

UNIVERSITY OF KWAZULU-NATAL



**Housing Delivery and Beneficiary Perspectives on Poverty Reduction: A Case  
Study of Ntuzuma D Phase 4 Housing Project, EThekweni Municipality**

**SANELE B. MBAMBO**

*A dissertation submitted in partial fulfillment of the requirements for admittance  
to the degree of Master of Housing in the School of Built Environment and  
Development Studies: University of KwaZulu-Natal, Howard College Campus.*

**NOVEMBER 2013**

**DECLARATION**

I, Sanele Brian Mbambo hereby confirm that all the information contained in this dissertation is my own work and has not been previously submitted to the School of Built Environment and Development Studies or any other body for any purposes. Work and ideas that have been taken or adopted from other authors or sources are rightfully acknowledged.

**Author:**

Sanele Mbambo

Date:

.....

.....

**Supervisor (s):**

L.V.S. Uisso

.....

.....

V. Myeni

.....

.....

## Acknowledgements

I would like to thank and express appreciation to the following people who contributed in the success and completion of this dissertation:

- God almighty, a master and an author of my life, for giving me strength to stand even difficult moments during the course of this dissertation
- My parents Mr N.S Mbambo and Mrs A.T Mbambo for their love and prayers that kept me alive and focus throughout
- My siblings, Sibusiso, Sindisiwe, Philani, Bongamandla, Mzwandile and Kholiwe for their comfort and solid support they gave me, with my cousin Sbusiso Blessing who accompanied me when conducting household surveys
- My supervisor Mr Vence Uisso for his professional supervision, support and guidance
- Dr. Pauline Adebayo who supervised me on the research proposal and helped me in structuring this dissertation
- Mr. Vincent Myeni for his encouragements and being there for me whenever in need
- The School of Built Environment and Development Studies for the financial support
- My friend Sphamandla Mzimela for standing with me through thick and thin giving his unwavering support
- My classmates Noluthando Ntshanga and Kholiwe Maziya for the academic support they gave me
- Professor Jeremy Riddles for his assistance in editing this thesis
- Mr Velaphi Gumede from KZN Department of Human Settlements for availing his time for me and assisting with all the necessary data I needed
- Mr Comfort Gumede from EThekweni Municipality Housing Unit for giving me time to do an interview with him
- Mr Dumisani Mabizela, Ward 43 Councilor and his ward committee for helping me to get access to the study area and further information they shared with me
- Beneficiaries of Ntuzuma D Phase 4 Housing Project for their cooperation during data collection through household surveys

## **DEDICATION**

This Thesis is dedicated to my parents Mr. N.S Mbambo and Mrs. A.T Mbambo (MaMthembu) who raised me under difficult circumstances in a poor and marginalized family. With little formal education, they were able to prepare for me an opportunity of which they were deprived. They had nothing tangible to offer me but love and guidance. It is because of their sacrifice through social struggles and their prayers that I was able to complete this Thesis. Ngiyabonga bo Mageza ngobisi, Jangase, Njomisa!!!

## **Abstract**

This dissertation assesses beneficiaries' perspectives on the extent to which housing delivery has reduced their income poverty. Ntuzuma D Phase 4 Housing Project in the eThekweni Municipality was used as a case study. Oscar Lewis in his culture of poverty theory argued that the culture of poverty is persistent, passed down from generation to generation along with family lines. He further states that people's traits while living in poverty are resistant to change, even if the structural conditions that gave rise to poverty were to change. Lewis' theory has informed this study, which investigates if standards of living people improved they moved out from poverty conditions in the slums, to formal houses. Housing beneficiaries were able to use their houses to establish income generation activities, which have helped to give them income to acquire household daily needs. Some other beneficiaries who do not run income generation activities from home and are unemployed, felt that the stable houses they now live in, have changed their lives for the better. This is because they are able now to save money from the little income they get (e.g. social grants) which is spent on household needs rather than house maintenance.

The Enabling Approach suggested seven enabling instruments that should be used by the governments to ensure a housing market that benefits the poor. These are three demand-side instruments, three supply-side instruments, and the one that entails developing an institutional framework for managing the housing sector. All these instruments have been applied by the eThekweni Municipality Housing Unit and the KwaZulu-Natal Department of Human Settlements and have proved to work in the betterment of the living standards of poor people. The asset vulnerability framework outlines different forms of assets that a house provides and can be utilised by households amongst other things to generate income and reduce income poverty. In this way, a house can be used as an asset in three forms, being a productive, economic and social asset.

The South African democratic government introduced a housing policy in order to address the previous housing imbalances created by apartheid segregation policies. Most importantly, the aim of the South Africa's housing policy is to alleviate poverty of

previously disadvantaged citizens. The Housing White Paper (HWP) was introduced in 1994 after robust discussions in the National Housing Forum. One of the aims of the HWP was to ensure security of tenure through ownership of the houses. Furthermore this policy suggested local economic development through the establishment of micro-economic activities and the involvement of small-/medium enterprises in the housing market. However after nine years of existence of the HWP, the Department of Housing realized that this policy has not been effective enough in responding to the housing needs of the poor.

The HWP's lack of effectiveness was due to the poor-location of RDP houses, which excluded the poor from the economic opportunities in the urban centres. These houses were of a poor quality, being a small standardized size and constructed with inferior materials. Owing to these factors the RDP houses could not be used as economic and productive assets for the establishment of home-based enterprises or collateral. As a result, in 2004 the Breaking New Ground (BNG), a comprehensive plan for the development of human settlements was introduced. This is a second phase in South Africa's housing policy introduced after Government realized the shortcomings in the HWP. The purpose of BNG was to enhance the existing mechanisms and instruments of the HWP to ensure more responsive, flexible and effective housing delivery. The BNG housing policy suggested that income poverty can be reduced by providing well located, good quality houses, integrated settlements, and the use of a house as an asset to create employment opportunities.

Ntuzuma D Phase 4 is an in-situ informal settlement upgrade housing project. People have lived in poverty conditions for so many years. However various services, amenities and infrastructure have been delivered since the beginning of housing development in that area. These services have assisted beneficiaries by reducing poverty. Through the houses delivered, beneficiaries have been able to explore different income generation activities in the form of home-based enterprises. The location of this housing project also exposes beneficiaries to various economic opportunities. The proximity to the Durban CBD and the Bridge City Shopping Mall has helped to provide economic support to the beneficiaries.

## Table of Contents

<b>1. Chapter One: Research Introduction and Background</b> .....	<b>1</b>
1.1 Introduction.....	1
1.2 Research Background and Problem Statement.....	3
1.3 Aims and Objectives .....	5
1.3.1 Aims.....	5
1.3.2 Objectives.....	6
1.4 Research Question .....	6
1.5 Research Subsidiary Questions.....	7
1.6 Research Motivation .....	7
1.7 Structure of Dissertation.....	8
1.8 Conclusion.....	9
<b>2. Chapter Two: Research Methodology</b> .....	<b>10</b>
2.1 Introduction.....	10
2.2 Selection of the Case Study .....	10
2.3 Data Collection .....	10
2.3.1 Primary data.....	10
2.3.2 Secondary data.....	12
2.4 Data Analysis .....	12
2.5 Data interpretation and write-up.....	13
2.6 Conclusion.....	13
<b>3. Chapter Three: Theoretical and Conceptual Framework</b> .....	<b>14</b>
3.1 Introduction.....	14
3.2 Key terms and concepts.....	14
3.2.1 Income Poverty.....	14
3.2.2 Income Generation.....	15
3.2.3 Housing delivery .....	15
3.2.4 Perspectives.....	15
3.3 Theories.....	16
3.3.1 The Culture of Poverty Theory .....	16
3.3.2 The Enabling Approach.....	19
3.3.3 The Asset Vulnerability Framework.....	25
3.4 The use of a house for income generation: International and local experiences .....	30
3.4.1 International experiences.....	30

3.4.2	Local Experiences .....	33
3.4.3	Household livelihoods and survival strategies .....	36
3.5	South African Housing Policy Initiatives .....	39
3.5.1	The Housing White Paper .....	39
3.5.2	Housing White Paper's ways to reduce income poverty .....	40
3.5.3	Shortcomings in Implementation of the Housing White Paper .....	41
3.6	The Breaking New Ground .....	45
3.6.1	BNG ways of reducing income poverty .....	46
3.6.1.1	Ensuring good quality houses .....	46
3.6.1.2	Ensuring well located and integrated settlements .....	48
3.6.1.3	Using a house as an asset .....	50
3.6.1.4	Creating employment opportunities .....	51
3.7	Conclusion .....	51
<b>4.</b>	<b>Chapter Four: The Study Area .....</b>	<b>53</b>
4.1	Introduction .....	53
4.2	Location and History of the Study Area .....	56
4.3	Establishment .....	56
4.4	Facilities and services prior to upgrading .....	56
4.5	Housing Development Process .....	57
4.6	Social, economic and political issues .....	59
4.7	General outlook after upgrading .....	60
4.8	Conclusion .....	63
<b>5.</b>	<b>Chapter Five: Research Findings .....</b>	<b>64</b>
5.1	Introduction .....	64
5.2	The use of a house for income generation .....	64
5.3	Sustaining income generation activities through the house .....	71
5.4	Housing location .....	72
5.5	Developments on Beneficiaries' Standards of Living .....	74
5.6	Challenges faced by beneficiaries .....	74
5.7	Government's efforts towards successful income generation activities .....	80
5.8	Research findings related to literature .....	81
5.9	Conclusion .....	85
<b>6.</b>	<b>Chapter Six: Conclusion and Recommendations .....</b>	<b>86</b>
6.1	Summary of Findings .....	86

6.2	Conclusion.....	87
6.3	Recommendations .....	89
6.3.1	Provision of sufficient space .....	89
6.3.2	Education.....	90
6.3.3	Start-up capital.....	91
6.3.4	Ensuring security .....	91
	<b>Bibliography .....</b>	<b>93</b>

## **List of Maps**

Map 1: Location of Ntuzuma D Phase 4 Housing Project, EThekweni Municipality.....	54
Map 2: Showing the study area project in Ntuzuma local area township.....	55
Map 3: Showing a layout plan and subdivision of the Ntuzuma D Phase 4 Housing Project.....	61
Map 4: Showing the state of service delivery: Ntuzuma D Phase 4 Housing Project...	62

## **List of Figures**

Figure 1: Standard house.....	65
Figure 2: Row of houses.....	65
Figure 3: An extended house.....	67
Figure 4: Room sacrificed for a tuck shop.....	67
Figure 5: House extension.....	69
Figure 6: House maintenance services.....	69
Figure 7: Mixture of activities.....	70
Figure 8: Bead work.....	70
Figure 9: Small fruit and veg market.....	71
Figure 10: Car wash.....	71
Figure 11: Backyard shacks.....	75
Figure 12: A container converted to a tuck shop from being a tavern.....	78

## **List of Tables**

Table 1: Types of income generation activities.....	66
---	----

## **List of Information Boxes**

Information box 1: A dignified and secured structure of house.....	66
Information box 2: Use of a house for a spaza shop.....	68
Information box 3: Role of a house in sustaining home-based enterprises.....	71
Information box 4: Challenges in running formal businesses.....	79

## **APPENDIX**

# **1. Chapter One: Research Introduction and Background**

## **1.1 Introduction**

For many decades, South Africa was governed by colonial and apartheid regimes that defined people according to race (Downing, 2004). The apartheid legislation that was passed placed the black population in particular, under harsh residential conditions, limited access to land and poor housing. (Downing, 2004). Most notable of this legislation was the Native Land Act of 1913. This Act suppressed the black people's right to own or purchase land outside the so called reserves that were allocated to them, comprising about seven percent of South African land (Msimang, 1996). This Act marked a turning point in the lives of black South Africans. It meant a new way of living as now they had very limited space for their daily activities, including farming (Msimang, 1996). The Act was also a mechanism to force the black population to work in whites-owned industries because with fewer resources they declined to poverty (Msimang, 1996).

This land deprivation is where most of the housing problems in South Africa originated. The shortage of land was the main factor affecting black people and denied them adequate housing. Since black South Africans were now allocated too little land for variable agriculture, it meant that they had to find new ways of increasing their family income (Msimang, 1996). Agriculture was no longer productive since the land was not large enough to carry stock nor fertile enough for cultivating crops (Msimang, 1996). This led to a boom in the industrial economy with the availability of cheap labour from the black population who were desperate to increase family income in order to survive (Harington et al, 2004). The number of migrant labourers increased and these were people who were forced to move far from their homes to find jobs, mostly in the mines (Harington et al, 2004). With more workers flocking to industries, it resulted into a shortage of housing to accommodate all of these migrant workers.

The consequence of this shortage of houses was the emergence of informal settlements (First, 1943). This was due to increasing number of migrant labourers especially from rural parts of the country, who came to provide cheap labour in

industries (First, 1943). Cheap labour was coupled with exploitation. Labourers were forced by need to accept low wages and as a result, workers could not afford proper houses. When there was more recruitment of cheap labour, this led to a growing number of informal settlements and a rise of housing problems (First, 1943). The compounds that were offered as accommodation for mine workers provided very poor working conditions (First, 1943). This was no solution to the burgeoning informal settlements.

Some workers started to bring their families to these informal settlements while others would build new families there (First, 1943). When they lost jobs, many of these workers opted not to go back home and stayed permanently in these informal settlements. They quickly became victims of income poverty, which is the inability of disadvantaged people to generate or accumulate enough income to attend to their needs and wants (Leibbrandt, Woolard, Finn, & Argent, 2010). The building of informal settlements was the product of lack of availability of proper and affordable accommodation especially for migrant workers across the country (First, 1943). The situation deteriorated with the formalization of the apartheid regime and housing conditions became even worse than ever.

Apartheid became the official regime for South Africa in 1948 and discrimination based on race differences reached its peak (Downing, 2004). The apartheid government passed legislation that was oppressive, especially to blacks, and ensured that there was unequal development (Downing, 2004). One of the most decisive of the apartheid laws was the Group Areas Act of 1950. This marked a turning point in South African housing. The Act forced physical separation between races by creating different residential areas for different races (Horrel, 1963). The mechanism that was used to implement this Act was forced removals. People were moved to designated areas according to their race and the black population in particular was sent to townships (Horrel, 1963). This Act also ensured that there would be separate development for different races where areas designated for whites would enjoy provision of better services than black areas (Horrel, 1963). As a result housing problems became worse in black townships. Houses in these townships could not be used as a productive asset to generate income by households

as they were coupled with poor living conditions. They were very small in size, overcrowded, less dignified, they were located far from economic opportunities, had no proper security, and each house was built on a very small portion of land (Horrel, 1963). Because of overcrowding, more slums emerged in these townships and poverty increased dramatically.

Recognizing the injustices of the past, an important role of the democratic government in South Africa was to address the past socio-economic injustices perpetrated by the apartheid regime and to ensure that all citizens enjoy a better life. One of the key issues that had to be addressed by the democratic government was the housing policy. Government had to make sure that people get adequate housing with better opportunities to generate income in order to reduce income poverty (Huchzermeyer, 2001). This study therefore seeks to find out the extent to which the democratic government of South Africa has addressed income poverty through the delivery of adequate housing to poor citizens.

This chapter gives an overview of the study as it provides the introduction of the research and what has influenced the research topic. It outlines the background of the housing policy in South Africa and presents the challenges that have been encountered under this policy in the form of a problem statement. Furthermore the chapter explains the aims and the objectives that this study seeks to achieve. The research question and subsidiary questions are outlined.

## **1.2 Research Background and Problem Statement**

In the post-apartheid era, South Africa urgently needed a solution to the housing problems that were a result of the previous apartheid regime. The imbalances in housing delivery left many people, especially in the townships, in bad conditions which included income poverty (Huchzermeyer, 2001). In an attempt to deal with housing problems, the government introduced the HWP of 1994 as the first post-apartheid housing policy (Huchzermeyer, 2001). This policy was used to develop the Reconstruction and Development Programme (RDP) low-cost houses, which were envisaged as a tool to address income poverty that affected many communities in the post-apartheid era (Department of Housing, 1994).

Alleviating income poverty was going to be achieved by ensuring that beneficiaries attained security of tenure through the ownership of a house and a site, and local economic development by supporting micro economic activities run by households (Department of Housing, 1994). However, the RDP low-cost houses did not provide an effective solution to income poverty of poor communities, particularly those in black townships (Department of Housing, 2004). RDP houses have tended to be poorly located as they are far from economic opportunities, and poor families are isolated from the rich middle-class which reflects a lack of integrated development. The site allocated to each RDP house is often too small to support home-based enterprises. Furthermore, the houses are not considered as an adequate asset by banks for collateral purposes (Adebayo & Adebayo, 2000).

Consequently, the RDP houses did not adequately address income poverty. RDP houses failed to meet the HWP's objective of reducing income poverty, by being able to be used as an asset for disadvantaged households. This was evidenced by continuing income poverty in most poor communities during the period of the first post-apartheid housing policy (Adebayo & Adebayo, 2000). The challenges associated with the RDP houses led to the shortcomings in the implementation of the principles of the HWP. The Department of Housing recognized that the provision of RDP houses was not meeting the policy objectives of the housing related problems, income poverty in particular (Department of Housing, 2004). In 2004 the Breaking New Ground (BNG), a comprehensive plan for the development of sustainable human settlements was introduced as a second phase in South African housing policy. The purpose was to enhance the existing housing delivery mechanisms of the HWP and move towards more responsive and effective housing delivery. The policy aims at accelerating the delivery of houses as a key strategy for poverty alleviation. The policy was also to ensure that property could be accessed by all as an asset for wealth creation and empowerment (Department of Housing, 2004).

The BNG policy recommended that housing delivery be used as an advanced strategy which would contribute towards the reduction of income poverty in particular (Department of Housing, 2004). According to the BNG Policy, income poverty can be

reduced through the use of a house for home-based enterprise, addition of rooms for rentals and management and maintenance of a housing stock which gives jobs to neighborhoods (Department of Housing, 2004). The BNG policy emphasizes that the housing stock should be located in areas with economic opportunities as it will be close to employment opportunities (Department of Housing, 2004). The policy also recommended housing delivery that will provide direct and indirect jobs within the construction sector as a means of reducing poverty for local communities (Department of Housing, 2004). According to the BNG policy, beneficiaries have an opportunity to use a house as collateral to access a loan in order to start a business or extend the house (Department of Housing, 2004).

