment of CLOs the focus later shifted to the challenges in building social cohesion and consciousness rising. The comments of interviewees also noted that the planners were managers, project manager, director, deputy head of housing department and councillors whose knowledge on social mobilization and organization was limited.

The comments of interviewees below noted what ought to have been involved in the planning of the home-ownership programme:

- Property agents who have daily experience and knowledge of managing sectional title schemes;
- Community development practitioners;
- Adult education practitioners;
- Conveyancing attorneys ;
- Manager, project manager, director, deputy head and councillors, tenants and civics.

4.2.2.3.2 The Expertise Utilized in Planning the Programme

From the feedback from the interviewees to question 8a and 8b of Annexure 2, there was reliance on a book produced by Ted Woudberg (1996) in the preparation of the Report to Committee (Housing Department, 1996). The expertise utilized includes:

- The employment of a property agent was useful in dealing with the inaugural meetings.
- The employment of persons with a social science background, as well as community work experience was most useful as they had specialized knowledge and experience to work with community programmes.
- Conveyancers,
- Technical knowledge in preparing flats for sale,
- Financial background of employees of Housing Department,
- CLO's

In Chapter Three the systems map Figure 3.2 listed the components identified by the project team in planning and implementing the home-ownership. The comments from interviewees above confirmed these components.

From the comments of interviewees the expertise that should be utilized in planning the programme are:

- Property agents who have experience and knowledge of managing sectional title schemes,
- Community development practitioners;
- Adult education practitioners;
- Conveyancing attorneys.

The analysis process is also indicative of the reflective process involved in this research study, i.e. the awareness of interviewees of both the empirical and normative mode of the home-ownership programme. As discussed in Chapter Three (Section 3.5), the commitments of CST include developing critical awareness and emancipation (Midgley *et al.* 2001). The comments of interviewees indicate what the implementation of the home-ownership programme entailed and what should have been included.

4.2.2.3.3 Guarantees that the Home-ownership Plan will be implemented and will be successful

The responses of all interviewees to question 9a and 9b of Annexure 2 indicated that they were not prepared to provide any kind of guarantee that the home-ownership programme will be successful. For example, being an owner one is required to pay levies and non-payment can result in legal action. But there can be no guarantee that all owners will be employed and will be able to pay their levies.

From the comments of interviewees it is only the owners who can guarantee their own improvement by effecting changes in attitude, setting a value system based on a vision for improvement and creating a framework for respect and tolerance.

4.2.2.4 A Plan's Legitimation

4.2.2.4.1 People not directly involved but who could play a significant role

From the comments of interviewees to question 10a and 10b of Annexure 2, people that can play a significant role included elected councillors, civics representatives, interested NGOs community leaders, religious bodies, a crisis committee taking up maintenance problems, cost of levies, and challenging the sectional title form of ownership.

The people and organisations that should be included in this process are:

The municipal ombudsperson, The Human Rights Commission, civic organizations, ward councillors, and representative from national government, tenants associations, and private owners of bodies corporate that are successful.

4.2.2.4.2 The Extent of being given the chance of Emancipation from the Premises and Promises of those involved

From the comments of interviewees to question 11 a and 11b of Annexure 2, the empirical mode included various communication channels which were forged by community task teams to direct contact with the sales team to address challenges, concerns and problems of tenants. In addition, platforms were also created with councillors and civil society organizations for presentation of tenants' concerns. Community workshops, education programmes and training programmes were held with tenants.

From the comments of interviewees, the provision that ought to be considered for those tenants affected by the home-ownership programme:

- Community workshops, education and training programmes per body corporate;
- Tenants' associations, support network programme;
- Relocation of tenants who did not want to purchase their flats;
- Transfer tenants to rental flats or starter homes;
- Consider other forms of tenure, and prepare alternative accommodation based on need, e.g. the handicapped.

From the comments from interviewees on both what was done and what should have been done. There is a need to engage the tenants furthermore in both the preparation of home-ownership and in the post-sales programmes.

4.2.2.4.3 The Worldviews of the Home-ownership Plans

There were different opinions that emerged from the interviewees:

- The plan was based on government's objective to promote tenant improvement through owning a home. This was based on home-ownership being a key element to community development;
- Tenants were incapacitated by tenancy in terms of involvement in decision making on maintenance budgets, rentals and other policies. Further tenants had several social problems (mistrust, jealousy, etc)
- There was a conflict between government's objectives and the socio-economic status of tenants.

- The plan therefore had a community development focus that recognized the challenges of decades of tenancy and its impact on ownership.

The worldviews should (normative mode) also take the following into consideration the home-ownership plans:

- Encourage more dialogue between all stakeholders;
- Develop a better understanding of problems of tenants;
- There is a need for channels of communication between all affected stakeholders in promoting the sale e.g. politicians, NGOs civics, tenants, legal experts;
- Other forms of tenure for home-ownership.

Based on the feedback received from the interviewees, there is a need for a paradigm shift in the thinking of tenants who were dependent on national government. Tenants need to now become independent and self-reliant. However, the data analysis of the quantitative research in Section 4.2.1 is contrary to this viewpoint. The analysis indicates that the sectional title model is a complex model, legislation is not clearly understood by owners and rather than independence there is a need to have social cohesion and interdependence amongst owners.

The home-ownership programme would then have to include an empowerment programme that would take into account psychological, sociological, economic and environmental considerations. This process may take long and the government may not have the funding required or may not want to implement such a programme. Thus the current programme needs to be reviewed by the Housing Department to incorporate a holistic approach, which includes a pre and post-sale programme, and a support network programme to ensure the viability of the programme.

4.2.2.5 Inferences from the CSH study

The use of CST entailed conducting a boundary critique of the home-ownership programme. The analysis of the CSH study reflects the awareness of interviewees of both the empirical and normative modes of the home-ownership programme.

4.2.2.5.1 Motivation for the Sale

Inferences from the comments of interviewees on the motivations for the sale are:

- From the analysis of the CSH study the tenant was seen as the customer in the home-ownership programme. However, the programme served the interests of both the tenant and the Housing Department of eThekweni Municipality. This programme is similar to those in England, San Francisco and Chicago and New

Zealand in that it served the interests of both the government and the tenants/recipients of this programme.

- The impact of the home-ownership programme for tenants was to enable them to make decisions that affected their lives. The programme ought to have ongoing support to bodies corporate and introduce a support network for them for example, councillors, the Housing Department, and community organizations. The literature study in section 2.3. Chapter Two depicts that Government has supported or favoured self-help programmes, as indicated by Lui (2007), Khan and Thurman (2001) and UN-HABITAT (2003a).

The motivation for the sale of flats to tenants to promote home-ownership emerged as encouraging. However, there is a need to revisit the impact of this programme and create an extensive post-sales programme that includes psychological and sociological support, training, education and a support network for bodies corporate. The finding in this study also raises concerns on the appropriateness of the sectional title model to promote home-ownership.