Against this stated objective of the BNG policy, this study assesses people's perception on the extent to which houses built under BNG policy have reduced income poverty. The study focuses on the use of a house as an economic asset. Ntuzuma D Phase 4 Housing Project within the eThekweni Municipality is used as a case study. This project is an in-situ informal settlement upgrade located in Ntuzuma Township, D Section. The houses within this case study were developed using the BNG policy guidelines in 2007. BNG houses that are assessed are single-detached, and forty three square meters in size which makes them bigger than the RDP houses. This size enhancement was made possible by the BNG policy. Since these houses have been in existence for four-years, beneficiaries are qualified to give their perspectives on the extent to which they have made an impact in reducing their income poverty.

## **1.3 Aims and Objectives**

### **1.3.1 Aims**

The main aim of this study is to assess the perceptions of the beneficiaries of BNG housing stock, on how their housing has assisted them to generate or increase their household income in Ntuzuma D and in this way address their income poverty.

### **1.3.2 Objectives**

- To understand income generation through the use of a house for income generation in respect of poor to low-income households who are BNG housing beneficiaries.
- To assess the BNG housing policy with regard to the envisaged role of housing in reducing income poverty.
- To assess the beneficiaries' perspectives on how they have been able to reduce their income poverty through BNG houses at Ntuzuma D.
- To establish what challenges are experienced by the beneficiaries of Ntuzuma D Phase 4 Housing Project in their use of their BNG houses to generate and increase household income, as a means to reducing income poverty.
- To make recommendations on the basis of findings from Ntuzuma D that could ensure better use of houses to reduce income poverty for poor to low-income beneficiaries in other BNG housing projects around eThekweni Municipality

### **1.4 Research Question**

The South African government has been in the process of reducing income poverty through the delivery of houses and has introduced BNG housing policy in order to enhance the mechanisms of the HWP, thus the research question is:

What are the beneficiaries' experiences on the extent to which BNG housing has addressed income poverty in Ntuzuma D, Phase 4 Housing Project?

## **1.5 Research Subsidiary Questions**

- What are the income poverty conditions facing the poor low-income households who are BNG housing beneficiaries?
- How is the BNG policy set to reduce income poverty through the delivery of houses?
- What are the beneficiaries' experiences in respect of generating or accumulating income through BNG houses in Ntuzuma D?
- How has the beneficiaries' income changed since the occupation of BNG houses in Ntuzuma D?
- What are the BNG housing beneficiaries' perceptions in respect of BNG housing's ability to reduce income poverty?
- What challenges have beneficiaries faced in trying to generate or accumulate income through their ownership of BNG houses in Ntuzuma D?

## **1.6 Research Motivation**

The introduction of the BNG housing policy had the additional aim of enhancing the mechanisms of the HWP and improving housing conditions, especially on income generation activities (Department of Housing, 2004). As a recent project development after the BNG housing policy came into effect, the Ntuzuma D Phase 4 Housing Project should reflect the intentions of this policy. Only a few studies have been conducted on the progress of the BNG housing policy, and therefore this study fills a gap in housing policy research. Most housing-related studies have concentrated on the conditions in informal settlements, whereas this study focuses on life after informal settlements. It

investigates the influence of the policy and the provision of houses on the social and economic conditions of beneficiaries. The study has specific relevance as it focuses not only where the government has failed but also describes progress on the government's efforts to reduce income poverty through the delivery of BNG houses.

## **1.7 Structure of Dissertation**

### **Chapter One – Research Introduction and Background**

This chapter gives a thorough introduction of the research study. It further gives the background to the research problem and the historical events that influenced the research study. The aims and objectives of the study are included in this chapter. The research question and subsidiary questions are included here.

### **Chapter Two- Research Methodology**

This chapter discusses the methodology used in conducting the research. The reasons for selection of Ntuzuma D Phase 4 Housing Project are provided. The methods used to collect data, which involves the sampling methods applied for primary data collection, are described. Data analysis and interpretation are also included in this chapter.

### **Chapter Three – Theoretical Framework and Literature Review**

This chapter outlines the different theories that have informed the study. Literature containing precedent studies on the use of a house for income generation is reviewed in this chapter. This will consist of local and international precedent studies, outlining the experience of international communities in regard to the use of houses for income generation. This will provide lessons against which to examine local experience. Local experiences recorded in local precedent studies are reviewed. The South African housing policy and how it was envisaged to reduce income poverty is outlined in this chapter.

### **Chapter Four- Presentation of the Study Area**

This chapter gives a detailed description of Ntuzuma D Phase 4 housing project. It includes the history of the area and its location. It describes the development of

services, amenities and infrastructure that have taken place up to the present. Maps will be used to give a clear description of the study area.

### **Chapter Five – Research Findings**

This chapter presents the findings of all data gathered from the respondents. This includes beneficiaries and government institutions. The chapter also analyzes and relates the research findings to the theories and literature that has been discussed.

### **Chapter Six- Conclusion and Recommendations**

This chapter provides the summary of findings and conclusions of the study. The paper makes recommendations as to how housing delivery can be made a more effective tool in the alleviation of income poverty. Areas that need further research are mentioned here.

## **1.8 Conclusion**

This chapter has introduced the emergence of income poverty to low income households. The apartheid regime and policies introduced during that period is the main origin of income poverty. The transition to democracy and the shaping of a housing policy in the post-apartheid era has resulted to many changes in the lives of low income households with regards to income poverty reduction which will be presented in the following chapters. This study has been constructed with the interest of discovering developments on the South African housing policy through assessing beneficiaries' experiences. This is guided by the objectives, research question and subsidiary questions presented above.

## **2. Chapter Two: Research Methodology**

### **2.1 Introduction**

This chapter explains the research methodology that was used to conduct the study. It explains how information has been collected through primary and secondary sources. Further to that, it outlines the sampling method used to collect such data. In order to understand the significance of this study, the selection of the study area is explained. This chapter sets out the central theme of the study and points to the direction that the chapters that will follow will take.

### **2.2 Selection of the Case Study**

Ntuzuma D Phase 4 Housing Project is a BNG housing project. It is an in-situ informal settlement upgrade located at Ntuzuma Township in the north of Durban. For many years the beneficiaries have lived in the informal settlement of Lindelani near Ntuzuma Township. In 2007 house construction began and by 2009 houses constructed were occupied. The period of residence by beneficiaries is enough for the houses to have met the objectives of the BNG policy. For the five year period after the full occupation of houses, the project can now be assessed on the extent to which it has responded to the objectives of the BNG policy on reducing income poverty. One of the aims of the project was to provide adequate housing for the Lindelani informal settlement dwellers and as part of the BNG policy objectives, to reduce income poverty through the use of the BNG houses for income generation. It would have been expected that from 2009 until the present, the houses would have had a positive effect on beneficiaries' income generation and reduction of income poverty.

### **2.3 Data Collection**

Collection of data included both primary and secondary data and these are explained below.

#### **2.3.1 Primary data**

Thirty beneficiaries from the 583 low-cost housing units that were constructed were selected to be respondents. These beneficiaries were classified into two categories: fifteen have started the income generation activities from home; and the other have not

started any income generation activities from home. Stratified sampling was used for each category of respondents. Snowball sampling was used to select respondents who have started businesses. This technique made it easy to select beneficiaries with income generation activities as the researcher was referred by one beneficiary to another. The classification of the respondents into two categories assisted to understand the main reasons for households not running any activities from home and the challenges they have faced in this regard. This also helped to understand what alternative income and other survival strategies households, especially those not running income generation activities, use in order to provide for their daily household needs.

The classification of these groups assisted in an understanding of the challenges faced by the households running income generation activities, and how their houses help to sustain their activities. The research findings present the differences between the income generation of these two beneficiary categories. The Allocation Officer in the EThekweni Municipality, Housing Unit and the Assistant Manager: Project Monitor in KwaZulu-Natal Department of Human Settlement were interviewed to provide a government authority view. The aim was to understand government's efforts in implementing the objectives of the BNG housing policy on income poverty reduction through the use of a house from provincial to local level and to understand the challenges faced by government authorities in implementing such objectives.

The researcher conducted a pilot survey of six households to test the appropriateness of the questionnaires. It appeared that the questionnaires were appropriate and responsive to the research objectives, research question and subsidiary questions. The household surveys were then conducted, with the researcher helping the respondents through each question on the questionnaire. This was done to clarify questions that were not clear to respondents and to ensure that beneficiaries gave accurate answers to each question asked. The questionnaires consisted of open ended and closed questioned to ensure that respondents give precise responses and at the same time elaborate on their own perspectives. In order to encourage some beneficiaries to

respond to the questionnaire, to participate in the study and allow taking of pictures, the researcher was obliged to purchase some of their goods. The interviewees were sent all interview questions prior to the date of the interview. This was done to make sure that interviewees had sufficient time to prepare for the interview so that they could give well informed responses to the interview questions.

### **2.3.2 Secondary data**

The secondary information sources that were used for this study included published books. Internet, media and government documents were also used as they contain information on the recent developments in BNG housing delivery and how it has contributed to income poverty reduction, especially in the local context. Journal articles and thesis materials provided researched work on the use of housing for income generation. These secondary sources consisted of local and international studies on the use of a house for income generation activities. These secondary sources assisted mainly in constructing the theoretical and conceptual framework for the study. Literature related to poverty and precedent studies on the use of housing for income generation were derived from these sources.

## **2.4 Data Analysis**

A qualitative method was used to analyze all data that was collected through questionnaires and interviews. The data was analyzed according to various themes, namely, the use of a house for income generation, sustaining income generation activities through the house, and housing location. Other themes include development on beneficiaries' standards of life, challenges faced by beneficiaries, and government's efforts in supporting home-based enterprises. Images and information boxes were used to analyze data. The data collected from the households was first analyzed individually to get the beneficiary perceptions on income poverty reduction through housing delivery. Some of the responses, for example challenges faced by beneficiaries and recommendations they made, were analyzed together with the responses from the government officials. The aim of this was to find out if there are any gaps in the BNG policy that hinder the reduction of income poverty. The findings from all respondents assisted the study to develop recommendations on how housing delivery can better

facilitate poverty reduction. Most importantly all responses assisted to respond to the research question and subsidiary questions of the study.

## **2.5 Data interpretation and write-up**

All data was interpreted in accordance with the research findings and data analysis. This includes beneficiary perspectives sourced through the household surveys and the responses from the government officials through interviews. The researcher while analyzing data was able to ascertain from the respondents, the main reasons for their current circumstances of following the use of a house for income generation. This enabled the researcher to understand the challenges that they face and also the changes that have occurred, especially changes in the beneficiary's standards of living. All data interpretation was derived from the research findings and data analysis.

## **2.6 Conclusion**

This chapter has presented the methods used in conducting this study. The qualitative method adopted by the researcher is the one that gave precise beneficiary perspectives on housing delivery and income poverty reduction. All research methods that were presented in this chapter have helped in establishing this study and giving the end results. What is captured here is the main essence of the entire study.

## **3. Chapter Three: Theoretical and Conceptual Framework**

### **3.1 Introduction**

An important objective of South African housing policy is to uplift the poor from a background of income poverty through providing adequate houses that could be used as an asset for income generation and have access to economic opportunities (Department of Housing, 2004). One of the key issues that this objective had to address was the poverty conditions of people living in informal settlements. In order for these houses to be used as part of income poverty reduction strategy, they had to enable beneficiaries to use them to run income generation activities and favour other factors that would contribute towards household income. This chapter gives a framework of the theories and concepts that have informed the study. Concepts include “income poverty”, “income generation”, “housing delivery” and “people’s perspectives”. Theories include the culture of poverty theory, the enabling approach and the asset vulnerability framework. Furthermore the chapter elaborates on the international and local experiences of houses being used as an asset for income generation, its influence in the reduction of income poverty and the challenges faced.

### **3.2 Key terms and concepts**

Discussed below are the key terms and concepts that have mainly informed this study and are frequently used in the study.

#### **3.2.1 Income Poverty**

Income poverty is viewed as the inability of disadvantaged people to generate or accumulate enough income to attend to their basic needs (Leibbrandt et al, 2010). Every society has a poverty line, below which if one falls, is exposed to income poverty. Hammil (2009) defines an extreme poverty line, also known as an indigence line, based on a consumption measure of the income necessary to meet the minimum daily caloric requirements of an individual. This line is based on the local cost of a basic basket of goods and is peculiar to urban and rural areas (Hammil, 2009). Hammil (2009) argues that the poverty line is derived by assuming that a remaining portion of income must be spent on essential non-food items, and the total of food and nonfood components, represent a multiple of the extreme poverty line.

### **3.2.2 Income Generation**

Income can be earned from any kind of an activity, such as sales from business, or can be earned from participation in some kind of a service (Schmale, 2001). Therefore in this context, income generation will mean a process where the households participate in activities and services with the purpose of earning income (money) so they can cater for their basic needs (Schmale, 2001). These activities include working for an institution which may be private or public, using the house unit as an asset, for example opening a business in the house where they stay.

### **3.2.3 Housing delivery**

“Housing’ and “delivery” will be defined as two separate terms in order to provide the best definition of each. “Housing delivery” will be the main term used.

**Housing:** (Olayiwola, 2005) explains housing as one of the three basic needs of human mankind and it is the most important for the physical survival of humans after the provision of food. Adequate housing contributes to the attainment of the physical and moral health of a nation and stimulates social stability, work efficiency and the development of the individuals (Olayiwola, 2005). It is also one of the best indicators of the standard of living of people and of their place in the society. Housing, both in units or multiple forms, is a significant component of the physical form and structure of a community, while the human and family contents of the house is part of the very spirit of life and prosperity of the society (Olayiwola, 2005).

**Delivery:** this means handing over or a provision of a service, housing in this case (Olayiwola, 2005). When there is delivery involved, there must be a party or institution that will be accountable. In the case of South Africa, it is the government that is responsible and accountable for the delivery of public housing to the needy citizens. Therefore housing delivery should mean the provision of adequate shelter or houses to members of a particular community.

### **3.2.4 Perspectives**

“Perspective(s)” is generally how people view things from their own imagination which can be influenced by the experience they have had with that particular phenomenon (Lewthwaite, 1996). Perspective can be indicated by how people respond to a particular

factor or phenomenon, e.g. the houses that have been delivered under a particular policy (Lewthwaite, 1996). Perspective can be drawn from people's own thoughts and how they feel about the situation and the conditions that they live under which can reflect satisfaction or dissatisfaction with such conditions (Lewthwaite, 1996).

### **3.3 Theories**

The following are the theories that were used in this study and have been the main influence on this research.

#### **3.3.1 The Culture of Poverty Theory**

Oscar Lewis conducted a study on five families of Mexico to understand their behavior and adaptation to poverty (Lewis, 1959). He discovered that interpersonal relationships, time orientation, spending patterns and value systems show an adaptation to certain common problems of the poor, and these appeared to be defining a culture (Lewis, 1959). Lewis (1963) mentions that people in a culture of poverty have a strong feeling of marginality, helplessness, dependency and not belonging in the society. He further argues that they are like aliens in their own country, convinced that the existing institutions do not serve their interests and needs. Along with this feeling of powerlessness, is a widespread feeling of inferiority and of personal unworthiness, (Lewis, 1963) cited in (Coward et al, 1973). People in a culture of poverty are marginal people who know only their own troubles, own local conditions, own neighborhood, and own way of life, Lewis (1963) cited in (Coward et al, 1973). These are the traits observed by Lewis in studying those families.

In understanding this behavior of poor families, Lewis developed a culture of poverty theory. Lewis (1963) as cited in (Coward et al, 1973) argues that the culture of poverty theory holds the view that the culture of poverty is remarkably stable and persistent, passed down from generation to generation along with family lines. He further states that people's traits living in poverty are resistant to change even if structural conditions that gave rise to poverty were to change (Lewis, 1963). Lewis (1963) as quoted in (Gajdosikienė, 2004, p. 90) argues that, "by the time slum children are six or seven years old, they usually have absorbed the basic values and attitudes of their subculture

and are not psychologically geared to take full advantage of changing conditions or increased opportunities which may occur in their lifetime”.

The culture of poverty theory has been useful in this study as the housing project is an in-situ informal settlement upgrade. It helped to understand changes in people's standard of living after they moved out from slums. The beneficiaries have been shack-dwellers and now are given an opportunity to raise their standard of living. The culture of poverty theory denies the possibility of a break in the cycle of poverty even if there are structural changes or development in such communities. There are possibilities that the standard of living of the beneficiaries of Ntuzuma D Phase 4 Housing Project can improve. By giving them houses which allow them to start businesses from home, and have access to employment. Lewis (1963) disregards the role of children in changing the situation of their poor families. Such children are given an opportunity to go to school and possibly to tertiary institutions. Through better education, their way of thinking can be transformed and empower them to find good jobs which will change their lives and families for the better.

South Africa has gone through the apartheid regime where there were socio-economic imbalances, particularly in housing delivery. However this does not necessarily mean that people in a democratic South Africa will continue to inherit the poverty that was a result of such imbalances during apartheid. If a democratic government in South Africa reduces such imbalances and gives people adequate houses, income poverty of such people will be reduced. Indirectly Lewis suggests culture to be a cause of poverty rather than the structural conditions under which people live. It does not mean that if people change their culture, their poverty will automatically or necessarily change. It is only changes in structural conditions that will change poverty either for the better or worse. There are institutions like schools and churches that play a major role in changing people's behavior and ability to adapt. These institutions have changed poor people's attitudes towards the circumstances they live under.

Lewis in his argument on the culture of poverty identifies poverty as emanating from cultural causes (Duvoux, 2010). By this he blames the victims of poverty (the poor) for their circumstances and disregards socio-economic policies which are part of the

initiative by the government to lift the poor out of a cycle of poverty (Duvoux, 2010). How people act depends on how they cognitively perceive themselves, the world, or their surroundings (Duvoux, 2010). This means if people live in a community that gives them economic opportunities, they will act positively in making use of such opportunities to change their economic status. People would also cooperate with the institutions around them if they were more helpful in providing better services. This has been seen occurring through community participation initiatives on housing development projects. This includes housing projects delivered through the people's housing process (PHP). Such cooperation between the poor and the government institutions result in improved standards of living.

The poor are poor through their own lack of ability and initiative (Duvoux, 2010). In a modern society, the poor's ability to afford a living is mostly determined by the socio-economic environment they find themselves in. The success of people's initiatives also depends on political institutions especially the government. The poor may have the ability and the initiative to cope financially but if not supported by institutional powers they would not become successful. Housing co-operatives in South Africa are run by the people but their success depends on how much support they gain from institutions. Those institutions include the government, private sector or non-governmental organizations (NGOs).

The BNG beneficiaries have the ability and initiative to run home-based enterprises and other income generating activities in order to reduce their income poverty. However such initiatives require conditions to be favourable for this to take place. The government in particular, has to come on board in supporting the informal economy run from home by the beneficiaries, in order to reduce income poverty. This is to say that the ability and the initiative of the poor are not determined by the inheritance of some traits through family lines, but by the structural conditions and institutional arrangements that are in place.

In a study by (Coward et al, 1973) it is argued that there is neither a relationship between powerlessness and income nor differences between the poor and non-poor in their way of life. Lewis (1963) has argued that the poor have a strong feeling of

powerlessness; however this must not undermine the poor's ability to generate income through different forms of activities where they can be assisted by houses delivered by the government. Valentine (1968) cited in (Coward et al, 1973) points out that there are external conditions or unavoidable matters of situational expediency rather than cultural creations which the poor find themselves under. These can be housing conditions, overcrowding, segregation and lack of economic resources. People living in the informal settlements are most likely to be affected by these conditions (Coward, 1973). This situation is similar to that which previously affected the households of the study area, since the project is an informal settlement upgrade. These conditions have a direct impact on the attitudes of the households. In a situation where these conditions are eradicated, there will be a change in the behavior and attitudes of those households, and a reduction in poverty.

Therefore, there is a situational interpretation of poverty which is contrary to the culture of poverty theory. This means that the poor are confronted by situational factors such as low income, low paying jobs, inadequate housing etc. none of these are their own fault Valentine (1968) as cited in (Coward, 1973). Neither the poor nor their culture can be blamed for these conditions. Those responsible for making sure that these conditions are addressed, namely the government, are the ones to blame. The culture of poverty theory therefore, has assisted this study to understand the changed traits of BNG beneficiaries, particularly in Ntuzuma D. These beneficiaries have been subjected to these conditions, but the government has made policy shifts that seek to eradicate such conditions. If the findings of this study reflect improved standards of living to beneficiaries, that will contradict the culture of poverty theory. This will also suggest that it is not the poor alone who can lift themselves out of poverty and reduce or eradicate such conditions. It is up to institutional powers like the government to enable this. This study demonstrates that, through the delivery of houses, these adverse conditions can be eradicated and income poverty can be reduced.

### **3.3.2 The Enabling Approach**

The enabling approach is a strategy that brings a solution that will benefit the poor by making sure that the housing market works efficiently (World Bank, 1993). This

approach as it is applied in this study, greatly challenges the culture of poverty theory. The approach outlines the seven working instruments that enable the housing sector to function well regardless of the circumstances that the poor find themselves in. Through these instruments income poverty can be reduced. The enabling approach is informed by the neo-liberal theory that argues that governments should abandon their generally accepted role as producers of housing (World Bank, 1993). It suggests that government should rather adopt an enabling role of managing the housing sector as a whole (World Bank, 1993).

One mechanism is to improve housing conditions for the poor households through meeting the needs of the market (World Bank, 1993). Of the seven major enabling instruments, three are demand-side instruments. These instruments include developing property rights, developing mortgage finance and rationalizing subsidies (World Bank, 1993). Three supply-side instruments include providing infrastructure for residential land development, regulating land and housing development, and organizing the building industry (World Bank, 1993). These instruments should be supported by one instrument aimed at developing the institutional framework for managing the housing sector (World Bank, 1993).

The first instrument on the demand-side is developing property rights by making sure that the households attain security of tenure (World Bank, 1993). This is one of the objectives of the Housing White Paper, which could be achieved through the ownership of the house and the site (Department of Housing, 1994). When the households have attained ownership of such a property, this gives them an opportunity to start and run different kinds of businesses from home. Such businesses are income-generation activities like small shops, motor mechanic in the yard, extensions for rental rooms, and even small gardens where they can grow and sell vegetables. Such activities are examples of using the house as an economic asset for income generation which is amongst the objectives of the Breaking New Ground housing policy (Department of Housing, 2004). Property rights give households an assurance that their businesses are secured and they enjoy full ownership of their income generating activities.

Furthermore, this supports the informal economy as a survival strategy for the poor households.

According to this instrument, programs of regularizing tenure should go hand in hand with the improvement of infrastructure in slums and informal settlements (World Bank, 1993). This instrument speaks directly to Ntuzuma D Township since the houses there are part of the informal settlement in-situ upgrade. Infrastructure improvement can be done through the delivery of public houses which will be accompanied by other social services like roads, electricity, water etc. When the beneficiaries are given the houses, they attain security of tenure through being owners of such houses and the piece of land on which the house is situated. By applying this instrument, the poverty conditions that poor people live under, are reduced and the poor are elevated from poverty regardless of their previous family structure or values. The property when owned by the households is most likely to be maintained properly.

The second demand-side instrument involves developing mortgage finance (World Bank, 1993). This suggests that mortgage instrument designs should permit the interests of both borrowers and lenders to be realized through appropriate terms (World Bank, 1993). This instrument further suggests that collateral security should be fostered by well-designed and enforced systems of titling and foreclosure (World Bank, 1993). According to the BNG housing policy, beneficiaries have an opportunity to use a house as collateral to access a loan in order to establish income generation activities or extend the house (Department of Housing, 2004). This gives households access to credit in order to make investments through running businesses from home. The households of Ntuzuma D may now have the opportunity of accessing loans that will support them in reducing income poverty. The findings of this study will determine to what extent this has taken place in those households and what conditions have been associated with this.

According to mortgage instrument, innovative institutional arrangements for promoting greater access to housing finance by the poor, such as mutual guarantees and flexible payment schedules, should be encouraged (World Bank, 1993). This will to a greater

extent assist poor, low income families to be able to pay back such loans. The instrument further suggests that lending for the provision of rental housing, which houses the majority of the poor in many developing-country cities, should be facilitated (World Bank, 1993). This will give greater access to housing, especially to poor people. This instrument responds directly to and challenges the claim by Lewis (1963) that the poor are resistant to change even if structural conditions that gave rise to poverty were to change. The change of structural conditions in this context encourages innovative institutional arrangements. It will enable the poor to access and pay back the loans so they can be lifted out from the poverty conditions in which they are caught Lewis (1963) as cited in (Coward et al, 1973). The findings of this study, when they prove this to have happened successfully, that will negate the claims by Lewis.

The third demand-side instrument suggested by the enabling approach is rationalizing subsidies. This instrument recommends that governments should see subsidies as either transitional or a last resort (World Bank, 1993). They should first try other methods of improving access to housing. Such methods include regularizing insecure tenure and improving access to market-rate housing finance (World Bank, 1993). Other methods would include removing barriers to the production of rental housing, or improving housing supply markets to reduce prices (World Bank, 1993). By doing this, government will save funds for further infrastructural development and possibly job creation.

If subsidies are necessary, they should be well-targeted, measurable, transparent, and should avoid distorting housing markets (World Bank, 1993). This is what the BNG housing policy has done by setting a clear subsidy mechanism. The objective was to grant subsidies to groups with low income, making sure that these subsidies are well targeted (Department of Housing, 2004). These income groups range from those who earn more than R1500 but less than R7000 per month (Department of Housing, 2004). The study area has been prioritized by the government as beneficiaries form part of the low income group living in informal settlements.

The three-supply side instruments that are suggested to enable an efficient housing market are also considered. The first is the provision of infrastructure for residential land development. Through this instrument, it is suggested that attention should be given to both improving residential infrastructure in slum and squatter settlements and extending it to new areas (World Bank, 1993). This directly seeks to give previously disadvantaged and impoverished people better opportunities to improve their standards. It also encourages people to participate on a smaller to broader scale, economic development starting from households to society at large.

This is a similar pattern to housing development in the study area by the upgrading of the Lindelani informal settlement to the Ntuzuma D Phase 4 Housing Project. This instrument is in line with the BNG housing policy objectives. Also according to this principle, existing communities should be encouraged to participate in the process of planning and building of infrastructural projects (World Bank, 1993). The purpose of this is to ensure accountability and smooth implementation (World Bank, 1993). This is important as it encourages participation of households in their own infrastructural development. It further educates them to maintain and sustain their own infrastructure, including their houses.

The first instrument on the supply-side also points out that agencies responsible for provision of residential infrastructure including roads, drainage, water, sewerage, and electricity should focus less on narrow physical objectives (World Bank, 1993). It argues that much focus should be on opening up urban land for residential development (World Bank, 1993). Here it is made clear that residential development should be a first priority. Through such development people are rescued from harsh conditions of homelessness and living in the stressful and dangerous conditions prevalent in informal settlements. When people are placed in good residential conditions, they immediately have a basis for further development. This basic life requirement enables people to engage in further socio-economic development from micro to macro level. When they have been provided with housing, they are able to create other opportunities themselves like informal businesses and other job opportunities that will bring them income.

The second instrument further suggests that regulatory environments need to provide an appropriate balance between the costs and the benefits of regulations that influence urban land and housing markets, especially land use and buildings (World Bank, 1993). Furthermore, regulations need to be established in a way that benefits rather than penalizes the poor, as is often the case (World Bank, 1993). When the poor are penalized, this leaves them victims of the housing market and will have absolutely nothing to benefit from the market. For example, the high rates that are being charged by the municipalities in some urban areas end up penalizing the poor and putting them in even worse conditions of poverty.

Low income residential areas should not be forced into these circumstances. The municipalities should find a way to deal with such circumstances without the poor being victimised in the process. The principle also recommends that, affordable standards that do not compromise environmental, health, and safety concerns should be considered (World Bank, 1993). This should be done in order for the poor not to be penalized by these regulations since the poor are normally exposed to hazardous conditions that usually affect their health (World Bank, 1993).

The third and the last supply-side instrument encourage the organization of the building industry. According to this instrument, governments should seek to create greater competition in the building industry (World Bank, 1993). This can be done through eliminating regulatory barriers to entry and breaking up monopolies (World Bank, 1993). It can also happen through facilitating equal access of small firms to markets and inputs and by removing constraints to development (World Bank, 1993). The use of local building materials and construction methods, and reducing trade barriers that apply to housing inputs, will contribute to local poverty alleviation (World Bank, 1993).

The use of the local building industry has also been recommended by the South African housing policy as it makes the delivery of houses efficient. It helps in sourcing cheaper building materials and cheaper delivery of these materials. This helps to boost the local economy and support the emerging construction businesses. BNG housing policy

suggested organising the building industry so local industry will be prioritised and helps in opening direct and indirect jobs in the construction sector (Department of Housing, 1994). In this way local people benefit and thus assist in reducing income poverty. Furthermore, giving skills to the local community members makes them more able to earn an income.

All of the above mentioned enabling instruments have to be supported by one instrument which entails developing the institutional framework for managing the housing sector. This suggests an institutional framework that should make it possible for government, within its limited resources, to manage the housing sector in a manner that provides adequate and affordable housing for all (World Bank, 1993). The South African government has made sure through the BNG that this principle is made practical. According to the BNG housing policy:

Municipalities must accordingly take the leading role in negotiating the location of housing supply to facilitate spatial restructuring. Municipalities must also facilitate a greater match between the demand and supply of different state-assisted housing typologies. This approach envisages that municipalities will play a significantly increased role in the housing process. This will help to build linkages between housing delivery, spatial planning, and transportation systems and will also support the integration of housing into Municipal IDPs, ensuring greater budgetary coherence (Department of Housing, 2004:4-5).

In these recommendations by BNG housing policy, the South African government has to some extent made an effort to deliver affordable and adequate housing. The research findings will show the actual extent to which this has been achieved, and how this has assisted in reducing income poverty. Adequate and affordable housing can be efficiently achieved if the local government is given a leading role in housing delivery. The municipalities as institutional structures that are close to the people can access them easily and are aware of the primary conditions they face.

### **3.3.3 The Asset Vulnerability Framework**

There are four categories of assets, the lack of which results in poverty. Moser, (1996) developed a simplified classification of assets of which some are tangible and some are

intangible (Moser, 1996). He further explains how these assets become associated with increasing and decreasing vulnerability. The asset vulnerability framework holds the view that the more assets that individuals, households and communities have or secure access to and the better these assets are managed the less vulnerable they are (Moser, 1996). By the same token the greater the erosion of their asset base, the greater their insecurity and associated poverty (Moser, 1996). According to this framework, poverty is not only caused by the lack of assets and inability to accumulate an asset portfolio (Moser, 1996). Poverty can be caused also by the inability to devise an appropriate coping or management strategy in order to secure the available assets (Moser, 1996).

The first asset is labour. It is argued that a changing labour market has been a major source of vulnerability (Moser, 1996). By this, restructuring in the formal sector and increasing competition in the informal sector have both contributed to a decline in household income (Moser, 1996). This therefore suggests that households cannot all rely on the informal sector for their household income. At the same time it suggests that not all households should rely on the formal sector for the accumulation of income. Some must go to the formal sector while others should depend on the informal sector. This should help in bringing about a balance between the two sources of household income. However this relies heavily on institutional powers like the government, and that it enables conditions conducive to the creation of opportunities in these sectors. When households become poorer, women end up joining the labour force as many of the poor households are headed by women (Moser, 1996). Women then sell their labour in exchange for income in order to provide for their household and other needs.

Labour as an asset becomes associated with indicators to both increasing and decreasing vulnerability. The increasing vulnerability in labor is experienced if there is a loss of permanent jobs which also results in and job insecurity (Moser, 1996). Many households living in poverty face a similar situation and in that way they become vulnerable. The decline in secure-wage employment and increased short-term, casual, minimum-wage employment and the risk of disability are all part of the indicators that result in the increased vulnerability (Moser, 1996). However there are indicators which result in a decrease in the vulnerability of labor as an asset. These include an increase

in household members working, especially women (Moser, 1996). Increase in home-based enterprises as a possible source of income for poor households also results in a decreasing vulnerability (Moser, 1996). Home-based enterprises can better be performed by the households in good health and a house able to support income generation activities.

Human capital is an asset that includes health status which determines people's capacity to work (Moser, 1996). Human capital as an asset includes education and skills which determine the returns from their labour (Moser, 1996). When people have access to education, this helps them to change their way of thinking and do things differently. Through education they also learn to tolerate and deal with poverty conditions that they face. This therefore seems to be contrary to Lewis's view on the culture of poverty that holds that people's traits and behavior are resistant to change even if structural conditions that gave rise to poverty were to change. More or less equally with access to health care, this gives people physical fitness so they can face and participate in their daily activities. Participating in such activities can assist them to generate income through the informal businesses that they can run from home. Poor people are likely to be affected by diseases and it becomes worse if they do not have access to healthcare. This means that they cannot work and therefore cannot deal with the poverty conditions they face on a daily basis.

While social services provide education that ensures that people can gain skills and knowledge, economic infrastructure, in the form of transport, and electricity along with health care, ensures that they can use their skills and knowledge productively, especially to generate income for their homes in order to reduce income poverty, World Bank (1994) cited in (Moser, 1996). People get exposed to increasing vulnerability of human capital as an asset if there is a decline in access to, or poor quality of social and economic infrastructure (Moser, 1996). Decline in attendance at health care clinics, attendance at schools and a rise in school dropouts also increases vulnerability (Moser, 1996). When people no longer attend health care clinics, the number of infections will rise, particularly of people infected with HIV/AIDS and tuberculosis (TB). These are easily transmitted and dangerous diseases that result in a high death rate. In addition to

this, when people reduce attendance at school and school dropout increases, they deprive themselves of skills. They need these skills to perform their daily income generation activities and get employment. Furthermore, if obtaining services, for example collecting water becomes time-consuming, people have less time to run their income generating activities which in turn results in increasing income poverty (Moser, 1996). This increases vulnerability.

The vulnerability of human capital can be reduced by the substitution of private for public services in the form of water pumps, private health care and private education (Moser, 1996). These services help to support the wellbeing of households, reduce costs and provide quality services. These services contribute to community longevity by providing greater access to health care and education. This has a direct effect on the income of all households. Private health care and education offer diverse services, credit, short waiting times, flexible hours and more resources. In contrast, public healthcare and education facilities offer inferior services that do not respond to all the needs of the poor (Moser, 1996). These services require standardization so everyone, whether poor or rich, can have access to efficient, high quality health care and education services.

Productive assets in the form of land and housing are very important to poor urban households (Moser, 1996). Land and housing go together because in order for people to have access to housing, there should be land availability. Land is more important to the rural poor as a productive asset, whereas urban poor have a greater need for housing as a productive asset (Moser, 1996). A house becomes a productive asset when it can be used by the households to generate income through participating in different activities. As mentioned above, a house as an economic asset offers households an opportunity to run home-based enterprises and to provide home extensions for rental rooms. Rooms can be converted to tuck shops and many other income-generating activities can be conducted in a house as suggested by the BNG housing policy.

Security of tenure must be ensured for the households to have full ownership of houses, even those delivered by the government. This will allow them to use the house as an

asset without restriction. However the house must be located where there is easy access to basic services and economic opportunities. Economic centers should be closer to residential areas in order to offer employment to households. These economic centers should also support households that run informal businesses from home by making merchandise locally available.

Vulnerability is increased by the perception of a threat of eviction and the loss of a house as an asset (Moser, 1996). This discourages households from starting businesses that they can run from home. This is because they cannot be sure about the future of their business if there are threats of eviction. Overcrowding of houses is another factor that increases vulnerability (Moser, 1996). Poor people usually consists of an extended family sharing one house, and end up having a single house which is overcrowded. This results in circumstances where the households' income is not enough to satisfy basic household needs. Even if some may run informal businesses from home, this may not be enough to satisfy the households' basic needs. In some cases even small businesses that generate income do not enjoy security. Theft within the family may be prevalent and can prevent a business from being successful. If the house is overcrowded, every space available is used to accommodate family members, even in an extended house meant for rental income.

The relationship between members of a household is an important non-physical asset, which has a significant influence on income generation and sharing consumption (Moser, 1996). Household relationships are related to assets discussed above as these need to be pooled and shared amongst the households. Labour for example is an important asset required by poor households as it generates income. However the ability to mobilize, pool and to transform this asset into income depends largely on the structure and composition of the household in which the worker lives (Moser, 1996). Poor workers are members of social institutions in the form of families.