4.2.2.5.2 Implementation of the Sale of State Financed-Flats by the eT hekwin Municipality

Based on the comments of the interviewees' of the implementation of sales programme the following inferences can be made:

- Whilst the implementation of the home-ownership programme was the directive of the national government, the interviewees felt that it should have been a collective decision involving all stakeholders in this programme;
- The resources for the programme included the professional project team of the Housing Department, vehicles, and computers, etc. and setting up of community task teams, and;
- The study also indicated that the municipality had limited power, and that the municipal government should have more control in addressing issues of social cohesion and in assessing the ability of tenants to manage bodies corporate.

4.2.2.5.3 The Home-Ownership Plan's Knowledge-Base

From the comments of the interviewees the following inferences can be made:

- The expertise utilized in planning the programme should be more extensive.
- There was no guarantee given on the sustainability of the home-ownership programme, as post-sales the owners become responsible for their homes.

- The data from the study conducted with trustees indicate that there was a lack of knowledge and understanding on the sectional title model. Thus inferences can be made that the planning process had many limitations. This was also shown in the study in San Francisco and Chicago by Ungerson & Karn (1980).

This section discussed the inferences from the CSH study, the next section discusses the stakeholder's analysis of undertaken in this study.

4.2.3 STAKEHOLDER'S ANALYSIS

According to Lane, *et al.* (2001:73) "the stakeholders in a situation are those who have a stake in its outcome." As part of the analysis, it was important to review different perspectives of those involved and affected by the home-ownership programme. Selection and involvement of stakeholders which includes the civic, public and private sectors ensures a holistic approach.

Stakeholders have had some input into the home-ownership process. A stakeholder's analysis undertaken by the researcher is based on the data obtained from the reports stated in section 3.7.3.2 of Chapter Three. The stakeholders includes:

- The Departments in the eThekweni Municipality: Housing, Survey, Engineering, Water and Roads;
- Private companies contracted to address technical preparations for the programme, attorneys and conveyancers, surveyors, engineers;
- Local councillors (at community level), housing committee, executive committee and Council (to approve the programme);
- Tenants of the Housing Department, Tenants' Associations and to some level civic representatives.

Below is Table 4.20 mapping stakeholder's stakes in this home-ownership programme. Taken from Patton's (2002) the table is an analysis of the level of stake or importance to the programme by various stakeholders. Table 4.12 shows that the Housing Department is responsible for implementing the home-ownership programme and would thus have a very high stake and would view the programme favorably. The other stakeholders that have a high stake are the tenants as they are the recipients. However, their reaction is mixed from being favorable to antagonistic. Their reaction will be based on various reasons as per the studies undertaken. The reasons vary in that many tenants may see themselves as acquiring an asset or the hostility based on social or financial problems within bodies corporate.

Other departments, civic organizations and private organizations have neutral responses as they are not directly involved in the home-ownership programme. Councillors and the executive committee have both favourable and antagonistic reactions, based on their political stance and how favorable it is to their constituents.

From the analysis of the two studies the stakeholders need to be increased to include:

- Adult educators, more developmental specialists are needed for the programme
- Community and non-governmental organisations
- Formation of bodies corporate task teams or forums
- Creation of a supportive network for post-sales services

In the researcher's view there is a need for more dialogue between all stakeholders; this will enable communication channels to be open, transparent and to have input from all stakeholders in the home-ownership programme.

How High are the Stakes for stakeholder	Level of stakes	Favourable	Neutral or Unknown	Antagonistic
Housing Department	High	√		
Other Departments	Medium		√	
Councillors	High to Medium	√		√
Private Contractors	Medium		√	
Conveyancers	Medium		√	
Executive Committee of Council	High			
Tenants	High	√		√
Tenants Associations	High	√		√
Civic Organizations	Medium		√	√
Private Organizations	Low		√	

Table 4.20: Depicting the level stakes of stakeholders have and their responses to the home-ownership programme

4.3 IMPLICATIONS FROM BOTH STUDIES

4.3.1 Motivation for the Home-Ownership Programme

The home-ownership programme enabled tenants to own property and become independent from the Housing Department. However in reality whilst tenants became

owners, the sectional title model has created interdependence between owners. As Hud (in Ungerson and Karn 1980) has stated that this form of development has created a new social dependence. From the research analysis it is not clear if in planning this home-ownership programme factors like regulations and market forces were taken into consideration.

The reasons for selling the flats should include, creating self reliance and autonomy. This decision was supported by the trustees as eight of the interviewees agreed that it was a good decision to sell the flats to tenants. The decision for the sale of flats to tenants in order to promote home-ownership appears to be a good decision.

4.3.2 Decision Making Procedures in implementing the Home-Ownership Programme

The implementation of the home-ownership programme was the responsibility of the municipalities. However, the studies have indicated that there should be a collective decision making procedure involving all stakeholders in this programme. The study also indicated that the eThekweni Municipality had limited power, and should have more control in addressing issues of social cohesion and to assess the ability of tenants to manage bodies corporate. Both England and New Zealand also show the limited role that stakeholders had in the sales process (Blandy *et al.*, 2006).

4.3.3 Communication Channels

There was extensive communication with tenants prior and during the sale, however post-sale communication was very limited. This was also shown in the quantitative study with trustees of bodies corporate where it was found that a post sales support was needed. Communication within bodies corporate - the quantitative study indicated that, whilst meetings were held with owners, inadequate records of these meetings were kept. Poor communication has also been found between management and owners in studies in England (Blandy *et al.*, 2006) and in Hong Kong (Hammer, 2004).

Through the CST approach it was noted that whilst there was extensive engagement of stakeholders, the communication was informative rather than an active dialogue process between the Housing Department of the eThekweni Municipality and former tenants. The CSH study has indicated that whilst there has been a communication process within this project, it was limited and needs to be more much more extensive. The programme ought to encourage more dialogue between all stakeholders and understanding of problems of tenants, before deciding which block of flats to sell.

4.3.4 Financial Management

Both studies identified that bodies corporate face financial challenges in collecting levies from owners and in running the body corporate. Ten of the bodies corporate experience problems with levy collection as discussed in Section 4.2.1.2.3. This study also noted in Section 4.2.1.4.5 that only eight of the bodies corporate had audited financial statements indicates the seriousness of the problem. Only five of the bodies corporate have monies saved at present and eight of the bodies corporate are not confident about having funds in the next five years (Section 4.2.1.4.7). Thus there is a need for a strategic intervention and support programme for the financial management of bodies corporate. The Albert Park case study discussed in Chapter Two has shown serious implications as a result of poor financial management. Financial difficulties were also reported in Hong Kong (Hammer, 2004).