The ability of workers to respond to changes in the external environment depends on internal household factors, the most of which is relationships within the household (Moser, 1996). This implies that the poor are able to face and tolerate harsh working conditions at their place of employment if they have support from their families.

Conversely, those without family support and or those that come from unstable, hostile families are more likely to resign from work because they are unable to tolerate difficult work conditions and other difficult external conditions. Good household relationships give households a capacity to adjust to external changes in the external environment (Evan, 1989; Sen, 1990) cited in Moser (1996).

Moser (1996) also argues that households are sources of collective security and internal distribution, and they act as safety nets during conditions of poverty as they support each other to obtain a living (Moser, 1996). However household relations as an asset are vulnerable because they are prone to the erosion of the household as a social unit due to change in structure, marital breakdown, or a split in households (Moser, 1996). This results in some households being without any support. In cases of marital breakdown, women and children are most likely to suffer from these circumstances.

The inability of women to balance multiple responsibilities and their participation in community activities increases their vulnerability as they are left with less time to run income generation activities at home (Moser, 1996). Domestic violence creates hostility and instability within a family. In such situations, households cease to work together to mobilize and share income, and this increases vulnerability (Moser, 1996). However there are ways to reduce vulnerability of household relations. First, household extension increases the ratio of earners to non-earners (Moser, 1996). Second, the sharing of childcare, cooking, space and a decrease in domestic violence, assist in decreasing vulnerability of household relations (Moser, 1996).

### **3.4 The use of a house for income generation: International and local experiences**

This section presents international and local precedent studies on the use of a house as an asset for income generation activities towards the reduction of income poverty.

#### **3.4.1 International experiences**

A home is not only a container for humans but an essential shelter for life-sustaining activities like income generation (Mahmud, 2003). Strategies that are centered on housing as an asset can help households to move out of poverty. They can also prevent households from falling beyond the point at which they are able to respond to new

opportunities. However research has shown that a dwelling or a plot alone is not enough to reduce poverty but must include security of tenure (Moser, 1996). In such cases households have the incentive to invest in upgrading their housing to make it productive and in the consolidation of their communities (Moser, 1996). Research has proved therefore that a house is a production place, market place, a center for entertainment, a financial institution and a retreat (Kellett & Tipple, 2000). This means a house is not limited to a home life but is a productive asset for generating income, especially for poor households in many third world countries (Kellett & Tipple, 2000). Accordingly, housing has played an important role in operating and sustaining the informal economy of many countries (Kenett and Tipple, 2000).

In a study conducted in Lima, it was discovered that sixty eight percent of respondents needed home-based enterprises and that seventy percent of enterprises could not exist without available dwelling space (Kenett and Tipple, 2000). This is an indication of the willingness in people living in poverty to run income generating activities from home. It also indicates a necessity of the availability of a space for these activities to exist and be run successfully. Furthermore it was pointed out that the importance of a dwelling varied for different activities, but was particularly most significant for women who combined domestic activities with income generation (Kellett & Tipple, 2000). This research concluded that housing conditions would be worse if there were no income generating activities run from home in Lima (Kenett and Tipple, 2000).

Lipton (1980) cited in (Kenett and Tipple, 2000) outlined characteristics of home-based enterprises as follows: first that the family controls most of the land and capital to which its labour is applied. Second, that most of the family's land, capital and labour are used in the enterprise (Kellett & Tipple, 2000). Last, that most of the labour that is applied to the enterprise is provided by the family (Kellett & Tipple, 2000). Lipton further argues that there are advantages to home-based enterprise of being able to convert fungible resources swiftly and without loss, from one use to another Lipton (1980) cited in (Kenett and Tipple, 2000). For example, cash as a fungible resource can be spent on improving the lives or living conditions, or both at the same time (Kellett & Tipple, 2000). Similarly the time spent on domestic activities can be converted into time spent on

home-based enterprises (Kellett & Tipple, 2000). Even space can be used for a variety of activities which may change throughout the day or seasonally Lipton (1980) cited in (Kenett and Tipple, 2000).

Lipton gives an example of a family shop (spaza/tuck shop) where extended fungibility is important for the survival and profitability of home-based enterprises. He argues that in a family shop, work and its reward can be distributed accordingly to family convenience, all within a building which also serves as a home and warehouse Lipton (1980) cited in (Kenett and Tipple, 2000). The owner of the shop, who is a member of the family probably earns less than he/she could in a formal shop or supermarket but they would be reluctant to give up the shop because it offers income and employment opportunity to children and other family members (Kellett & Tipple, 2000). For most of the time, women and children are not available full-time but they can divide their time between household chores, education and these home-based enterprises (Kellett & Tipple, 2000). However this requires proper household relations as an intangible asset (Moser, 1996).

Kenett and Tipple (2000) argue that the absence of home-based enterprises or any other income generation activities in some communities, suggest that these activities are not a general solution to even part of the income generating function of households. They point out that some of the households prefer separation of work from home. Others sacrifice considerable areas of their living space to accommodate the equipment necessary to earn a living (Kellett & Tipple, 2000). This is even to the extent of having machinery in the living room, sacks of goods behind the bed and other unpleasant processes taking place near eating areas (Kenett and Tipple, 2000). Therefore, according to Kenett and Tipple (2000), a balance between a dwelling as desirable living space and as a workplace, is likely to vary depending on income and the aspirations of the household and their neighbours, the profitability and nature of the economic activity, alternative opportunities for making a living, and other variables (Kellett & Tipple, 2000).

Surveys have suggested that housing, if owned; it can provide opportunities for income generation like home-based enterprises to increase household income. Moser (1996) argues that, the success of home-base enterprises is highly dependent on access to

assets that complement home ownership. These can be the physical infrastructure, such as reliable and affordable supply of electricity and water (Moser, 1996). It depends also on human capital, such as skills for some other less formal activities (Moser, 1996). Furthermore, success depends on cash or credit for initial as well as current investments and last, on a market for goods produced (Moser, 1996). Moser (1996) further argues that differences in the poverty reduction achieved through home-based enterprises reflect initial disparities in access to such assets. In Chawama, one of the poorest townships in Lusaka, households were able to protect themselves against extreme poverty by engaging in home-based enterprises (Moser, 1996). Similarly in Commonwealth, a poor urban community in Metro Manila, households were able to raise their income considerably and through home-based enterprises (Moser, 1996).

Further research has revealed that the home is within the domain of women and it is them who are likely to play a big role in organizing spaces for income generation as well as the daily life of family members (Mahmud, 2003). This includes homes that are female headed and others with men, but where the domestic activities and household income are championed mostly by women (Mahmud, 2003). Of the people who run businesses from home, some are more successful than others, and this is due to the accessibility of market centres, access to urban services, spatial control, and home tenure (Mahmud, 2003). It should be noted that income generation activities run from home produce a different response to poverty in many third world cities. This makes it clear that these activities depend greatly on the provision of infrastructure. Therefore with the lack of proper socio-economic infrastructure and poor access to it can result in some income generation activities run from home not being successful.

#### **3.4.2 Local Experiences**

It is clear that the South African government has considered housing as an asset for income generation and thus a contributor to a reduction in income poverty. In the government's discussion document on poverty reduction strategy, released in May 2008, it referred to housing delivery as an asset transfer which comprised a central component of this emerging approach (Towards an anti-poverty strategy for South Africa: a discussion document) (Cross, 2008). The South African government also

considered various measures to invest in human capital and service infrastructure (Cross, 2008). The strategy document identifies the housing asset as indispensable to economic participation by the poor (Cross, 2008). However this asset transfer depends greatly on families receiving the right kind of housing asset to meet their specific needs (Cross, 2008). This means the families will have to be provided with houses that meet the BNG housing policy standards. Through this they will be able to use such houses for income generation activities in order to reduce income poverty.

However poor institutional coordination and management in some regions has resulted in some of the houses delivered not meeting the objectives of the BNG housing policy, that a house should be used as an asset. A report on the houses delivered in Eastern Cape Province was undertaken by Gobodo Forensic and Investigative Accounting (Bank et al, 2010). According to this report there were irregular payments totalling R17 million related to the supply of building materials, quality of houses and payment processes Daily Dispatch (2005) cited in (Bank et al, 2010). Also mentioned in the report were service providers who were paid for doing little or no work and in some instances, completed houses needed to be rebuilt from scratch because of their poor quality, Daily Dispatch (2005) cited in (Bank et al, 2010). Situations like these therefore compromise the objectives that the BNG housing policy sought to achieve through these houses, being the use of a house as an asset for income generation.

In the same Eastern Cape region, the supply of basic services to the houses was compromised as many municipalities had inadequate water and sanitation services (Bank et al, 2010). In this case it was pointed out that the infrastructure portion of the housing subsidy could not cover these costs (Bank et al, 2010). This threatens income generation activities as these require water, and without these services, such activities cannot be carried out. In many instances in Eastern Cape housing delivery, the suppliers chose an inferior quality of materials and cheaper construction methods (Bank et al, 2010). This resulted in some of the houses being unsuitable for home-based enterprises and other income generation activities (Bank et al 2010). Even if the houses met the norms and standards in size, they ended up lacking quality due to the mismanagement of funds by the suppliers of the building materials.

A housing entrepreneurs' study was conducted in 2006. The purpose was to give an understanding of housing as a productive asset and its role in promoting economic activity and affordable housing supply through home-based entrepreneurs (Gordon et al, 2011). The study found that housing in South Africa is an economically productive asset because it offers various opportunities for income generation and poverty reduction (Gordon et al, 2011). It appeared in the study that this is not only by using a house as collateral for a loan, but as a venue for various business activities (Gordon et al, 2011). Such business activities include small-scale landlords. The study discovered that small-scale landlords make a significant contribution to the South African economy, servicing approximately fifteen percent of all South African households and this constitutes 1,85 million households (Gordon et al, 2011). These include housing beneficiaries who extend their RDP houses to have rooms for rentals. This kind of accommodation is well located and affordable to very poor households, most of whom earn R1 800 per month on average (Gordon et al, 2011).

According to this study, small scale landlords are contributing significantly to the supply and management of affordable rental housing for poor people (Gordon et al, 2011). Furthermore the small scale landlord sector provides a critical opportunity to promote income generation and wealth creation for the poor households (Gordon et al, 2011). The study also found that a large number of small entrepreneurs are using their homes for businesses purposes (Gordon et al, 2011). The survey estimated that up to 355 000 home-based entrepreneurs are active, mostly in Townships and Inner Cities and constitute 13 percent of the total population of such areas (Gordon et al, 2011). Such home-based entrepreneurs are generating a substantial monthly income of approximately R476 million per month (Gordon et al, 2011). The study mentions that, while most of these businesses can be classified as micro or small, for many of the entrepreneurs who own them, they represent their sole income (Gordon et al, 2011).

Despite a number of challenges, many other South African municipalities have adhered to the objectives of the BNG housing policy already. The cities of Johannesburg, Ekurhuleni and eThekweni have sought to redraft their housing strategies in line with BNG, and Tshwane is currently undergoing this process (Bank et al, 2010). While their

policies must be in line with the budgetary allocations and inherent conditions defined at national level (and some of these have yet to be defined), it has been the local implementation that gave expression to the intentions of the BNG (Bank et al, 2010). The municipalities' adherence to the BNG objectives gives an assumption that there are a number of initiatives that have been undertaken by these municipalities. They have done this to make sure that the houses delivered enable an environment where beneficiaries participate in income generation activities as a way of reducing income poverty.

### **3.4.3 Household livelihoods and survival strategies**

The informal economy through income generation activities is one of the survival strategies adopted by households in South Africa and other international countries. They are run mainly through home-based enterprises to support livelihoods. In Chawama about a quarter of households who lived in extreme poverty started to operate some types of home-based enterprise by 1992 (Moser, 1996). On the other hand, in Commonwealth about a third of households were involved in home-based enterprises by 1992 (Moser 1996). All these households managed to obtain half of their income from their home-based enterprises (Moser, 1996). They had per capita incomes of twenty two percent higher than the households who were not involved in home-based enterprises within the same communities (Moser, 1996).

Furthermore, in Cisne Dos a third of households, eighty four percent of which owned their homes, were involved in home-based enterprises by 1992 (Moser, 1996). These enterprises did not make any significant differences in per capita income but helped to reduce extreme poverty (Moser, 1996). About thirty eight percent of households running home-based enterprises were very poor compared to forty four percent of households not owning home-based enterprises (Moser, 1996).

A comparative study for Ghana and South Africa was presented, on household's involvement on informal economy, particularly home-based enterprises. According to 2000 census, 83% of Ghanaians working in the informal sector contributed 22% to total gross domestic product (GDP) and 72% of household income (GSS, 2000) cited in (Gough et al, 2003). A study conducted in a range of neighbourhoods in Accra (capital

city of Ghana) found 457 enterprises operating in 168 houses (Yankson, 1998, 2000) cited in (Gough et al, 2003). It was also found that virtually every compound house in Kumasi (the second largest town in Ghana) was used to run income generation activities by one or more resident household and, out of almost 600 households, approximately 25% used their home for income generation (Gough et al, 2003).

In South Africa, formal job opportunities decreased, with unemployment rate rising up to 37.5% in 2000 (Gough et al, 2003). Rise in unemployment rate led to increasing participation in the informal economy and specifically home-based enterprises (Gough et al, 2003). During that time, informal sector employed about 12% of the labour force, contributing 7% of the GDP (Gough et al, 2003). It was estimated that informal income generation activities function in at least one of every five households. In a new formal settlement in the Pretoria area, after just over a year of occupation, home-based enterprises levels were already at 22% (Gough et al, 2003). The same study found that in a well-established sites and service scheme near to the case study settlements, 26% of households have some form of income-earning activity (Gough et al, 2003).

Madina and Mamelodi are the townships of Accra and Pretoria respectively, with low-cost housing and located on the urban periphery of these capital cities (Gough et al, 2003). Home-based enterprises were very common in both townships with 33% household participation in Madina and 40% in Mamelodi (Gough et al, 2003). The most common types of home-based enterprises in both Madina and Mamelodi were retailing and producing food and drinks (Gough et al, 2003). These activities were popular in these areas because they cater for local demand and require a small amount of initial capital and very limited skills (Gough et al, 2003). In Mamelodi such enterprises included barbecued meat, crisps and other snacks repackaged in small bags for schoolchildren to buy, cigarettes sold singly and chicken pieces (Gough et al, 2003). The food items most commonly sold in Madina included firewood, charcoal, oranges, groundnuts, ice water and used clothes (Gough et al, 2003).

Another common income generation activity in the two townships is the production and selling of alcohol beverages. In Mamelodi, about ten home-based enterprises sold bottled beer, either for consumption off the premises or with somewhere to sit and drink

on the residential plot (Gough et al, 2003). Several others would make and sell traditional beer, either mqombothi, or a stronger brew known as mbamba, usually providing a rudimentary place to sit and drink (Gough et al, 2003). In Madina, a few home-based enterprises made the local gin kwon as akpeteshie, and the northern drink pito (Gough et al, 2003). There were also a number of bars selling a range of alcoholic beverages. However, these home-based enterprises received strong critique from neighbours because of noise level in Madina and associated crime in Mamelodi (Gough et al, 2003).

There were also retail outlets that sold general groceries and daily needs items such as rice, maize meal, soap, candles, canned food, bottled drinks, etc (Gough et al, 2003). Many other outlets sold only a selection of these, for example, cold drinks sellers, fresh produce sellers, ice cream sellers, cigarette sellers, etc (Gough et al, 2003). There were no large stores within walking distance of the Mamelodi home-based enterprises thus spazas offered the convenience of proximity, long opening hours, the ability to buy small quantities and, in some cases, the extension of informal credit to regular customers (Gough et al, 2003). The home-based enterprises in Madina, especially those in Old Road, were not far from larger stores (Gough et al, 2003). Their advantage lies in their selling in small quantities and sometimes offering credit.

In both townships, there are households who owned more than one income generation activities. This was the case in 15% of households in Madina and 5% in Mamelodi (Gough et al, 2003). These were cases where for example, a woman making and selling porridge and her husband hiring a truck; a woman running a hair salon and her partner working as a car mechanic; a woman selling provisions and her husband raising goats; a woman making soap and her husband refining honey; and a woman making rice and stew and her husband repairing electronic gadgets (Gough et al, 2003). It is only in one case, where the husband is a tailor and his wife a seamstress, do a husband and wife have similar income generation activities (Gough et al, 2003). However, although they share the machines, they have their own customers and maintain separate accounts (Gough et al, 2003). This illustrates the typically economically independent nature of men and women who are living together as households in both Ghana and South Africa.

### **3.5 South African Housing Policy Initiatives**

The birth of democracy in South Africa raised high expectations of a better life for the previously disadvantaged citizens, especially blacks. High on the list of expectations is better housing and reduction of income poverty coupled with equal and better services for all (Huchezermeier, 2001). In making these possible there were various intense negotiations between different stakeholders which included political organizations, the private sector, development organizations and non-governmental organizations (Huchezermeier, 2001). These constituted the National Housing Forum (NHF) which gave birth to the first housing policy in South Africa (Huchezermeier, 2001). This policy was known as the Housing White Paper (HWP) and was used by the government as an attempt to solve housing problems when it came into effect in 1994, and the first post-apartheid period that followed (Huchzermeier, 2001).

The HWP was used to develop the Reconstruction and Development Programme (RDP) low-cost houses which were envisaged to be a tool to address income poverty that affected many communities in the post-apartheid era. However the HWP failed to achieve the reduction of income poverty and there was a need for an advanced housing policy that would enhance the strategies of the HWP (Department of Housing, 2004). As a result, the Breaking New Ground housing policy, a comprehensive plan for development of human settlements was introduced in 2004 (Department of Housing, 2004). This section focuses on how South African housing policy has been structured and envisaged to reduce income poverty. The section will discuss the Housing White Paper and Breaking New Ground and how their implementation has impacted on income poverty reduction through the delivery of low-cost houses.

#### **3.5.1 The Housing White Paper**

This is the first post-apartheid housing policy to be introduced in South Africa. One of the objectives of this policy was to achieve socio-economic and environmental integration within all classes, the poor and the rich. The policy recognized that the environment within which a house is situated is as important as the house itself in satisfying the needs and requirements of the occupants (Department of Housing, 1994). This required that all houses should be located in an area that is free of environmental hazards and that is safe for the health of the people residing there, which is a

constitutional requirement. According to the constitution, section 29, “every person shall have the right to an environment which is not detrimental to his or her health or well-being” (Constitution of the Republic of South Africa, 1993). It meant also that government had an obligation to ensure environmental justice for all citizens. According to the HWP, government strives for the establishment of viable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities (Department of Housing, 1994).

Through this objective the HWP aimed to achieve the reduction of the gap between the rich and the poor. This could be achieved by ensuring that spatial segregation that was manifested by apartheid laws became a thing of the past. Middle-class communities were to be integrated with the low-class communities and ensure equal access to basic services of equal value. Furthermore this housing policy aimed at ensuring that all South Africans would have access on a progressive basis, to a permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements (Department of Housing, 1994).

### **3.5.2 Housing White Paper’s ways to reduce income poverty**

Importantly the HWP sought to reduce income poverty through the delivery of houses. Addressing income poverty was going to be achieved through ensuring that beneficiaries attained security of tenure through the ownership of houses and the sites amongst other housing policy objectives (Department of Housing, 1994). Security of tenure can be successfully attained when beneficiaries have equitable access to land with full ownership. This gives beneficiaries an opportunity to use the land without limitations, and without threats of removals in future.

Furthermore, through local economic development initiatives the policy supported micro-economic activities run by households (Department of Housing, 1994). These were income generation activities that could be run from home. The environment where the house is located has to support these activities. If a household wants to run a small shop from home, there should be efficient access to industries and major retail stores where the stock can be bought. Transport must also be available so that the households

can transport their merchandise to the marketplace. This means that the house has to be located in an area where there is easy access to economic centers. Social security which can come from neighbourhood relations is also required in order for these micro-economic activities to be successful. In this way, the policy recognizes the need to develop an informal economy as a way to reduce income poverty.

The Housing White Paper also favoured the involvement of small and medium sized businesses and labour intensive approaches, in order to maximize the economic growth and employment for the local community (Department of Housing, 1994). The approach seeks to benefit the local people by using labour rather than the extensive use of machinery in construction of houses. In this way, people would be able to get employment in the process of housing delivery. Also, the involvement of small and medium sized businesses is an approach that is able to benefit the local residents and boost the local economy. Besides benefiting the local people, this is a cheaper way to deliver public houses. Thus maximizing job creation in the construction and allied sectors in particular, the role of labour based construction and the use of local labour in housing development is a strategy that was recommended by the policy and envisaged the reduction of income poverty.

### **3.5.3 Shortcomings in Implementation of the Housing White Paper**

The RDP low-cost houses did not adequately address income poverty in the poor communities of the new townships (Department of Housing, 2004). The policy noted the need to adopt integrated development plans and other processes. Furthermore, the RDP houses reflected a new form of segregation that was now according to class differences (Adebayo & Adebayo, 2000). This was between people who have a position in the labour market and those without, and these created new isolated communities of low-income housing (Adebayo & Adebayo, 2000). The location of RDP houses was bad as it failed to constitute integrated development in order to integrate poor and rich communities (Adebayo & Adebayo, 2000). The poor households have been completely isolated from the rich middle-class households. This could have been prevented, as Adebayo & Adebayo (2000:2) argue that “integration measures that bring different groupings together are critical in South Africa today”. Furthermore, policies of

integrating class differences could be achieved through housing policy if measures such as inner-city housing, mixed-use activities and buildings, and others, are built into policy and practice. Unfortunately, the Housing White Paper failed to consider or implement such a strategy.

RDP houses also have tended to be poorly located as they are far from economic opportunities. Low income households view the plot that they have been given more than just a dwelling, but a place for income generation activities (Adebayo & Adebayo, 2000). Therefore the location of RDP houses should have been favorable for such activities. In the early period of post-apartheid South Africa, many houses have been delivered as green field sites (Adebayo & Adebayo, 2000). This required the relocation of informal settlement households. The majority of these were moved to developments that are cheap, standardized and peripherally located, thus largely perpetuating the existing structure of the South African city (Adebayo & Adebayo, 2000). Consequently, the poor were relocated far from areas of work and where their access to jobs and income are seriously undermined (Adebayo & Adebayo, 2000). Some of the relative location advantages of informal settlements have also been lost by those households. This includes the breaking of social relations and security amongst the members of a same neighbourhood who were dispersed to informal settlements.

The poor location of low income households during the provision of RDP houses affected access to some services, for example, transport. Many workers were relocated to areas where land is cheap but employment opportunities are very limited (Adebayo & Adebayo, 2000). Such workers ended up sacrificing their access to employment by being placed in poorly located houses. The poor location of houses also compromised their ability to make extra income. Some workers were no longer able to work shifts outside of normal working hours because of a lack of transport from their new locations, very far from work (Burns & Ferguson, 1987). In the new locations was transport inefficient, the travelling times increased as did transport costs (Adebayo & Adebayo, 2000). The people most affected were those who were staying in informal settlements and doing low-paying jobs. In their new locations the situation became worse as their earnings reduced and travelling expenses increased.

The location of the poor on the urban periphery resulted in their marginalization. The poor beneficiary households were isolated from other urban services such as better schools, clinics, libraries, police stations, shopping centers and the like (Tissington, 2011). These services are essential to ensure safety and better health conditions for households, personal development through provision of skills and also access to information. A life without such services is hard to cope with and no income generation activities can be successful under such conditions. Many beneficiaries chose to sell their houses provided by government and move back to informal settlements and other informal houses that are closer to better urban services (Tissington, 2011).

Research conducted by the Urban Land Mark in 2010 reveals that since 2005, approximately 11 percent of all RDP houses were unofficially sold by owners who were not allowed to sell their houses during the mandatory lock-in period of eight years (Tissington, 2011). Furthermore, according to the Urban Land Mark, it has been very difficult for households to utilize their RDP houses as financial assets to borrow against and that the location of houses often fails to match beneficiaries' needs (Tissington, 2011). As a result, beneficiaries received RDP houses but rented them out to those who could use the house as an asset. The rightful owners chose to live in an informal settlement or backyard shack in a township so they could be closer to jobs and other livelihood opportunities (Tissington, 2011).

The site allocated to each RDP house has been often too small for any future endeavors such as supporting home-based enterprises. A suitable site that would support home-based enterprises could only be achieved when there was enough available land. This however depends on land redistribution mechanisms. According to the Land Restitution and Reform Laws Act 63 of 1997 as cited in (Adebayo & Adebayo, 2000), the government is committed to the restoration of land rights to those who were unfairly dispossessed from their land. In the current situation, a very low number of land claims have been successful. The Act also entails that the Land Claims Commissioner must be informed of any proposed development and the land claimants cannot be evicted. On the other hand the land price continues to rise and the government ends up being unable to afford to buy sufficient land for housing development (Adebayo &

Adebayo, 2000). This has been a major challenge to housing delivery. As a result, most of the land is still under claims and cannot be used for housing development. For this reason, sites allocated for each RDP house have not been big enough to support income generation activities.

The RDP houses have not been considered adequate as an asset by banks for collateral purposes (Adebayo and Adebayo, 2000). This is because of the houses are poorly built and being a small size, gives them little or no value in the market. The issue of the location which has been discussed above also decreases the value of these houses as an asset for collateral for bank loans. This has disadvantaged the beneficiaries in accessing loans from banks to raise start-up capital for income generation activities. Again, the poorly built RDP houses have created a stigma, as beneficiaries are seen as the poorest in society (Huchzermeyer, 2001).

As a result, such houses do not have good market value (Huchzermeyer, 2001). The housing product delivered through the capital subsidy scheme recommended by the HWP fell far short of the dignified house with reasonable living space and privacy defined as the norm in the RDP (Huchzermeyer, 2001). The HWP focused more on reaching a quantity target of one million houses in a five year period as set out in the ANC Reconstruction and Development Programme (Huchzermeyer, 2001). This ended up compromising the quality of these RDP houses (Tissington, 2011). Houses were built on cheap, poor land, using cheap, poor materials, also contributing to poor quality houses as an end product (Tissington, 2011).

The HWP intended to ensure the participation of emerging, largely black contractors in the delivery process (Department of Housing, 1994). This was going to be done through providing financial support to enable the housing subsidy scheme to accredit such contractors despite a lack of resources and adequate track record (Department of Housing, 1994). Furthermore the aim was to develop special mechanisms to enable participation of such contractors without compromising the right of the beneficiaries to a housing product of a proper standard (Department of Housing, 1994). Unfortunately there have been a number of challenges with this particular model including corruption in the allocation of subsidized housing units as well as in construction tenders

(Tissington, 2011). This also resulted in poor construction because of shortcuts being taken and poor quality houses were built (Tissington, 2011). Not so long ago, the Minister of Human Settlements announced that the government would be using R1.3 billion, or ten percent of the department's budget, to rectify badly constructed RDP houses (Tissington, 2011). This is an indication that a lot of money has been misused in various housing projects thus compromising and delaying proper housing delivery.

On a broader scale, housing delivery under the HWP had a limited impact or not much improvement on poverty reduction, as RDP houses failed to become a financial, social and economic asset as has been envisaged by the policy (Tissington, 2011). These houses have been associated with high living expenses because of the lack of accessibility to affordable social services, and because they are situated in environments not suitable for low income households (Tissington, 2011). The beneficiary households were left with unaffordable social services (Tissington, 2011). The other factor has been the increased level of unemployment which limited the effect of the houses to reduce poverty. Consequently, the RDP houses failed to meet the HWP's objective of reducing income poverty, through it being used as an economic, social and financial asset for economically disadvantaged households. This has been visible through the continuing income poverty in most communities during the period of the first post-apartheid housing policy (Adebayo and Adebayo, 2000). This prompted amendments and refinements to the South African Housing White Paper.

### **3.6 The Breaking New Ground**

This is the second phase of the housing policy in the post-apartheid South Africa. It is a product of a comprehensive process undertaken by the National Department of Housing from 2002 to 2003 with the aim of commending a new policy direction for the housing programme (Tissington, 2011). The purpose of the process was to conduct a review of the housing programme after identifying a number of shortcomings in the then housing programme (Tissington, 2011). The aim of the BNG was to build on the existing principles of the Housing White Paper. At the same time it was to enhance existing mechanisms and instruments of the Housing White Paper to ensure more responsive, flexible and effective housing delivery (Tissington, 2011).

The BNG policy noted the change in the nature of housing demand as it recognized the increased average annual population growth and the drop in average household size (Department of Housing, 2004). The BNG further acknowledged increasing urbanization and the skewed growth of the residential property market (Department of Housing, 2004). During this time there was an increase in unemployment and a growing housing backlog despite extensive delivery over the previous decade (Tissington, 2011). The BNG policy also recognized that the lack of affordable and well-located land for low-cost housing had led to development on the periphery of existing urban areas, resulting in limited integration (Department of Housing, 2004).

### **3.6.1 BNG ways of reducing income poverty**

The BNG housing policy outlines the new housing vision and sets out key objectives to which the Department of Housing is committed. According to the vision, the department commits itself to accelerating the delivery of houses as a key strategy for poverty alleviation (Department of Housing, 2004). Another commitment of the department is to use the provision of housing as a major job creation strategy and to ensure that property can be accessed by all as an asset for wealth creation and empowerment (Department of Housing, 2004). These are supported by the mechanisms that the department will apply in order to achieve such objectives. The mechanisms outline how housing delivery can contribute to reduction of income poverty and achieve better life for poor and disadvantaged households.

#### **3.6.1.1 Ensuring good quality houses**

The BNG housing policy noted that the 1.6 million houses built in the previous years did not become valuable assets in the hands of the poor (Department of Housing, 2004). Thus the BNG housing policy intended to move away from the quantity delivery of houses to quality (Tissington, 2011). This was going to be achieved through ensuring better bigger houses than that of the HWP (Department of Housing, 2004). Furthermore, workmanship of housing products was also improved; better settlement design was to be implemented, alternative technology for housing delivery was explored (Department of Housing, 2004). This was to give value to the housing product built for beneficiaries so it could be considered as an asset by banks and be used by beneficiaries for collateral. According to the BNG policy, beneficiaries have an

opportunity to use a house as collateral to have access to a loan in order to start a business or extend their houses (Department of Housing, 2004). However this also depends on a good quality of the house.

According to the BNG policy, the Department of Housing was to investigate the introduction of enhancing measures and incentives to include design professionals at the planning and project design stages (Department of Housing, 2004). The Department also developed design guidelines for designers and regulators in order to ensure sustainable and environmentally efficient settlements (Department of Housing, 2004). The aim of this is to procure the development of houses that are able to support families with dignity and according to the morality of society at large (Department of Housing, 2004). This helps to ensure environmental justice and an environment conducive to healthy living. It was also to ensure attractive houses that would remove the stigma attached to people living in government subsidized houses. These guidelines would give the government-subsidized houses value that qualified as suitable assets by banks and other financial institutions.

The BNG policy recognizes that there is a need to change the stereotypical RDP houses and settlements produced in the first phase of the implementation of post-apartheid housing policy, through the promotion of alternative technology and design (Department of Housing, 2004). For the success of these mechanisms, the BNG policy recommends that the Department should undertake an audit of and develop a programme to address the poor quality of houses (Department of Housing, 2004). These houses were built before the introduction of national norms and standards and the establishment of the National Home Builders Registration Council (NHRBC) Warranty Scheme (Department of Housing, 2004). Municipalities also have to play a role in ensuring that only building plans that meet the required standards are approved and that there is compliance with township establishment conditions (Department of Housing, 2004). This assists in creating accountability of the contractors through making them to abide by the norms and standards set out by the housing policy. These norms and standards also assist to prevent corruption by the contractors. Contractors, who use

low poor quality materials for the building of houses so that they can earn more profit out of housing development, would be exposed and dealt with appropriately.

### **3.6.1.2 Ensuring well located and integrated settlements**

The BNG policy emphasizes that the housing stock should be located in areas with economic opportunities as it will be close to employment opportunities (Department of Housing, 2004). This makes commuting convenient for household beneficiaries and others could even walk to work. It would also allow members of households to make extra income by working extra paid hours because of being closer to the places of employment. The location of housing stock close to economic opportunities also helps to support home-based enterprises. Households are able to get goods at an affordable price for successful income generation activities like the spaza shops. The good location of houses does not eliminate the need to incorporate the concept of integration as it is envisaged by the policy. The policy states that informal settlements must be urgently integrated into the broader urban fabric in order to overcome the spatial, economic and social exclusion of the poor (Department of Housing, 2004).

The policy introduced a new human settlement plan that adopted a phased, in-situ upgrading approach, to informal settlements (Department of Housing, 2004). This plan supports the eradication of informal settlements in identified locations through in-situ upgrading (Department of Housing, 2004). Furthermore, the plan discourages the relocation of households to areas where development is not possible or desirable (Department of Housing, 2004). This helps to avoid relocations where beneficiaries would lose their previous neighbourhood relations and survival strategies. The policy promotes integration whereby towns and cities are built and wealth is generated and distributed (Department of Housing, 2004).

This has been witnessed by the building of shopping malls in townships for example, Bridge City Shopping Mall that is located within Inanda, Ntuzuma and KwaMashu Townships. According to the policy, the key objective is to integrate previously disadvantaged groups into the city and the benefits that it offers (Department of Housing, 2004). This ensures the development of more integrated, functional and environmentally human settlements within towns and cities (Department of Housing,

2004). This initiative helps the poor households to learn and adopt the survival strategies of the rich middle class located in the urban areas.

One of the interventions of the new human settlement plan is to incorporate special conditions in residential development permits (Department of Housing, 2004). These permits follow international examples. They facilitate income integration through obliging developers either to set aside units within residential developments for lower-income groups, or to develop lower-income residential accommodation in adjacent areas (Department of Housing, 2004). According to the BNG policy, it is proposed that twenty per cent of all residential development should constitute low cost, and affordable housing, and would be prescribed in permit conditions (Department of Housing, 2004). This can be achieved on site during house construction or in alternative locations initially, to overcome negative perceptions about property devaluation and thus benefit the poor (Department of Housing, 2004).

Various other mechanisms were recommended by the BNG policy to ensure sure that houses are built in well located areas. They include accessing well-located state-owned and para-statal land (Department of Housing, 2004). It is suggested that the release of well-located public land to municipalities should be developed in cooperation with the Department of Land Affairs and the Department of Public Works (Department of Housing, 2004). Through this mechanism, public land and land in the hands of para-statal organizations where it is suitable for housing development should be transferred to municipalities at no cost (Department of Housing, 2004).

Another mechanism is the acquisition of well-located private land for housing development. This strategy will be developed along with the Department of Agriculture in order to guide and finance the acquisition of private land for housing delivery purposes (Department of Housing, 2004). The policy suggests that all land will be acquired by municipalities in line with their Integrated Development Plans (IDPs) and Spatial Development Frameworks (SDFs) and be made available for housing development (Department of Housing, 2004). The policy requires this to be in line with the Housing Chapter of IDPs. Privately owned land will only be acquired in situations

where there is no suitable state-owned land, and preference will be given to well negotiated land purchases (Department of Housing, 2004).

### **3.6.1.3 Using a house as an asset**

As mentioned above, an important objective of the BNG housing policy was to ensure that property can be accessed by all as an asset for wealth creation and empowerment (Department of Housing, 2004). Housing becomes an asset in three forms. The first, is housing as a social asset. In this form, it provides a social safety net for family members (Gordon et al, 2011). In this way a house is used as a shelter and where household relations are constructed. Furthermore it contributes towards citizenship building in that it offers the resident household an address thus linking them with the systems of local governance (Gordon et al, 2011). In addition, neighbourhoods consolidate around housing units, which provide access to all other social benefits including networks, community support, social security and so on (Gordon et al, 2011). This provides suitable conditions under which to establish households and allow other activities to be carried out by the members of households, the success of which depends largely on good household relations.

The second way is when housing becomes a financial asset as it can be traded or against which mortgage finance can be accessed by the beneficiaries (Gordon et al, 2011). When a house is traded, the value of the transaction contributes towards a household's actual wealth (Gordon et al, 2011). This contribution can then be re-invested in better quality or more appropriate housing for the family's individual needs (Gordon et al, 2011). The success of this however, depends on the value of the house. This value can be affected by many factors, including the quality of the house and its size. The environment to which the house is located is very crucial also in giving or taking away value to a house. For an example, a house built close to social amenities and economic centers will receive much value that the house located in isolation to such services.