4.3.5 Social Cohesion

The other challenge that has not been adequately addressed is the social implications of the home-ownership programme. Both studies indicate that there is a lack of unity, co-operation or cohesion between owners. The CSH study indicates that, the problems existed prior to sale. As part of the post-sales programme there is a need to include intervention strategies to address this problem. In San Francisco and Chicago, “resident apathy and little pride of ownership are frequently cited as characteristic of condominium living,” (Cartwright Consulting Associates in Ungerson & Karn, 1980:176).

4.3.6 Post-Sales Programme

Both studies have indicated that there is a need to focus on strategies that address post-sales support. Ten of the interviewees have indicated that they want or require support from the Housing Department of the eThekweni Municipality. There is a need to create an extensive post-sales programme that includes training, education and a support network for bodies corporate. A supportive network is needed which includes councillors, the department, community and civic organizations.

There needs to be a rethink on how to develop strategies to encourage the payment of levies. There needs to be a broader stakeholder involvement and commitment. This shows that trustees need guidance and training in managing bodies corporate. A holistic approach is needed that includes support from the different sectors i.e. the community, private sector and government.

4.4 VALIDITY, BIASNESS AND GENERALISABILITY

Validity: The validity of the research study conducted has both internal and external validity. The internal validity ensured that the data collected was valid through the use of mixed methodology. This ensured the use of a combination of data collection tools and various data sources. In addition the data was obtained from the primary source in the home-ownership programme. The external validity has relevance as the home-ownership programme was initiated by the South African Government nationally and other municipalities would have implemented this programme as well.

Biasness and Generalisability: The research study was undertaken by a former employee of the project team of the Housing Department of the eThekweni Municipality. There could be an element of net systematic error that crept into the research process. However the data presented in this chapter was that of the interviewees in both the studies. The views of the researcher were not reflected in the results. The analysis and evaluation was also based on compliance to the sectional title model discussed in Section 2.4.2.2 in Chapter Two.

4.5 CONCLUSION

This chapter discussed the analysis and evaluation of data obtained from the quantitative study that was administered to trustees of bodies corporate and the CSH study with the project team of the Housing Department of the EMA. The inferences that emerged from both studies focused on a need for a more extensive programme that incorporated a post-sales programme. A stakeholder analysis was conducted and the need for more involvement of community structures was highlighted. In addition there was a need for more dialogue between all stakeholders. This chapter concludes with highlighting the areas that need attention. The next chapter, Chapter Five presents the conclusion and recommendations of the research study.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The research study analyzed and evaluated the success of the implementation of a home-ownership programme of the eThekweni Municipality. This chapter summarises the following:

- the purpose and the research question of the research study;
- use of a systems approach;
- the research methodology utilized in the research study;
- reflection of shortcoming of the research study;
- direction for further research; and
- the study concludes with recommendations for the programme.

5.2 THE PURPOSE AND THE RESEARCH QUESTION

The purpose of the research study as discussed in Section 1.2 in Chapter One was:

- Analyze and evaluate the impact of the sale of state-financed flats to tenants by the eThekweni Municipality (discussed in Chapter Four); and
- Gauge the relative success (or failure) of bodies corporate in terms of the Sectional Title Act (No. 95 of 1986).

The research question as discussed in Section 1.2 in Chapter One was: “In terms of sectional title development, to what extent (if any) has the transfer of state-financed flats by eThekweni Municipality to tenants been successful?”

To answer the research question the review of the data analysis and evaluation against the criteria discussed in Section 1.2 in Chapter One is discussed below,

- Financial Management, financial statements and funds available - Financial Management: eleven out of the twelve of the bodies corporate provide receipts to owners, five of bodies corporate had their AGM's in 2007, eight of bodies corporate had had their financial statement audited and nine of bodies corporate give

feedback to owners on the body corporate financial status (as discussed in Section 4.2.1 in Chapter Four) is indicative that these bodies corporate have complied with the Management Rules, i.e. Annexure 8 of the Sectional Title (No 95 of 1986).

Only five of bodies corporate have funds at present and four of trustees indicated that they would have sufficient funds for the next five years, whilst eight indicated that they would not (Section 4.2.1 in Chapter Four). This is indicative that over six of bodies corporate do not have sufficient funds. This is of concern and could lead to problems in the future. Eleven of bodies corporate had insurance policies and this is positive. The biggest challenge was the non-payment of levies by owners. Ten of the interviewees identified this to be a problem. The analysis is indicative that many owners do not adhere to the Conduct Rules in terms of Annexure 9 of the Sectional Title Act (No 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. The feedback is indicative that whilst many bodies corporate have some financial knowledge and are managing their bodies corporate there is a need for better understanding on financial management.

- Social cohesion: interpersonal relationships within and between trustees and owners - In Section 4.2.1 in Chapter Four, the following was noted, five of the interviewees indicated that owners did not follow the rules of bodies corporate, four of the interviewees indicated that there was a lack of unity within the body corporate, ten of the interviewees responded that owners criticized trustees. The analysis is also indicative that many owners do not adhere to the Conduct Rules in terms of Annexure 9 of the Sectional Title Act (No 95 of 1986) as discussed in Section 2.4.2.2 in Chapter Two. Eight of the interviewees responded that owners appreciated that trustees kept proper records and four bodies corporate appreciated feedback on financial records. The feedback is indicative that success in social cohesion varies within bodies corporate. However, there is a need for owners to have better understanding of the sectional title model.
- Technical knowledge on sectional title model: In Section 4.2.1 in Chapter Four, ten of interviewees indicated that they would require training on sectional title management.
- The legislative requirements that bodies corporate need to adhere to in terms of the Management Rules, Annexure 8 of the Sectional Title Act (No 95 of 1986) and Conduct Rules, Annexure 9 of the Sectional Title Act (No 95 of 1986) – In Section

4.2.1 of Chapter Four the following was noted, it is also difficult to assess if regular AGMs take place, five of the bodies corporate referred their problems to their managing agents for resolution and action and eleven of interviewees attended to problems experienced with owners, four of bodies corporate did not have meetings, whilst the number of meetings held by the rest of bodies corporate varies. From the discussion above on social and financial criteria, there are a number of bodies corporate that do not adhere to the Sectional Title Act (No.95 of 1986).

- The CSH Study: Ulrich's (2005) twelve critical boundary questions:
 In section 4.2.2.5.1 of Chapter Four the motivation for the sale was discussed. The motivation for the sale of flats to tenants to promote home-ownership seemed encouraging. However, there is a need to revisit the impact of this programme and create an extensive post-sales programme.
 In Section 4.2. 2.5.2 in Chapter Four the implementation programme was discussed. The interviewees felt that it should have been a collective decision involving all stakeholders in implementing the home-ownership programme.
 In Section 4.2.2.5.3 of Chapter Four the home-ownership plan's knowledge-base was discussed. The expertise utilized in planning the programme should be more extensive. There was no guarantee given on the sustainability of the home-ownership programme, as post-sales the owners become responsible for their homes.

Thus, to answer the research question, based on the criteria and in compliance with the legislated sectional title model, the programme has had limited success. The reasons include:

- Planning and implementation of the home-ownership programme – lack of holistic planning that failed to include a post-sales programme.
- Lack of understanding of and compliance with legislation of a sectional title model by owners.
- Lack of adherence to legislative requirements, for example non-payment of levies, not keeping minutes of meetings, failure to retrieve levy arrears.
- Financial management– Most bodies corporate have problems with levy collection, in addition there are limited reserve funds.
- Managing Agents have not been able to assist with addressing levy arrears

Whilst the programme to promote home-ownership was successful in implementing transfer of ownership, the programme lacked a supportive post-sales programme and hence could not be seen as a sustainable programme.

The literature study undertaken in Chapter Two has also shown the limitations of this model. In Hong Kong (Hammer, 2004) the sale of public flats has not been successful as a result of financial difficulties experienced by owners, and the owners had a very minimal role in property that they owned. In England (Springings, 2002; Blandy *et al.* 2006) the New Public Management had many problems i.e. unclear legislations, owners' limited control over their properties. Similar problems were experienced by owners in New Zealand (Blandy *et al.* 2006). Social problems have been noted by Redmond (2001) in Ireland. Ungerson and Karn (1980) noted that in San Francisco and Chicago as a result of interdependence there were social tensions. There is a further need to examine this model as a viable option in promoting sustainable home-ownership.

From my perspective the decision to promote home ownership to citizens of this country by the South African government aimed to promote goodwill to previously disadvantaged people. However, the sale of state-financed flats in terms of Sectional Title Development has created more challenges and responsibilities than anticipated and the sustainability of such a programme becomes questionable. Some of the problems include the following:

- In my experience in working with these tenants many of them are pensioners or have limited education, thus they would have difficulty in managing a body corporate.
- Those tenants that are employed have to travel long distances to work and are away long hours from their homes and do not have much time to manage or be involved in the affairs of the bodies corporate.
- There are many social challenges e.g. alcohol and drugs, conflict between neighbours, gangsterism and lack of respect for neighbours and their needs.

Whilst the South African Government had good intentions the above social considerations were not taken into account.

5.3 USE OF A SYSTEMS APPROACH TO UNDERTAKE THE RESEARCH STUDY

The research study that was undertaken was within a 'Systems Approach'. Through the use of the Systems Approach, the different elements or components, as well as the relationship or interaction between them, were analyzed. This enabled the researcher to use different approaches to obtain data from the policies, the policy implementers and the recipients or beneficiaries of the home-ownership programme. The approach also enabled the researcher to assess the impact of the programme, draw conclusions and make recommendations.

Through the Systems Approach the research study was aimed at investigating the planning and implementation of the programme, and the impact and post-sale process of home-ownership. Data obtained was discussed in Chapter Four.

Through the systemic approach the following aspects were analyzed and evaluated in this research study:

- Complexities, relationships and interaction

The analysis process identified that complexities were inherent in the programme. The relationships and interactions between sub-systems within the system were discussed in Section 4.3 in Chapter Four.

- Boundary judgments

The study undertaken with the project team of the Housing Department of the eThekweni Municipality identifying different elements that were incorporated or omitted were discussed in Section 1.4 in Chapter One and Section 3.6.2 in Chapter Three. The study also focused on uncovering the limitations that existed in the implementation of the programme.

- Stakeholder analysis

The stakeholder analysis identified all relevant stakeholders of the home-ownership programme. The stakeholders that needed to be included in the home-ownership programme was discussed in Section 4.2.3 of Chapter Four.

- Kolb's (1984) Learning Cycle

This process looked at the learning-through-action in the implementation of the home-ownership programme where the experience of bodies corporate and employees of the municipality were reflected on. The analysis enabled the conceptualization of the

programme and this chapter includes the recommendations for the home-ownership programme.

5.4 THE RESEARCH METHODOLOGY UTILIZED IN THE RESEARCH STUDY

5.4.1 The Underlying Theory for Home-ownership

As discussed in Section 2.4.2.2 in Chapter Two there are no general theories on sectional title schemes. The home-ownership programme is based on a legislated model, the Sectional Title Act (No. 95 of 1986). The sectional title model is a legal device so the theory resides in the thinking that underpins the device. Sectional title enables one to purchase a section or a flat of a complex, obtain title deeds to that unit and joint ownership of the common property in that scheme. The body corporate is management through rules that are regulated in terms of Annexure 8 and 9 of the Sectional Title Act 95 of 1986. In addition the income obtained to financially manage sectional title schemes is derived from levies.

Trustees play a pivotal role in managing bodies corporate. They thus need to understand the Sectional Model, interpret the rule of the body corporate, as well as understand and control budget and accounts. As stated in Chapter Three the model is simple in principle but complex in practice. There is a requirement for home-owners to take responsibility for their own unit and joint responsibility of the common property.

The results from this research study indicate that the Sectional Title Model is complex and the legislation is not clear and understood by owners. This is supported by most of the other studies discussed in Chapter Two, i.e in Poland (Blunt & Wowicz 1997), San Francisco and Chicago (Ungerson & Karn 1980), and England (Blandy et al., 2006). Problems with this model have also been noted in the Albert Park case study (Vedalankar, 2006). Problems can escalate when schemes are not managed properly as illustrated in the studies by Walker (2001), Vanoyan (2004) and Blandy *et al.* (2006).

5.4.2 Critical Systems Thinking (CST)

As discussed in Chapter Three the research study that was conducted on the home-ownership programme was complex and CST places great emphasis on complexities. The CST aims to address problems that are characterised by complexity, large scale, uncertainty, impermanence and imperfection (Bammer, 2003) and they have been

discussed in Chapter Three. CST as a meta-methodology allowed for the use of more than one methodology in undertaking this research study. The use of different methodologies facilitated a process of obtaining data extensively. CST also emphasises the need to undertake a boundary critique and this has been discussed in Chapter One and Three. The use of boundary critique had facilitated a process of critical awareness that has contributed immensely in conducting the research study. In addition the researcher was able to draw on different perspectives and experiences from different sources. There are diverse stakeholders in the home-programme. The two types of approach were used in this research study:

5.4.2.1 Quantitative approach

The research study undertaken with bodies corporate was to assess and evaluate whether the policy implemented to promote the home-ownership was successful from the perspective of the new home owners. Accordingly there was a need to obtain statistical information on the management of each body corporate and review the comparisons in the management of twelve bodies corporate.