The third form of housing as an asset is its productive quality. In this form a house is used to generate income through various activities (Gordon et al, 2011). Such activities may include renting out a portion of the house or property or through using the house to

sell services and goods, or using a house for manufacturing (Gordon et al, 2011). These activities are known as home-based enterprises and they constitute an informal economy. Households can explore different income generation activities and as such, can be guided by neighbourhood daily needs. Also, various factors determine if a house is to be a productive asset. This includes the size of the house or its capacity to accommodate households. A sufficient size will ensure that there is space that can be sacrificed for the home-based enterprises.

#### **3.6.1.4 Creating employment opportunities**

The BNG housing policy also recommended housing delivery that will provide direct and indirect jobs within the construction sector as means of reducing poverty for local communities (Department of Housing, 2004). According to BNG, job creation opportunities would be increased through the provision of infrastructure. BNG has recommended the use of small-scale businesses for construction after big corporations lost interest in housing delivery because of the low profit margins it offered (Department of Housing, 2004). The use of local businesses gives an opportunity to local people to get employment. It is suggested that labour-intensive construction methods should be incorporated into the provision of housing and that technologically intensive methods should be reduced (Department of Housing, 2004). The policy states that provincial housing departments and some accredited municipalities will be required to apply the guidelines for the implementation of labour-intensive infrastructure projects under the Extended Public Works Programmes (EPWP) (Department of Housing, 2004). The management and maintenance of a housing stock has also been identified by the policy as one of the activities that would give jobs to neighborhood (Department of Housing, 2004).

### **3.7 Conclusion**

The literature for both local and international case studies has shown that the use of a house for income generation is a practical exercise. The home-based enterprises are a most common economic activity adopted by low income households in many third world countries as a survival strategy. However income generated from these activities cannot address all household needs but still has major effect on poverty reduction. The shortage of space is one of the major challenges to households in running the income

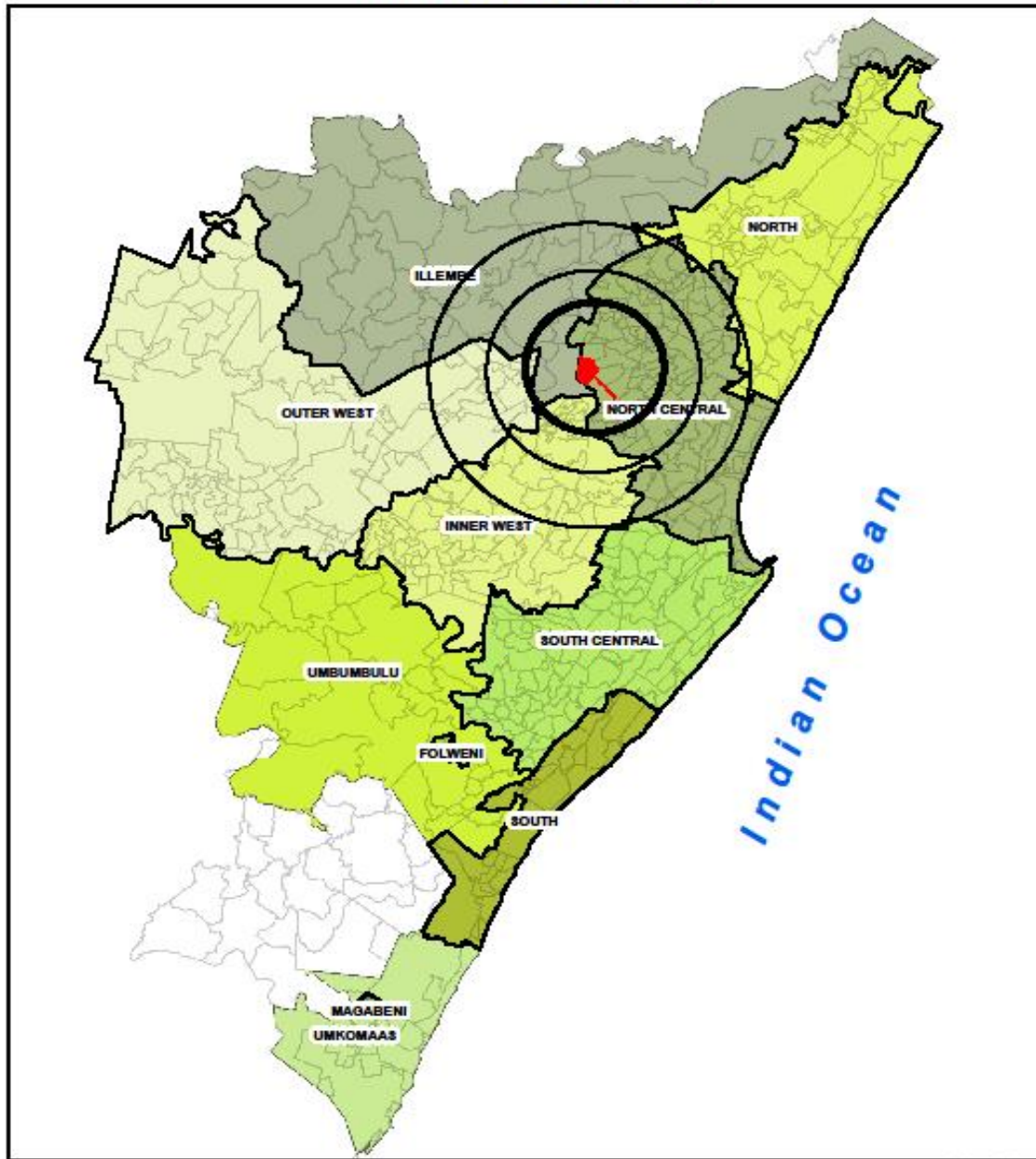
generation activities from home. The local experiences on the use of a house for income generation reflect the effectiveness of the South African housing policy discussed above. The international case studies help to set a lesson for local experiences on the use of a house for income generation especially on housing projects that are still to be developed. Therefore the whole literature has helped the study mostly in shaping the recommendations in identifying gaps in the South African housing policy as it tries to reduce income poverty.

## **4. Chapter Four: The Study Area**

### **4.1 Introduction**

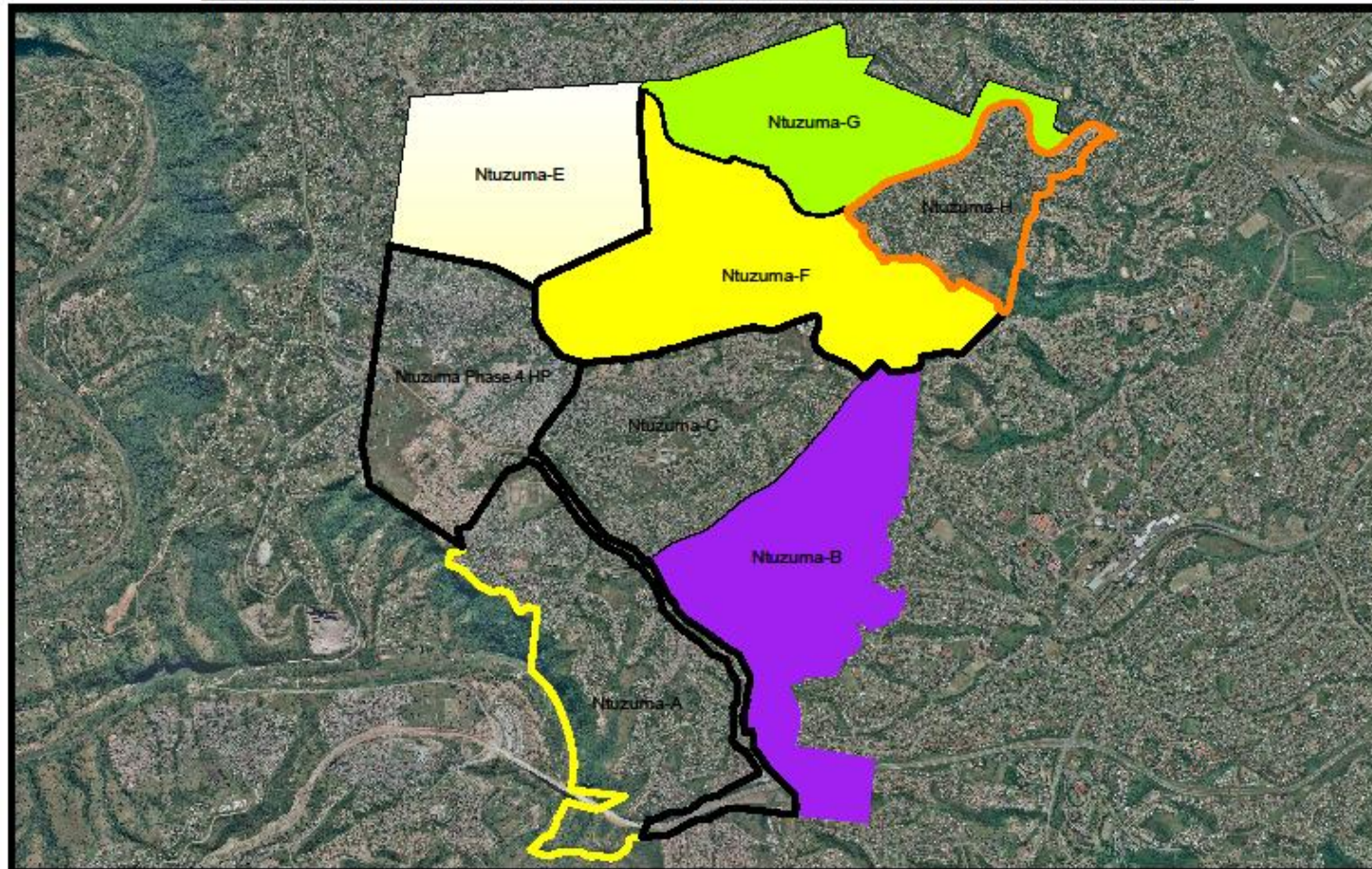
This chapter will give a comprehensive description of Ntuzuma D Phase 4 Housing Project. It will present the history and location of the area. This will also include the establishment of the township. The process of housing development and social, economic and political issues will also form part of this chapter. The chapter will also include the efforts that were made by government during housing development to ensure that houses will play a major role in reducing income poverty. Maps will be used to depict the study area and will include its location, services and infrastructural development. Map 1 depicts the location of the study area within the EThekweni Municipality. Map 2 illustrates the location of the study area within the Ntuzuma Township. Map 3 shows a layout and subdivision of the housing development, and Map 4 depicts the services that are present and close to the area.

**Map 1: Location of Ntuzuma D Phase 4 Housing Project  
EThekweni Municipality**



Source: (EThekweni Municipality, 2013)

**Map 2: Showing the Study Area Project in Ntuzuma Local Area Township**



Source: (EThekwini Municipality, 2013)

## **4.2 Location and History of the Study Area**

As shown in Map 1 and 2 Ntuzuma Township is found within the EThekweni Municipality and is located twelve kilometers from the Durban Central Business District (CBD). The Ntuzuma Township is between KwaMashu and Inanda Townships in the north of Durban. The three townships are referred to collectively as INK (Inanda, Ntuzuma, KwaMashu) for the purposes of integrated development. Between Ntuzuma and KwaMashu the largest informal settlement within INK developed. This informal settlement became known as Lindelani and was dominated politically by the Inkatha Freedom Party (IFP). More political violence was associated with this area during the period when IFP was dominating the area. Ntuzuma D Phase Housing Project is located in the western portion of Ntuzuma Township as shown in Map 2.

## **4.3 Establishment**

The property identified for housing development, as selected in Map 2 comprised of two portions of land, one being Farm Ntuzuma 17504 which belongs to the local authority, and the other, a Portion of Inanda Mission Reserve 4579 which is registered in the name of Ingonyama Trust. The land owned by the Ingonyama Trust was made available for development by a land availability agreement which allowed the municipality to use this portion. The Regional Land Claims Commissioner indicated that no land claims were lodged against the properties identified. The township was established in terms of the Less Formal Township Establishment Act 113 of 1991 and beneficiaries received title deeds for the land allocated to them. All processes, including all necessary land audits were undertaken. A town planning layout was prepared and the area was formalized as a township.

## **4.4 Facilities and services prior to upgrading**

The Lindelani informal settlement was poorly developed and had no proper infrastructure and services. The area had no roads to allow mobility for the informal settlement dwellers. Residents made roads themselves but these were not proper roads as they lacked proper design and were gravel. During heavy rainfall, the muddy roads were not easily passable by cars. There was reticulated water. Many residents relied on self-help and illegally connected to the municipal water main as it was expensive to pay for water connected by the municipality. Many households had no electricity and used

candles for lighting and paraffin stoves for cooking. This was not safe, since in shacks and could easily cause fires. Residents could not afford installation of electricity and some made illegal connections to power lines. There was no community hall close to the settlement for social gatherings of the local residents. The area was characterized with high levels of unemployment and poverty.

No health clinic or health services were provided to people of this settlement. People had to travel a long distance to get to a clinic and so only those who could afford transport could access such facilities. However there were primary and high schools in this area that were in good condition and could serve the educational needs of children. The area was overcrowded with people living in shacks. This resulted in high crime rates and unhealthy living conditions. Political violence was also a result of this overcrowding. When the area was selected for informal settlement upgrade/slum clearance tensions increased as some of IFP supporters refused to accept development that was promoted by the ANC led government.

#### **4.5 Housing Development Process**

The Lindelani informal settlement upgrade was divided into four phases for a progressive housing development that would include infrastructure and housing units. The study area was called “Ntuzuma D Phase 4” and falls within ward 43 of the EThekweni Municipality. Development took place in the form of informal settlement in-situ upgrade targeted at providing formal housing for informal settlement dwellers living in crowded and unhygienic conditions. The aim of the project was to eradicate the existing slum and in line with the slum clearance goals set by the EThekweni Municipality. This project was prioritized in the EThekweni Municipality’s integrated development plan since it falls within the INK area which is a priority development area identified by the municipality. The physical work on the ground for installation of services commenced in March 2007 and house construction followed in May 2007.

Housing delivery in the project was undertaken utilizing the project linked subsidy instrument. Due to extreme levels of unemployment and lack of skills amongst the people who stayed in informal settlements, a housing delivery process that promotes free labour and sweat equity was not a solution for needy beneficiaries. The municipality

needed a model that would benefit the poor during the construction process. This required a housing development process that would be a solution to and ensure job creation and payment of local labour. Housing development in this area also needed to ensure skills training and the elimination of third party profiteering through the use of local labour and contractors only. It also had to ensure that beneficiaries of the project were provided with accurate information in order to make informed decisions. In this way, housing construction in the area made a crucial impact, creating job opportunities and skills development for local people and work for local contractors.

The local community, in conjunction with the municipality, took control of labour recruitment. Wage rates, labour management and the identifying of suitable candidates to be trained were dealt with in the same process. Labour selection was classified according to skilled, semi-skilled, unskilled and casual labour. The houses built were mainly the 43 square meters in size and were low-cost housing in type. On-site training was provided through the extended public works programme through the support of the Department of Labour using two accredited service providers for the contractors and supervisors. A total of 583 sites were identified for house construction but only 556 were built. Certain identified beneficiaries refused houses for political reasons. They allegedly refused houses delivered by the ANC government.

Those who refused houses were left with their already allocated sites without houses. The municipality decided against court action as it felt that expensive litigation would have eroded budget for housing development. This meant that if in future these beneficiaries wished to have services like water connected to their houses, they would have to pay for such services. Other sites could not be developed as they contained proper housing structures that could not be removed or destroyed.

EThekweni Municipality appointed a building inspectorate in order to ensure that proper building practices were applied in the housing development so that they created a healthy and safe environment. The Provincial Department of Housing, through its consumer education programme, provided facilitators who convened meetings of beneficiaries before the development commenced. These facilitators also met beneficiaries during the course of the development so beneficiaries would be aware of

all processes and have input into their own housing development. An important feature of this consumer education initiative was the encouragement of a culture of ownership. This was aimed at creating responsibility among beneficiaries so they could learn how to maintain their houses and use them for income generation activities. The facilitators performed plays and sketches to educate beneficiaries on how they could use their houses to generate some income.

#### **4.6 Social, economic and political issues**

The study area consists of black African population group with women as a majority and youth dominating the age group. The housing type found in the area is formal government low-cost houses. When it was still an informal settlement the area was faced with extreme level of income poverty. Currently the settlement is gradually shifting away from high poverty level due to formal housing provided which introduced new economic opportunities. Unemployment is still a challenge facing the residents. This is due to low levels of education amongst residents with high school dropout rates amongst the youth. There are few residents with tertiary qualifications but a growing number of youth with matric qualifications compared to the past years. The main source of employment is the Bridge City Shopping Mall located in within 5 kilometers from the study area. The alternative source of income for the unemployed residents are social grants i.e. old age pension, child support and disability grant. Most of other households depend on the home-based enterprises as their main source of income.

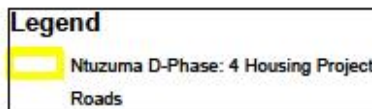
The spread of HIV/AIDS is one of the main health issues facing the area with much deaths and infections traced mostly amongst the youth. TB is the second major disease facing residents. However the presence of health facilities like stationary and mobile clinics helps in reducing deaths and infections from these diseases. The effect of these diseases has however decreased since the occupation of formal government houses. As noted above, the area was previously dominated by IFP and associated high political violence. Currently the settlement is led by the ANC and there are no reported political violent activities. The use of drugs like dagga, wunga, alcohol and other illegal drug substances is still a major problem in this area. This is a main factor that contributes to

high crime level. The presence of the police station however helps in reducing crime levels.