5.4.2.2 Ulrich's Critical Systems Heuristics (CSH)

This approach was used for the study undertaken with the project team of the Housing Department that was involved in the implementation of the home ownership programme. As the research study entailed a policy analysis and evaluation, the use of Ulrich's CSH (1996) was therefore appropriate. The home-ownership programme is a complex process and included many perspectives and stakeholders, with the feedback from the interviewee's indicating that there is no right or wrong answer nor a single solution.

From the researcher's perspective the use of CSH is an active process as it enabled the interviewees not only to identify and state the current programme but also to examine the programme and to consider what should have been included in the programme. However, the use of this approach is complex and lengthy and may not be well received by the people that are being interviewed.

Individual interviews were used to administer the questionnaires in the CSH study. Alternatives to individual interviews could have been to have a group session of all those who participated in the study. This session could have been useful for the Housing Department as it could have been a tool for monitoring and evaluation. This

process would have also facilitated more discussion on the programme implemented and recommendations for the future.

The use of both the quantitative approach and the CSH enabled a holistic approach to the study. The use of these methodologies allowed for exploration into the management of bodies corporate and the impact of the home-ownership programme on the lives of previous tenants of EMA.

5.5 REFLECTION OF THE SHORT-COMINGS OF THIS RESEARCH STUDY

In the researcher's opinion the research study was relevant and necessary as it contribute to further academic studies, focused on a subject where limited research has been undertaken and gives feedback and recommendations of the home-ownership programme.

In reflecting on the shortcomings of this research study, the following lessons have been noted:

- The researcher spent a fair amount of time reviewing public housing policies from a global perspective (Chapter Two). In this process the researcher lost focus from the research problem and diverted to other aspects of public housing. This impacted on timelines and on the research. This could have been avoided if the researcher stayed focused on the research problem whilst conducting a literature review.
- The researcher also struggled with the application of the methodology. The lesson learnt is that prior to conducting any research study there is a need to have a broader understanding of research methodology and its application process. Thus the choice and the reason of the choice of methodology becomes apparent.
- For the CSH study conducted with the project team of the Housing Department, instead of having individual interviews, a group session could have been held. This process could have facilitated a meaningful reflection process for the project team as a group.
- Whilst the CSH is very useful methodology as discussed in Chapter Three, it is complex and time consuming.

5.6 DIRECTIONS FOR FUTURE RESEARCH

Based on the literature study undertaken in Chapter Two, there is limited research on the sectional title model, both within this country and globally. Whilst there have been many studies that looked at policies on public housing programmes, there is limited research undertaken on the impact of these programmes. There is thus a need for more research studies on the Sectional Title Model.

5.7 RECOMMENDATIONS

The research study raised two significant programmes that need to be incorporated in the home-ownership programme:

5.7.1 Ongoing Programmes with Bodies Corporate

The feedback from the trustees in Chapter Four (Sections 4.2.1.2.5 and 4.2.1.5.1) indicated that there is a need for educational training programmes and workshops for trustees. The training would benefit both existing trustees and newly appointed trustees. Trustees experience different kinds of challenges when managing and administering their respective bodies corporate. They are not trained specialists to address the varying and complex issues to hand. Having workshops on specific subject matters would provide them with clarity, a better understanding and some kind of guidance in addressing the challenges they face. New trustees are being introduced to very structured and prescriptive legislation that they need to understand, implement and maintain. Attending training programmes will empower them to run bodies corporate more effectively.

From the feedback in the study undertaken, the following areas need to be included in the training programme:

5.7.1.1 Management Rules of Sectional Title Act (No. 95 of 1986)

In Chapter Four (Section 4.2.1.2.5) five of the interviewees indicated that they did not read the Sectional Title Act (No. 95 of 1986). Part viii of the Sectional Title Act (No. 95 of 1986) provides for rules that govern bodies corporate. There is a need for trustees to fully understand these rules and regulations, to give direction to the governance of bodies corporate.

From my experience in working in the Housing Department of the eThekweni Municipality for ten years, I find that many bodies corporate ignore the legislation as a

result of a lack of understanding thereof and not having enough time to attend to the management of the body corporate. It is thus imperative that the Housing Department develops a training programme and workshop that is user-friendly, simplified and understood by trustees.

5.7.1.2 Conduct Rules of the Sectional Title Act (No. 95 of 1986)

The analysis in Chapter Four (Section 4.2.1.2.3) highlighted the problems experienced in bodies corporate. Part ix of the Sectional Title Act (No. 95 of 1986) focuses on owners, their responsibilities and the administration of the body corporate. Owners often do not understand their legal rights and responsibilities, or choose to ignore them. From my experience this is the most challenging task that trustees are faced with, "How to ensure that owners adhere to the rules of the body corporate?" The most complex problem is the lack of social cohesion in bodies corporate. There is no easy way to address social problems. There is a need to understand that there has to be a process, a common understanding of issues and of developing common solutions to problems that will be raised.

The Housing Department needs to look at both training programmes, as well as workshops to, firstly, help bodies corporate understand the legislative requirements, and then to focus on social cohesion. Social cohesion includes issues of tolerance, conflict, and team building.

5.7.1.3 Financial Management

Financial management is a diverse and complex and trustees need training for this. The training should include (based on feedback from the quantitative study) the following:

- Levies – In Section 4.2.1.2.3 Chapter Four, ten of the interviewees identified non-payment of levies as the biggest problem. It is a legal requirement for owners to pay levies. Thus, there is a need for all owners and trustees to understand what a levy entails, and how to build accountability of owners. The other aspect of levies is how to address non-payment of levies. Bodies corporate are often challenged in their efforts to recover levies from owners. Whilst there is a legal process that can be followed, it is often expensive and the juristic system does not extend itself to assist bodies corporate, due to long delays at the civil court. Through the support network programme, a strategy by the stakeholders discussed in Section 4.2.3 in Chapter Four needs to be developed to address this challenge.

- Income and Expenditure – A training programme that includes a monitoring and evaluation process needs to be developed to assist bodies corporate in delivering proper audited income and expenditure statements. The training programme needs to include training on requirements of annual financial statements.
- Budgets – Budget planning is essential; owners need to know the rationale for developing a budget, as well as understand what is included and excluded in the budget. Owners also need to be consulted and agree on a budget for the new financial year.

5.7.2 Supportive Network

Both the research study is indicative that other than providing training and education on sectional title development, there is a need to develop a supportive network for bodies corporate. The Housing Department of the eThekweni Municipality needs to facilitate the process of developing a supportive network.

A supportive network can be introduced via:

- Support between bodies corporate – A platform needs to be created whereby bodies corporate can support each other, as well as reach out for assistance when needed;
- Establishing a regional bodies corporate forum in the EMA
A regional forum could enable the facilitation of constructive dialogue between bodies corporate to address common concerns.
- Bodies corporate have many areas that can work jointly; this will not only be supportive but also beneficial to all of them. For example:
 - Legal support – As the Sectional Title Scheme is a legal entity and can be sued or sue according to the Sectional Title Act (No.95 of 1986), it follows that there is a need for all bodies corporate to comply with legislation. By contracting attorneys, bodies corporate can obtain legal advice in their services should there be matters that need to be pursued legally. This could be useful for recovering levies, owners not adhering to the conduct or management rules, and also in dealing with contracts where service providers do not fulfill or adhere to their obligations;
 - Services – All bodies corporate need the services of plumbers, electricians or maintenance contractors. Creating a database of reputable and cost effective services will assist bodies corporate in a region;
 - Auditors – As there is a need to have an audited financial statement annually by all bodies corporate that have ten or more units according to the Sectional Title Act (No.95 of 1986), it would also be beneficial to negotiate good deals with auditors;

By having a regional forum, bodies corporate are in a better position to raise common concerns, either with the eThekweni Municipality or with service providers. The other area in which bodies corporate can benefit is to lobby on legislative concerns.

5.7.3 Municipal Charges

The Sectional Title Act (No. 95 of 1986) places too much responsibility on trustees to oversee the administration and levy collection. I believe that there is a need to explore ways in which some of the responsibilities can be re-directed to owners. Below are some examples:

- Rates: Payment of rates was the responsibility of the bodies corporate, whereas it should be the responsibility of the owner. At the time of writing this dissertation the eThekweni Municipality had already implemented individual rating.
- Electricity and water charges: In some bodies corporate the infrastructure does not allow for individual accounts thus there is no control over how much or how little electricity or water is being used by individual owners. There needs to be mechanisms in place whereby owners are charged for their own consumption only.

5.7.4 Other forms of Home-ownership

The decision had been made by South African Government to promote sectional title ownership to tenants. In my view, there is a need to do more research into alternative approaches to home-ownership. Whilst this study has not examined in detail other approaches, having worked in the housing sector, I recommend that there is a need to look at partnerships and other forms of institutional housing development programmes. Partnerships will need to incorporate the corporate, public and community organizations. Other forms of institutional development would include programmes driven by the corporate sector or communities that have support from the government.

5.7.5 Enhanced Extended Discount Benefit Scheme

The National South African Government introduced the Enhanced Extended Discount Benefit Scheme (Housing Department, 2006) which enabled the tenants who earned less than R1500 per month to acquire their dwellings at no cost. This led to a major revival of the Home Ownership Programme within the eThekweni Municipality during 2007 (see Annexure 5).

5.8 CONCLUDING REMARKS

This chapter concludes with a reflection of the research study that was conducted. The purpose and the research question of the research study were addressed. The use of a systems approach in conducting a research study, and the research methodology utilized in the research study were also discussed. The chapter also reflected on shortcomings and the direction for further research. This chapter concluded the research study with recommendations for the home-ownership programme.

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ANNEXURE 1: Questionnaire to Trustees of Bodies Corporate for the Research Study into the sale of State Financed Flats in Phoenix, Durban, South Africa

1. General Information

1.1

Name of Body Corporate	
Number of Units in the Body Corporate	
Date when Body Corporate Established	
Name of Respondent/Trustee	

1.2 No of Trustees/Owners interviewed

1	2	3	4	5	5+
---	---	---	---	---	----

1.3 Number of Males or Females

MALE	
FEMALE	

1.4 Age Groups

Age Group	
31-35 yrs	
+35-45 yrs	
+45-55 yrs	
+55 yrs	

2. The Body Corporate

The Body Corporate is managed in terms of the Sectional Titles Act 95 of 1986. Trustees are elected to see to the financial, administration and secretarial functions of managing the Body Corporate as well as maintaining cordial relations among owners. The Body Corporate may also be managed by a managing agent or attorney.

2.1 Trustees

2.1.1 How many trustees have been elected by owners?

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

2.1.2 Do you have minutes of meetings held by

2.1.2.1 Owner

Yes	
No	

If 'no', tick the reasons for not keeping a record of the meeting/s?

- a) Do not know how to prepare minutes
- b) Not a requirement
- c) No time
- d) Task not important
- e) Other - Specify _____

2.1.2.2 Trustee

Yes	
No	

If no, tick the reasons for not keeping a record of the meeting/s?

- f) Do not know how to prepare minutes
- g) Not a requirement
- h) No time
- i) Other - Specify _____

2.2 Problems Experienced

2.2.1 From the following choose 3 problems you are experiencing with other trustees?

- a) Fail to do their work
- b) Fail to take action on matters
- c) Do not call up meetings
- d) Favours some owners over others
- e) Do not have skills and knowledge to perform tasks
- f) Does not manage finances adequately
- g) Other-specify _____

2.2.2 From the following choose 3 problems you are experiencing with owners?

- a) Do not follow the rules of Body Corporate
- b) Do not pay levies
- c) Non co-operation amongst owners
- d) Loud music
- e) Involved in drugs or alcohol abuse
- f) Is verbally abusive to Trustees
- g) Is physically abusive to Trustees
- h) Lack of unity

2.2.3 Select 3 problems you are experiencing with your managing agent?

- a) Not taking action against levy defaulters
- b) Does not have proper administrative records
- c) Has not submitted financial statements
- d) Is making decisions without consulting trustees
- e) Does not respond timeously to queries
- f) Provides a poor quality of service

2.2.4 When dealing with problems in your body corporate?

Step	What do you do?
Step 1	
Step 2	
Step 3	
Step 4	
Step 5	

2.3 Role as Trustees

2.3.1 Select 3 things that you have done as a Trustee that has been appreciated by the owners?

- a) Having regular meetings with owners
- b) Give feedback on financial status
- c) Keep proper records
- d) Ensuring people adhere to rules
- e) Ensuring that action is taken against those that do not pay their levy
- f) Make improvement to the building

2.4 Sectional Title Knowledge

2.4.1 Do you have any training or education in running a body corporate?

Yes	
No	

If yes, please outline training received

2.4.2 Have you read the Sectional Titles Act?

Yes	
No	

If no, tick 2 reasons why you have not read the Law

Don't have a copy	Not interested	Don't see the need to	Don't understand legal writing
-------------------	----------------	-----------------------	--------------------------------

2.4.3 Do you think that Trustees should be trained to do the job

Yes	
No	

3 Management

3.1 A.G.M.

3.1.1 How many Annual General Meetings did you have including your Inaugural (1st) meeting?

1	2	3	4	5	6	7	8	9	10
----------	----------	----------	----------	----------	----------	----------	----------	----------	-----------

3.1.2 When was your last AGM?

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
------	------	------	------	------	------	------	------	------	------

3.2 Housing Department

3.2.1 Are there Council tenants within your Body Corporate?

Yes	
No	

3.2.2 Do you have any problems with these tenants of Council?

Yes	
No	

3.2.3 Does the Housing Department take any action against their tenants when you make a complaint against their behaviour?