#### **4.7 General outlook after upgrading**

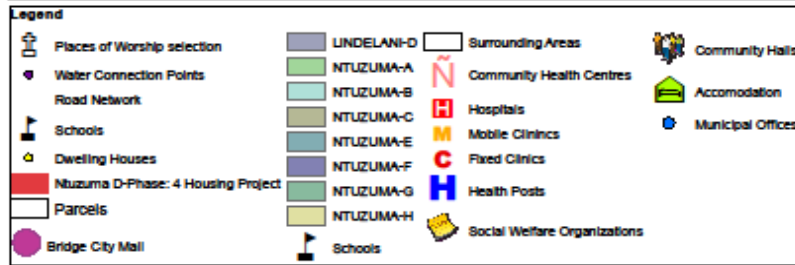
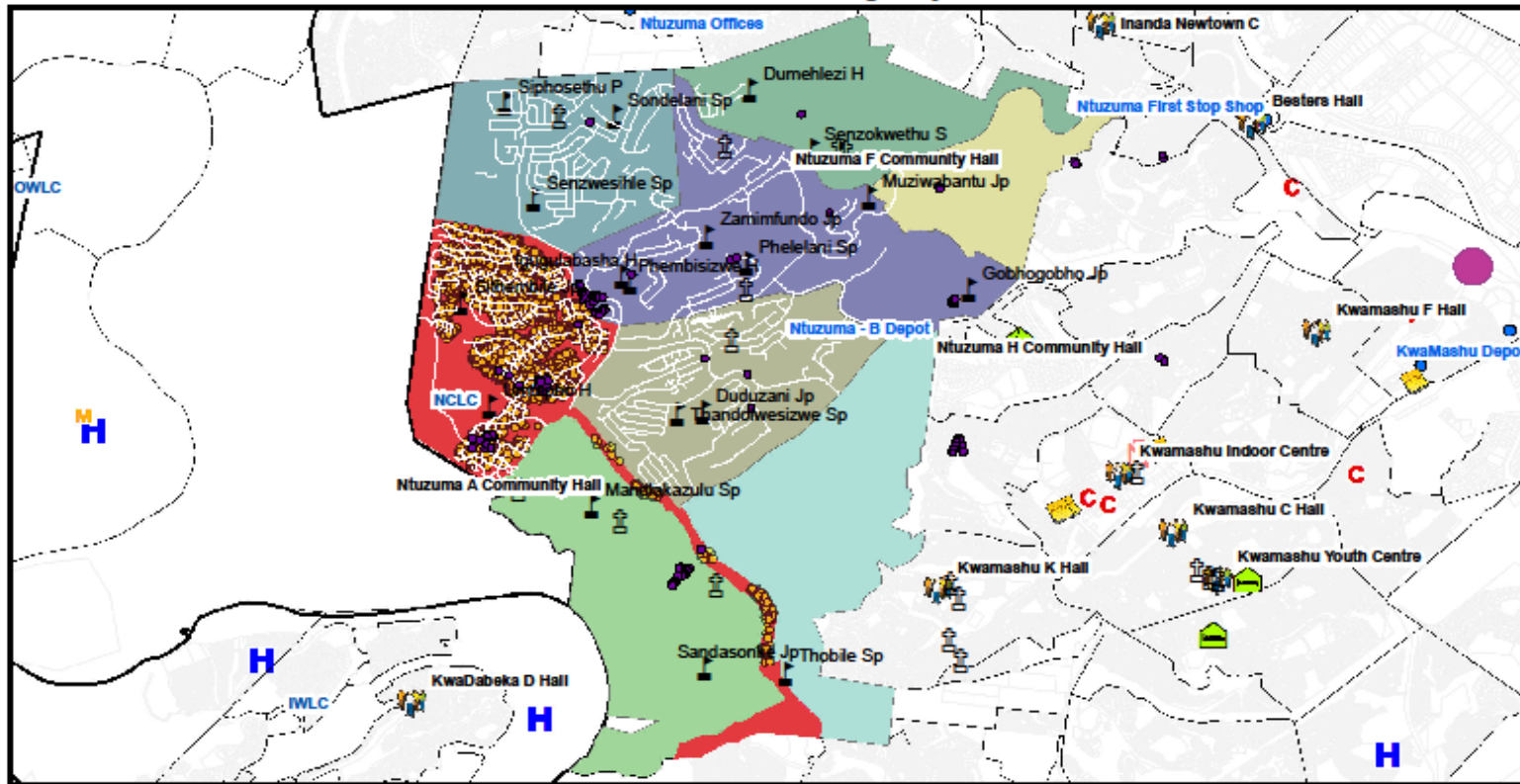
The infrastructure installed during development of the project included waterborne sewage, individual water connections, electricity and black-top roads. Later a community hall to be used by the local residents was constructed. Lindelani Health Clinic was also built to provide healthcare to the residents of this area. The project was approximately 189 hectares in extent including houses and infrastructure. Map 3 depicts the general layout and outlook of the area after upgrading. Illustrated are orderly rows of houses with road infrastructure. Some of the amenities illustrated on map, for example schools were already in existence prior to upgrading. Map 4 illustrates in detail the services, amenities and infrastructure that are present after upgrading and on which beneficiaries rely on. The area is well developed with necessary services being provided to support the livelihoods of beneficiaries.

**Map 3: Showing a Layout Plan and Subdivision of the Ntuzuma D Phase 4 Housing Project**



Source: (EThekweni Municipality, 2013)

**Locality Map 4: Showing the State of Service Delivery  
Ntuzuma D-Phase 4 Housing Project**



0 0.5 1 2 Kilometers



Source: (EThekweni Municipality, 2013)

#### **4.8 Conclusion**

This chapter has given a descriptive presentation of Ntuzuma D Phase 4 Housing Project as a study area. Upgrades that have occurred in the area has changed it from being an informal to a more formal settlement. The different kinds of upgrades include houses, roads and other public amenities. The area has moved away from a number of social ills including poverty, crime, violence etc. All these developments have impacted even the economic status of the area as many micro-economic opportunities have been introduced especially the use of a house for income generation.

## **5. Chapter Five: Research Findings**

### **5.1 Introduction**

This chapter presents the research findings that emerged from the data that was collected, using a qualitative method. This data was collected through interviews with the EThekweni Municipality Housing Unit and KwaZulu-Natal Department of Human Settlements. The chapter also presents findings from the household surveys conducted with the beneficiaries of Ntuzuma D Phase 4. Such surveys contain the essence of this study as it is a reflection of the beneficiary perspectives on housing delivery and income poverty reduction. The presentation of the research findings are divided into six themes. These are: the use of a house for income generation; sustaining income generation activities through the house; housing location; developments on beneficiaries' standards of living; challenges faced by beneficiaries; and government's efforts in supporting income generation activities. Information boxes, a table and images are used to present data. The research findings are then related to the theoretical framework of this study and the BNG policy objectives on income poverty reduction.

### **5.2 The use of a house for income generation**

The provision of houses to informal settlement dwellers of the then Lindelani slums and now Ntuzuma D Phase 4 has made different income generation activities available to the beneficiaries as shown in table 1. The beneficiaries have engaged in a number of activities that bring them a primary income, and others sought to increase the existing income using the houses. Respondents agreed that their houses do have the ability to be used as an economic and productive asset for income generation. All respondents, even those who do not conduct any income generation activities, mentioned that the houses helped them to save much money. This is because the house is stable and properly built. They experienced harsh conditions in the informal settlements especially during natural disasters that required repeated repairs to their houses.

The houses they occupy now have affordable and safely connected prepaid electricity and affordable running water. These services assist many of them to operate their income generation activities from home. Having a stable and a well serviced home

allows beneficiaries to divert their incomes to other household needs instead of house maintenance. Figures 1 and 2 illustrate the standard structure of houses that were allocated to beneficiaries. As shown in these figures, houses allocated to beneficiaries are well constructed and require no modification. It is due to the provision of this stable and dignified kind of housing structure that beneficiaries are able to save more income and provide for other household needs.

**Figure 1: Standard house**



**Figure 2: Row of houses**



Source: from Field Survey (2013)

It appears that the ownership of a house has had a positive impact on the income of households conducting income generation activities and those which are not. Approximately 70% of respondents not running income generation activities are receiving social grants, which include child support grants, old age pensions and disability grants. They felt that such income is not enough to satisfy all household needs but can provide them with a reasonable basic living. This is because they have stable homes that do not require much maintenance. About 98% of all respondents have expressed satisfaction with quality of these houses. Beneficiaries have argued that this has even helped them to get employment as the houses give them dignity. As depicted in figures 1 and 2, these houses are of a good quality and a dignified structure.

### **Information box 1. A dignified and secured structure of house**

One beneficiary has said that now he has sufficient time to go look for employment knowing that he left behind the house safe even if there is no one at home. Now that he has a valid address, potential employers are able to trust him when he seeks employment. The house he stays in now gives him dignity and has removed the stigma attached to people living in slums who are suspected to be criminals and do not have a permanent address. The beneficiary is now doing part-time jobs that provide enough income to support his family. Another respondent who is a pensioner felt that he is now safe in his new house. He said he can keep his pension income in a safer place as he is able to lock the house.

When he stayed in a shack, he often lost his pension income as criminals could break into his shack and take his entire pension. Intruders could come in and force him to give them his money. Another respondent who works in a manufacturing company not too far from his home explained that when he stayed in an informal settlement he had to come home early from work every day. This is because the place was not safe and he feared for his wife and children because of the high level of crime in the area. Since he has occupied his house, he is able to work as many extra hours as he chooses. He is able to increase his income knowing that his wife and children are safe at home

**Table 1: Types of income generation activities**

<b>Name of Activity</b>	<b>Percentage of households running the activity</b>
Spaza shops	55
Fruit & Veg	4
Sewing	3
Saloon/Barber	7
Repairs	6
Bricklaying/house maintenance	3
Cooked food	10
Room rental	6

Car wash	2
Other	4

Households running income generation activities felt their businesses have been responding well and have increased income generation. These activities are in the form of home base enterprises. Approximately 60% of households running home-based enterprises do not have an alternative income and they survive on these activities only. Those who have alternative incomes receive social grants, while others have part-time and permanent jobs. The most common income generation activities in the area are spaza shops as shown in Table 1. These spaza shops are supported by the neighbourhood daily needs. They are popular as they provide things that are affordable by low income households and sold in small quantities. Spaza shops sell a variety of small goods most needed by the neighbourhood like small food products, cosmetics, stationary, and so on. The other factor is that there are no much major stores in the area which makes them the alternative for small quantity products. Beneficiaries extend rooms and sacrifice some portion of their house to accommodate a spaza shop. Some are able to afford a container which is placed in the yard and used as a tuck shop.

**Figure 3: An extended house**



**Figure 4: Room converted to a tuck shop**



Source: from Field Survey (2013)

**Information box 2: Use of a house for a spaza shop**

Figure 3 illustrates a house of a woman-headed household. She saved enough money to extend her house by adding three rooms and sacrificed one for a spaza shop as shown in figure 4. The shop is only her source of income that she uses to support her family including sending children to school. She has employed a domestic worker to help with other household activities including running the tuck shop when she has to buy merchandise or when attending other activities away from home. In this way, a spaza shop established in this house has not only helped the woman to generate income, but has also assisted her neighbour earn an income through being a domestic worker.

Another activity that is run by beneficiaries is room rentals. Some sacrifice a room from the standard house provided by government while others choose to extend their houses so they can have a room or two to rent. Room renting in this area is attractive because it is supported by public amenities and services including schools and a clinic. Workers from the area, who are not local residents, need accommodation close to work. Repairs and bricklaying/house maintenance is one of activities that include both skilled and unskilled work. Shoe repairs do not require skills while repair of electric appliances require some skills. The extension of houses provides business to local semi-skilled brick layers. Some people working on bricklaying, plastering and other house maintenance activities are beneficiaries who were employed during housing development phase in the area and gained sufficient skills to perform house maintenance for a pay. They derive an income by working for people in the neighbourhood who want to extend their houses or do other house maintenance. Figure 5 illustrates a beneficiary working on house extension for his neighbour. Figure 6 illustrate local residents hired to install built-in furniture for their neighbour. Skills given to such beneficiaries have helped them to become self-employed.

**Figure 5: House Extension**



**Figure 6: House maintenance services**



Source: from field survey (2013)

Figures 5 and 6 illustrate some formal skilled activities that are run by beneficiaries. While some got bricklaying skills by participating on housing development in this area, others acquired these skills by attending to a local Elangeni FET College. Some studied electrical engineering and now use this skill to fix electrical appliances for other households. Some, in particular women, run catering enterprises. Fast foods shops is another activity run by beneficiaries selling cooked food. Other mostly male beneficiaries do carpentry. These beneficiaries use their houses to conduct these activities. They extend rooms so they have enough space to store their equipment. Where there are a small number of people in the household, they do not need to extend the house as are able to use a bedroom, kitchen or sitting room to store some of their machinery.

Beneficiaries run a range of other income generation activities as indicated in figures 7, 8, 9 and 10. Small hair saloons are another form of income generation activities run mostly by young women. Some use containers to run their business while others who cannot afford a container, sacrifice a sitting room or a veranda to run this kind of activity. Other male households run barbershops where they put a gazebo in the yard where they run their businesses successfully. The presence of saloons becomes the third most active activity because the area is highly dominated by women who either own those

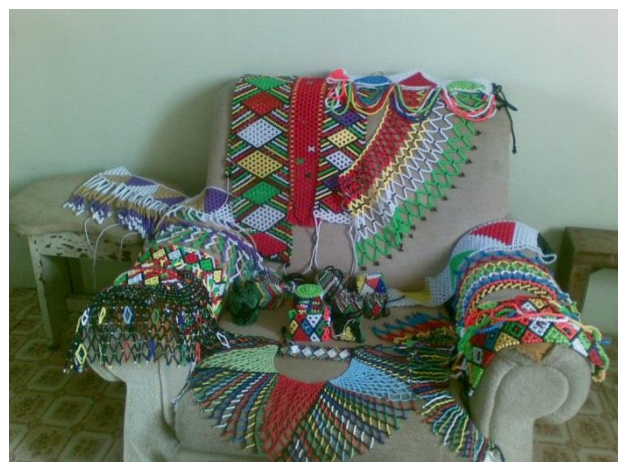
businesses or are clients to them. The sale of fruit and vegetables in another popular income generation activity run by beneficiaries.

Figure 10 illustrates an advertisement for a car wash that will open in this area. However the space within the site allocated to each household is not enough to accommodate this kind of a business. The owner of the car wash business managed to get a space near a road intersection to open this business. The area has a very low number of people owning cars which is why car wash activity is a lowest active business. Some households choose to use a single space for a combination of income-generation activities. A household renting out one or two of rooms is also able to do beadwork using the sitting room. Another example is a single container which is used for a spaza shop selling cooked and uncooked food and at the same time running a saloon, as depicted in figure 7. A table at which fruit and vegetables are sold also sells other items like cigarettes and airtime, as depicted in figure 9.

**Figure 7: Mixture of activities**



**Figure 8: Bead work**



Source: from field survey (2013)

**Figure 9: Small fruit & veg market**



**Figure 10: Car wash**



Source: from field survey (2013)

### **5.3 Sustaining income generation activities through the house**

Approximately 80% of all respondents who are running income generation activities felt that the good structure of a house is an attraction and has a “pull-factor” on their customers. They responded that these houses look good and this adds value to their activities while maintaining a hygienic living environment. Some felt that because the houses are not built in isolation but close to each other and in between roads, this helps them greatly to draw customers. Others commented that the services installed in the house, like prepaid electricity and affordable running water, helped to sustain their businesses.

#### **Information box 3: Role of a house in sustaining home-based enterprises**

A beneficiary who is renting out a room responded that her business gives her a good profit since she does not incur the additional house maintenance that she has been while she was staying in a shack. She uses the money she receives from her tenants to buy electricity only and this is affordable. She also works as a domestic worker and sometimes uses the money she earns from this to buy prepaid electricity. Another beneficiary mentioned that her house is well built and there are no extra expenses to pay for maintaining the house. There are no natural disasters that force them to spend money fixing the house and this gives her a reasonable profit from her business. A

respondent who fixes electrical appliances felt that the security that his house guarantees has helped him to sustain his business. He stores his work equipment in a safer place.

Another respondent who does house maintenance commented that his house has given him a permanent and trusted address and his clients know where to find him if they need his services. He services not only residents from his section but also other Ntuzuma Township sections. A beneficiary who fixes shoes in his home said that customers are responding very well because of guaranteed security. He tried to run this kind of activity when he was staying in the informal settlement but people from other sections of the townships feared to come there for the service. This was because the environment he was staying in was associated with a high crime rate even during the day and people feared to go there.

#### **5.4 Housing location**

As has been mentioned above, Ntuzuma D Phase 4 is an informal settlement in-situ upgrade. This has helped beneficiaries as they were not relocated to a new settlement where they will have to adapt to new survival strategies and be divorced from those to which they were accustomed. The beneficiaries felt that their houses are well located, especially since development of Bridge City Shopping Mall. This shopping mall is located in-between the three townships of Inanda, Ntuzuma and KwaMashu. Beneficiaries felt that access to the mall is very cost-effective as the taxi fare to reach the mall is only R7.00. They also mentioned that the shopping mall has given jobs to a number of beneficiaries staying in this area. Bester local business centre is another economic Centre that services residents from this area. Beneficiaries who are running income generation activities, especially those who run spaza shops and sell vegetables buy most of their stock from here.

Beneficiaries also felt that accessing Durban Central Business District (CBD) is efficient from their location. It cost people only R13 for a bus/taxi fare to the Durban City Centre. They also expressed satisfaction with access to public transport as it is efficient. Their

location gives them transport choices between buses and mini-bus taxis which they felt are in good conditions and are safe. This makes it efficient for them to travel to and from work and also to go and seek employment from the nearest economic hubs. Households running income generation activities were asked if they thought relocating to a new place would enable them to earn more than they do from their businesses. The response was that they did not consider moving as they are satisfied with their current location and the houses they were given. They were concerned that moving into a new area might come with unforeseen difficult circumstances that might interfere with their income generation activities.

It is the close proximity to services like primary, high schools, FET College and a Clinic that makes beneficiaries satisfied with their location. The housing project is located within a walkable distance to schools and a clinic. The municipality, through the office of the ward councilor established a road maintenance program. Through this program, some households got jobs of cleaning the roads that were constructed as part of the housing development. This has also increased the satisfaction of many housing beneficiaries with their location. The delivery of formal dignified houses to poor households has turned the area into a well-organized neighborhood. Through this, they are able to provide social security for each other because of good neighborhood relations. Social security helps to sustain income generation activities for households and reduce crime in the area. This factor has also increased the satisfaction of beneficiaries about location of their houses.

Less than 5% of households are not satisfied about their location. This is a low percentage. Most of these were the unemployed households and who do not have any income generation activities. Some of these households wish to relocate as they see the opportunity to sell their houses which will give them some capital to establish income generation activities. This however comes from the frustration they have of being unemployed and not owning any income generation activities. If such households were able to secure employment or get enough resources to establish income generation activities, it is likely that they would be satisfied with their location.