Yes	
No	

3.3 Rules of the Body Corporate

3.3.1 How have you dealt with owners who do not follow the Conduct Rules? Explain what action you have taken

3.3.2 Do you think, you have been successful in your action?

Yes	
No	

If yes, why do you think you have been successful?

If no, what has happened that makes it unsuccessful?

3.3.3 Does your managing agent/attorney provide you with advice before taking any decision?

Yes	
No	

3.3.4 Have the owners criticized any of your decisions as Trustees?

Yes	
No	

3.3.5 Was any trustee assaulted by the owners or council tenants?

Yes	
No	

3.3.6 Are you presently scared to deal with owners or tenants who have assaulted you?

Yes	
No	

3.3.7 Did you open up a criminal charge with the police?

Yes	
No	

3.3.8 Do you think that as owners, you will be able to successfully manage your body corporate?

Yes	
No	

If yes, what makes you confident in self-management?

Have skills	Knowledge	Unity	Trust
-------------	-----------	-------	-------

If no, what is preventing you from managing on your own?

Lack of skills	Lack of knowledge	No unity	No trust
----------------	-------------------	----------	----------

3.3.9 How often do you have meeting with owners

Fortnightly	Monthly	Once in two months	Once in three months	More than three months

3.3.10 Do you send out formal notifications to owners?

Yes	
No	

4 Financial

4.1 What is the amount of the present levy?

4.2 How do owners pay their levies?

Stop order	Debit order	Cash Trustees to	Bank deposit
------------	-------------	------------------	--------------

4.3 Do you issue receipts to owners?

Yes	
No	

4.4 How many owners are in arrears with their levies?

1	2	3	4	5	more

4.5 Who takes action against owners who do not pay their levies?

Trustees	Managing Agent	All Owners who pay
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4.6 What action is taken against those who do not pay their levies?

4.7 Have you been successful in legal action against those that do not pay levies?

Yes	
No	

If not, why?

4.8 What steps/procedures have you put in place to help owners pay off their levy arrears?

4.9 Tick one of the following in each row?

Levy Component	Arrears		Arrears amount
	Yes	No	
Rates			
Insurance			
General water and Electricity			

4.10 Does your body corporate have an insurance policy?

Yes	
No	

4.11 When was the last income and expenditure statement prepared for the owners?

1999	2000	2001	2002	2003	2004	2005
------	------	------	------	------	------	------

4.12 Was the income and expenditure statement audited?

Yes	
No	

If no, what are the reasons for not having your financial statements audited?

4.13 How often do you inform owners about the financial status of the Body Corporate?

Once a month	Once a quarter	Twice a year	Once a year	No at all
--------------	----------------	--------------	-------------	-----------

4.14 Has any trustees been charged for stealing money?

Yes	
No	

4.15 Is the levy cheaper then the rent paid to the Council previously?

Yes	
No	

4.16 Has your Body Corporate saved money since registration?

Yes	
No	

4.17 What improvements have you done to the building since you have taken ownership?

4.18 Do you think that your body corporate will have sufficient funds for the next 5 years?

Yes	
No	

If no, what are you doing for future budget planning?

5 **General**

Is the Housing Department playing a role in your Body Corporate?

Yes	
No	

If yes, what does it do?

Do you think that the Council should have a support structure for Trustees and owners after sale?

Yes	
No	

Do you think that the council had taken a good decision to sell the flat to you?

Yes	
No	

Why?

What are your suggestions to the government on future transfers?

THANK YOU FOR YOUR RESPONSE

ANNEXURE 2 - QUESTIONNAIRE TO THE PROJECT TEAM OF THE HOUSING DEPARTMENT OF ETHEKWINI MUNICIPALITY

A Motivation for the sale of State-Financed Flats in the eThekweni Municipality
(The Plan's source of motivation)

1a) Who is the customer (client) in this home ownership programme (sale of flats)?
Whose interests does the home ownership programme actually serve?

1b) Who ought to be the customer (client) in this home ownership programme?
Whose interests should the home ownership programme (sale of these flats) actually serve?

2a) What is the purpose or reason of selling state-financed flats to tenants?
That is, what are the actual or potential consequences, including unintended or unforeseen side-effects of transferring ownership?

2b) What should be the purpose or reason of selling state-financed flats to tenants?
That is, what ought to be the reason for transferring ownership?

3a) How has the home ownership programme impacted on you and your Department?
How has this improved or change the lives of tenants that are now owners?

3b) What ought to be the underlying measures or process of improvement in the home-ownership programme? That is, how should we determine whether and in what way would the sale of flats improve tenant's lives?

B Implementation of the sale of State Financed-Flats by the eThekweni Municipality
(The Plan's source of Control/ Power)

4a) Who took the decision to sell state financed flats in terms of the Sectional Title Development Scheme?

4b) Who should be involved in making such decisions to sell these flat in terms of Sectional Title Development Scheme?

5a) What are the resources and other conditions that eThekweni Municipality had to organize in order to embark on the sale of these flats?

5b) What resources and other conditions should the eThekweni Municipality have to sell these flats?

6a) What was not taken into account when selling these flats to tenants in terms of Sectional Title?

What power did the municipality have in selling these flats?

What was not in the control of the municipality when selling the flats?

What did the municipality not take into account when selling these flats?

6b) What should the municipality take into account when selling these flats to tenants in terms of Sectional Title?

What level of control should the municipality have when selling the flats?

What should the municipality take into account when selling these flats?

C The Plan's Knowledge-Base

7a) Who is involved in planning of the home ownership programme? That is, who is considered competent to participate in the drawing up of the plan?

7b) Who ought to be involved in the planning of the home ownership programme? That is, who ought to be considered competent to participate in the drawing up of the plan?

8a) What expertise (special knowledge or experience) does the planning the home-ownership programme rely on? That is, who are considered the experts, what kinds of knowledge or skills do these experts actually contribute and what role do they play? In other words what counts as relevant knowledge?

8b) What expertise (special knowledge or experience) ought to be brought in? That is, who should be considered an expert, for what kinds of knowledge or skills, and what role should experts play?

9a) What kind of guarantee is there that the home ownership plan will be implemented and will work? That is, what or who is assumed to provide some guarantee of improvement (e.g. consensus among experts, the involvement of many groups of people, the experience and intuition of those people involved, political support)? To what extent may these assumed guarantors be false or imperfect guarantors?

9b) What kind of guarantee should there be that the home ownership plan will be implemented and will work? That is, what or who should be assumed to provide some guarantee of improvement (e.g. consensus among experts, the involvement of many groups of people, the experience and intuition of those people involved, political support)?

D A Plan's Legitimation

10a) Who is witness to the interests of those affected (tenants and families) but not involved in the sale of these flats? (That is, who argues the case of those who cannot speak for themselves but may, be concerned, including the handicapped, the unborn, and non-human nature?)

10b) Who ought to be witness to the interests of those affected (tenants and families) but not involved in the sale of these flats? (That is, who should argue the case of those who cannot speak for themselves but may, be concerned, including the handicapped, the unborn, and non-human nature?)

11a) To what extent and in what way are those affected being given the chance of emancipation from the premises and promises of those involved? (That is, how does the home ownership plan treat those who may be affected or concerned but who cannot argue their interests?)

11b) To what extent and in what way ought those affected be given the chance of emancipation from the premises and promises of those involved? (That is, how should the ownership plan treat those who may be affected or concerned but who cannot argue their interests?)

12a) On what worldviews is the home ownership plans for the sale of flats based? (That is, what are the different visions of improvement among both those involved and those affected and how does the home ownership plan deal with these differences?)

12b) On what worldviews ought the home ownership plans for the sale of flats be based? (That is, what are the different visions of improvement among both those involved and those affected and how should the home ownership plan deal with these differences?)

ANNEXURE 3: APPROVAL OF CONSENT TO PARTICIPATE IN RESEARCH STUDY

University	KwaZulu Natal (UKZN)
Researcher's Name	Ms Sandhya Vedalankar
Research Supervisor	Professor R. Taylor
Research Area	Bodies Corporate in Phoenix, North Durban
Research Topic	An Analysis and implementation of the policy decision taken to sell State-Financed Flats to tenants by the eThekweni Municipality, in terms of Sectional Title Development

Dear Respondent,

Thank you for taking the time to participate in my research study. The purpose of the research is to establish:

1. To assess and analyze the outcome of selling low-cost flats in terms of Sectional Title Development by the eThekweni Municipality to their tenants
2. To assess whether owners and management of bodies corporate understand the managing of bodies corporate in terms of Sectional Title Development
3. To ascertain if bodies corporate are being sustained
4. To make recommendations based on the outcome of the research study.

You may choose not to answer all the questions or withdraw your participation should you become disinterested. We will take up approximately 60 minutes of your time. The information you have is valuable and I appreciate your assistance.

All information provided will be kept confidential and at no stage will the University provide your details or information to any other party.

The research study has been approved by the Ethics Committee of the University. Should you have any queries about the study, you may contact me on (031) 311 6031 or my professor on (031) 260 1297.

In order for you to be part of the study; you will need to sign the following Approval of Consent. This procedure is needed by the University.

CONSENT	
I have read and understand the above information. I understand that participation is voluntary and that I may withdraw at any stage of the interview.	
Participant's signature _____	Date _____

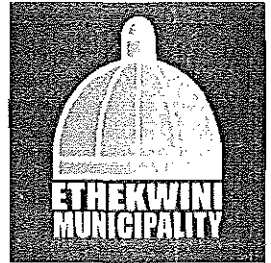
Sincerely

Sandhya Vedalankar
Researcher

ETHEKWINI MUNICIPALITY
Procurement and Infrastructure
Housing Department

7th Floor
Martin West Building
251 Smith Street
Durban 4001
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Durban 4000

Tel (031) 311 1111
Fax (031) 311 1710



15th April 2004

WHOM IT MAY CONCERN

Dear Sir/ Madam

Ms S N Vedalankar has been given permission and clearance that is required for the use of any material, (except confidential document) for her subject matter, from this Council. The permission is given for the materials to be used for her Assignments, Papers and her Dissertation, in her M Comm in Project Leadership and Management degree.

Yours faithfully

A handwritten signature in black ink, appearing to read "Cogi Pather". The signature is written in a cursive, flowing style.

Cogi Pather
Head: Housing

ANNEXURE 5: INTRODUCTION OF THE ENHANCED EXTENDED DISCOUNT BENEFIT SCHEME

The original subsidy amount for the Discount Benefit Scheme (maximum of R7500) was not sufficient to transfer ownership of eligible housing units to interested and suitable beneficiaries (Housing Department, North/South Central Municipality, 1996).

The result and effect of the maximum discount of R7500 has not benefited those that had to pay an additional amount to purchase their housing units. Tenants had extreme difficulty in acquiring loans from banks as many of them are pensioners or are unemployed. This has impacted on the sales of state-financed housing units. In December 2005, the national government introduced the Enhanced Extended Discount Benefit Scheme of up to R36,928.00 (Housing Department, 2006), to facilitate the sales process and make it possible for all tenants to be able to purchase the dwellings they resided in. This enabled the tenants who earned less than R1500 per month to acquire their dwellings at no cost. This led to a major revival of the Home Ownership Programme within the eThekweni Municipality during 2007.

However, in reviving this programme the Housing Department took cognizance of tenants' concerns regarding:

- The structural conditions of the housing units that were being sold
- A need for an extensive post-sales programme

The Structural Conditions of State Financed Flats

The state financed flats were built 40 years (Housing Department, 2006) ago and were constructed at minimal cost. The lack of proper drainage facilities, the condition of many of the flats has deteriorated to a point where they are considered not conducive to human habitation. Tenants have indicated that they will only consider purchasing their flats once the flats are upgraded. The eThekweni Municipality has since invested more than R100 million (Housing Department, 2006) in a rehabilitation programme for the state financed flats.

The Post-Sales Programme

Once the bodies corporate are established, the building insurance, appointment of managing agents, auditors and the opening of municipal accounts (rates, general electricity and water) are

initiated. The Trustees of bodies corporate are assisted with the above as a means to ensure compliance and proper governance.

Individual meetings with body corporate chairpersons are held to track progress, identify challenges and find workable solutions to problems. A body corporate manual has also been devised to educate and improve trustees' understanding on their legal responsibilities.

In time, bodies corporate in the different areas will work together to form voluntary associations that will serve as a networking forum to share ideas, identify common problems and to develop responses thereto.

RESEARCH OFFICE (GOVAN MBEKI CENTRE)
WESTVILLE CAMPUS
TELEPHONE NO.: 031 – 2603587
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8 SEPTEMBER 2010

Ms. SN Vedalankar (204520076)
Leadership Centre

Dear Ms. Vedalankar

PROTOCOL REFERENCE NUMBER: HSS/0799/07M
NEW PROJECT TITLE: An Analysis and Evaluation of eThekweni Municipality's Home-Ownership Programme
(Sale of State-Financed flats)

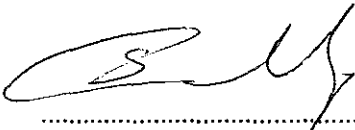
APPROVAL AND CHANGE OF DISSERTATION TITLE

I wish to confirm that ethical clearance has been granted full approval for the above mentioned project:

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach/Methods must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Best wishes for the successful completion of your research protocol.

Yours faithfully



PROFESSOR STEVEN COLLINGS (CHAIR)
HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE

cc. Supervisor – Prof. R Taylor
cc. Mrs. B Jacobsen