## **5.5 Developments on Beneficiaries' Standards of Living**

All beneficiaries felt that their living standards have greatly improved since they started occupying these houses. They are able to compare harsh conditions they were living under in the slums with the current conditions in their new houses. This sentiment was expressed by beneficiaries running income generation activities and those without any income generation activities. Those without such activities felt that even if they do not earn much income, their houses have allowed them to save much cash. This is because the house has affordable services like prepaid electricity and running water and their expenses for such services are reduced. It is also because the houses are stable and do not require much maintenance compared to when they were staying in the informal settlements as mentioned above. This allows even households depending on social grants to afford a stable living in these houses.

House stability appears to have changed lives of all beneficiaries. Also, those who own businesses feel that their lives have developed considerably as they were unable to run and sustain such businesses when they were in the slums. They feel their income generation activities have also responded very well. As there are households who rely only on the income from their home-based enterprises which they started after occupying these houses, this is an indication that living standards have improved. This study also revealed that households were living in the informal settlement without any income and that severe poverty conditions existed in Lindelani informal settlement. The satisfaction of beneficiaries about their location, which is close to economic opportunities and other social services, is also an indication that living standards for households have improved. Their unwillingness to relocate to a new place also indicates that their lives have changed for the better.

## **5.6 Challenges faced by beneficiaries**

As much as housing delivery has uplifted the lives of beneficiaries in Ntuzuma, there are various challenges that they still face. Beneficiaries without income generation activities have been hindered by a number of challenges in starting home-base enterprises and other activities. The most common challenge that beneficiaries mentioned is a lack of start-up capital. Even if a business is run from home it requires start-up capital. The small income that they receive from social grants is spent on the household daily needs

rather than being used to establish home-based enterprises. These social grants are received once a month. The likelihood is that by the time they get these grants, household's needs like groceries have risen. It is therefore not possible that under these circumstances households would be able to invest in the establishment of home-based enterprises.

The lack of adequate space is also another common challenge that beneficiaries felt hinders them in starting income generation activities. Family structures and sizes are different and for some families the house itself is not enough to accommodate all the members of the household. Under such conditions they felt it is not possible to sacrifice a portion of a house for income generation activities. Even if such families can extend the house, the extended space will be needed to accommodate the whole household. As shown in figure 11 below, some households built back-yard shacks which indicate the insufficiency of space in the standard house provided by government for some families.

**Figure 11: Backyard shacks**



Source: from Field Survey (2013)

Beneficiaries without any income generation activities mentioned that they still desire to start some kind of business using their houses. They pointed out that with the above challenges, it is difficult to start any income generation activities from home and they would appreciate government assistance in this regard. Beneficiaries who wish to start businesses most favoured spaza shops, selling chicken, opening saloons and rental rooms. Some are even willing to establish cooperatives. They felt that these kinds of activities are in demand in the area and are easy to sustain.

Beneficiaries using their homes to run income generation activities have also faced challenges in starting their activities and some still find challenges in running and sustaining such businesses. When asked what challenges they faced in starting their income generation activities, about 80% of them identified a lack of start-up capital. Some had to sacrifice from the little income they got mostly from social grants, to start such activities. Inadequate space is also another factor they raised as a challenge. These beneficiaries had to sacrifice the little cash they have and the space they live in so that they can accommodate the activities they are currently running. EThekweni Municipality also agreed that the issue of land availability is still a challenge, especially for semi-urban housing projects. The municipality has not been able so far, to source enough land for housing development and it is for this reason that beneficiaries get such a small site. Beneficiaries also pointed out that they still face a few challenges in running and sustaining their activities. Social security and good household relations assist them to overcome such challenges.

Another challenge they face is crime. Although the crime rate has decreased compared to when they were staying in slums, there are still some crime elements that threaten their home-based enterprises. About five beneficiaries said that thugs have come a number of times at night to their houses to demand cash and some broke in and took cash. Beneficiaries pointed out that the consumption of drugs especially wunga, is the main cause of crime in this area. They mentioned that it is mostly young people who are involved in these criminal activities. However, none of the beneficiaries were ever forced to close their activities because of crime in the area. This indicates that the crime rate in this area has not reached intolerable levels.

Beneficiaries running income generation activities were asked challenges that hindered those not running any activities. About 50% responded that there has been not much education on how people can use their houses to run such activities. However some argued that people are lazy, are too dependent on the government for everything and don't want to do anything for themselves. Enough space and start-up capital were the challenges that these beneficiaries raised as hindering other households to establish home-based enterprises

About 40% of beneficiaries responded that servicing people of their neighbourhood is a challenge because sometimes customers take advantage of the fact that they know them and take items on credit and do not pay for them. Approximately 45% of beneficiaries, especially with female-headed households, responded that sometimes they do not have enough family labour to assist in running their home-based enterprises mostly on weekdays when children are at school. They find themselves having to close their activities when they have to go and buy stock. This applies to beneficiaries who are running spaza shops, fruit and vegetables small markets.

When asked if these were the activities they intended to undertake from the outset they replied in the affirmative. About 80% of respondents expressed the view that they are not willing to start any new activities but would like to extend from the ones they are currently running. Those who lease out rooms expressed a willingness to be emerging black landlords and own bigger accommodation units for rentals. Beneficiaries doing hairstyles and other owning a barbershop wished they could own a bigger saloon. This is because they felt their businesses have been doing well.

No beneficiaries canvassed had used their houses for collateral to access loans. About 95% of these beneficiaries argued that they do not have any information about how to access such loans. They argued that even they had the information; they would not be willing to use their houses as security for a loan. This is because they fear that they might lose their house should they fail to pay back the loan. The other 5% of the respondents did not see a need at all to use their houses in accessing loans. This information proved that the use of a house as collateral has not been communicated well to beneficiaries. However EThekweni Housing Department felt that there is a need

for development of education on financial management. The department pointed out that beneficiaries might be unable to manage the large funds they would get from a loan. This means even if they had access to a loan, but they would be unable to use the money wisely and thus they need education on such matters. The department also identified a lack of education in running home-base enterprises as they believe that people are not keen to run businesses because they are not well enough informed on the subject.

The EThekweni Municipality Housing Unit also pointed out that some beneficiaries wish to run more formalized businesses but could not afford the high cost of establishment. According to the department, some beneficiaries want to run taverns as they feel this kind of business generates high income. However, operating a tavern requires a license to sell liquor. Furthermore, the environment where the tavern is located should have proper security and conducive to such a business. The challenge is that beneficiaries cannot afford such licenses as they are expensive and the space they have is insufficient for that kind of business.

**Figure 12: A container converted to a tuck shop from being a tavern**



Source: from Field Survey (2013)

**Information box 4: Challenges in running formal businesses**

Figure 12 illustrates a container that was bought by a beneficiary and placed in her front yard. She used this container to run a shebeen. However her shebeen was not successful as she got arrested after police raided and discovered she was selling liquor without a valid license. After she was bailed out of prison, she decided to close her shebeen. There was no alternative home-based enterprise she could run from her container and decided to lease it out to a neighbour who used it to run a spaza shop. Although her desired business was not successful, she still earns monthly income from the rent paid by the person who is using the container. However would still like to open a formal tavern but does not have enough money to pay for a license or a proper place to run a tavern.

The KwaZulu-Natal Department of Human Settlements, Project Management Unit pointed out that some of the beneficiaries are too dependent on the government for provision of services as well as income and this creates laziness. The department believes that beneficiaries lack a sense of ownership and responsibility in terms of establishing home-based enterprises. Furthermore they believe the laziness and dependency of beneficiaries is mostly created by political parties. When political parties deliver manifestos for elections they do not emphasize that people should be self-motivated and promise to do everything for them once elected. As a result, after they have voted, people sit down and wait for the government to give them employment and everything else they need. They ignore the opportunities their houses provide to generate income. The department gave examples that some of beneficiaries with broken windows, refusing to fix it themselves and expecting the municipality to do this for them.

The other challenge mentioned by the department is the illegal selling of government houses. Some beneficiaries take up houses while they are not in need and end up selling the house to the poor who are really in need. Others rent these houses out. The department has identified this challenge and is intensifying consumer education through their facilitators with the purpose of creating responsibility and a sense of ownership in

beneficiaries. Because of this abuse of the system, houses end up being occupied by the people who are not registered in their names. It is therefore impossible for such occupants to use such houses for collateral as they are not registered in their names. On the other hand, those who are renting such houses cannot use them to run home-based enterprises because of insecurity and sometimes, conditions imposed by the registered owners. These houses can only be sold after eight years of ownership but many beneficiaries sell them out before that period illegally. This problem then delays the BNG policy objective of reducing income poverty through the use of a house.

### **5.7 Government's efforts towards successful income generation activities**

EThekweni Municipality's Department of Housing states that they do not have sufficient time to educate beneficiaries on how they can use their house as an economic asset. This is due to insufficient resources and lack of structures to perform that task within the department. The Business Support Unit of the municipality can assist with the task as they see a need for this. KZN Human Settlements through its consumer education programme makes it possible to educate beneficiaries on the use of a house as an economic asset for income poverty reduction. KZN Human Settlements also identified some shortcomings in the way in which EThekweni Municipality ensure that through housing delivery, income poverty can be reduced. The shortcoming is that the municipality pursues the political agendas in making sure that they reach the targets of houses to be delivered. In doing this this, all necessary measures to ensure that houses contribute to income poverty are not implemented.

Nevertheless, the KZN Department of Human Settlements does provide support to the municipality to make sure that income poverty is reduced through housing delivery. KwaZulu-Natal Department of Human Settlements together with EThekweni Municipality Department of Housing signed an agreement for a development programme. According to this agreement, the Department of Housing in EThekweni Municipality has to report to KZN Human Settlements on the housing projects they are implementing. This is done to ensure transparency and effective housing delivery. Both these structures meet monthly to discuss developments that are in place. KZN Human Settlements also disclosed that the municipality is facing a housing backlog. The housing demand is beyond the

capacity of the municipality with land availability still a major challenge. However cooperation between the two structures helps alleviate such challenges.

### **5.8 Research findings related to literature**

The findings of the study based on beneficiaries' perspectives have revealed that in Ntuzuma D Phase 4, income poverty has been reduced by the provision of houses to poor beneficiaries who were previously living in informal settlements. This has proved Lewis's argument in his culture of poverty theory null. According to this theory, the culture of poverty is remarkably stable and persistent, passed down from generation to generation along family lines, Lewis (1963) cited in (Coward et al, 1973). Furthermore, Lewis argued that people's traits are resistant to change even if structural conditions that gave rise to poverty were to change (Lewis, 1963). Beneficiaries of Ntuzuma D Phase 4 Housing Project have been living under poverty conditions for many years. Lack of adequate housing is a condition that was a product of and contributed to their poverty. The intervention by the government was to give adequate housing to these people. The beneficiaries' perspectives have shown that with provision of adequate housing, people responded positively by participating in initiatives that will reduce their income poverty. They have done this by establishing income generation activities run from home using their houses provided by the government.

Beneficiaries who have not established these activities felt that such houses are helping them to save more money as they are stable. In this way their living standards have improved. Some felt their current location and the enabling environment they now live in, have helped them to get employment and other means to afford a living. Through these initiatives, beneficiaries have moved out of the cycle of poverty and have not inherited poverty from their previous location or generation. The current generation of beneficiaries has a variety of opportunities available to reduce income poverty and the research findings prove this to have occurred in practice. These beneficiaries have not been resistant to change as Lewis has argued in his theory.

In his argument for the theory, Lewis also states that by the time slum children are six or seven years old, they usually have absorbed the basic values and attitudes of their subculture and are not psychologically geared to take full advantage of changing

conditions or increased opportunities which may occur in their lifetime. The children at this age in Ntuzuma have been provided with affordable and quality education that will gear them to think positively about the circumstances they have lived in. The tertiary institutions are also there for such children to equip them with necessary skills that they will use to make income in order to improve their lives and that of their families in the near future.

The enabling approach suggested seven enabling instruments that seek to benefit the poor through housing delivery. The research findings prove these instruments to have been practical as they were applied in this housing project and there is a proven reduction of income poverty for the poor beneficiaries. There has been a development of property rights for the beneficiaries. The beneficiaries were given title deeds for their houses which gave them a guaranteed security of tenure and flexible use of their houses. The beneficiaries have an opportunity to use a house for collateral. Although this has not yet worked, with financial management education suggested by the municipality, may yet occur. The enabling approach also suggested rationalization of subsidies. The EThekweni Municipality has also made use of other methods to access to affordable rental housing in other areas. These are three demand-side instruments, which have been applied by the government and proven by this study. The application of these instruments has worked in favour of the poor and has helped to reduce income poverty. These outcomes have also proved the culture of poverty theory to lack validity.

Furthermore, the study has shown the supply side instruments to have been practical and benefiting the poor households of Ntuzuma D section. In this housing project there has been a development of infrastructure for residential land. There was installation of running water and sanitation, affordable prepaid electricity, sewerage, roads and so forth. These services assisted beneficiaries to live in a healthy environment, conducive to well-being, with minimal diseases and other threats. The project also helped households to run income generation activities. In this housing project, there has been a balance between the costs and the benefits of regulations that influence urban land and housing markets as the enabling approach suggested. The building industry has also been organized by the government to support the local small-scale suppliers during the

construction of houses. The seventh instrument of developing the institutional framework for managing the housing sector was taken care of. The EThekweni Municipality Housing Department and KZN Department of Human Settlements have made this practical through their signed agreement to cooperate on the housing development programme. This ensures efficient delivery of housing which meets the objectives of the BNG policy.

The current housing policy has also suggested that a house should be used as an asset. The houses delivered in Ntuzuma D Phase 4 Housing Project have appeared to have been used by the beneficiaries as a productive, social and financial asset. The Asset vulnerability framework has broken down these assets into different forms which have been utilized by the beneficiaries to improve their living standards and reduce income poverty. Households have relied on informal labour which is through their income generation activities run from home to improve their lives and on other formal jobs.

Human capital has been given to beneficiaries through the provision of infrastructure including healthcare and skills. Safe water, a hygienic and less crowded environment ensures good health for beneficiaries and this gives them the capacity to work. The presence of a local clinic also helps to ensure the provision of health services. The participation of beneficiaries in the housing development also provided them with necessary skills which are used to generate income. Educational institutions like local primary and secondary schools, and FET College are accessible to the households and they offer further skills to them. There is no vulnerability associated with these assets as they are provided by the government for public use and are affordable.

The main productive assets which are land and a house have been attained by the beneficiaries for the use of establishing income generating activities. Beneficiaries have not been exposed to the vulnerability of these assets by threats of evictions. They were given title deeds for their houses and this ensures their security of tenure which is implicit in the enabling approach's instruments. This has allowed beneficiaries to freely use their houses for income generation activities. However in some households, overcrowding has exposed this asset to vulnerability. As a result, some families' income

is not sufficient to satisfy all household needs. Furthermore, the limited space of the houses cannot be sacrificed for income generation activities by large households. Household relations as an asset have helped the beneficiaries to generate income.

Some beneficiaries responded that they rely on other family members for the proper running of their home-based enterprises. Some who are working and not running any informal business from home, do assist the family with basic needs like food, paying for electricity and paying school fees. These household relations have helped families in Ntuzuma D Phase 4 to reduce income poverty and afford a living. There are not many factors mentioned by the beneficiaries that associate this asset with vulnerability except overcrowding. The availability of these assets has also allowed beneficiaries to break out of the cycle of poverty. Therefore this also suggests that Lewis's culture of poverty theory is flawed.

It is through the BNG housing policy that these features of the enabling approach and asset vulnerability framework are catered for in housing delivery. The government authorities have ensured that the delivery of houses in Ntuzuma D Phase 4 Housing Project meets the objectives of the BNG housing policy to reduce income poverty. The beneficiaries expressed satisfaction with the quality of their houses as they feel that the houses are stable and safe. The Department of Human Settlements and EThekweni Municipality Housing hired inspectors to ensure the quality of those houses during and after construction. Beneficiaries also felt their township is well located.

The project as an informal settlement in-situ upgrade has not caused the beneficiaries to suffer the inconvenience of relocation. The Bridge City Shopping Mall and Durban CBD are easily accessible and they offer job opportunities to beneficiaries. The beneficiaries felt the houses are user-friendly as an asset because of the economic and social activities they have established. The few challenges that beneficiaries still face in this regard do not stop the houses from being used as an asset. Employment opportunities have been offered to a number of beneficiaries although not all of them were satisfied in this regard. These opportunities were sourced from housing construction and the good location of the houses.

## **5.9 Conclusion**

This chapter has presented different income generation activities that have been established and conducted by beneficiaries using their housing. The establishment of these kinds of income generation activities proved in this chapter to have changed the lives of beneficiaries for the better. However a number of challenges are still experienced by the beneficiaries who wish to establish income generation activities and those who already run these activities. The chapter also presents some government's efforts in ensuring the success of enterprises run through the use of a house. However it appeared that the government has not done enough in this regard. As presented above, the research findings relate with the literature and theories presented earlier.

## **6. Chapter Six: Conclusion and Recommendations**

### **6.1 Summary of Findings**

The houses delivered to beneficiaries had a significant impact on the reduction of income poverty of beneficiaries. A stable housing structure helps households to save more on a lower income and they have been able to provide for other housing needs rather than house maintenance. Therefore, the provision of a standard house even without any home-based enterprises being established can uplift the households' standards of living. This is due to the stability of the structure and other services that come with it like water, electricity, roads and sewerage. Beneficiaries not undertaking income generation activities and earning a monthly income less than R1500 per month and those depending on social grants, still felt their income poverty has been reduced since they occupied these houses.

With the houses provided, beneficiaries were able to sacrifice a portion of a space, whether from an extended house or standard structure, and use it to establish income generation activities. A well-built structure of a house helps in sustaining income generation activities as it acts as a pull factor in attracting the customers. The layout of the houses, as they are close together also helps to pull in customers to sustain such activities. However availability of space is a limiting factor.

The houses can easily be used as an economic asset if well located closer to economic centers. This helps beneficiaries to find jobs and easily purchase stock for their activities. Findings have also shown that informal settlement in-situ upgrade housing projects best meet the objectives of BNG policy on income poverty reduction. Such projects do not create the upheaval of relocation for the beneficiaries. Beneficiaries are able to continue with their survival strategies but in better conditions when given houses. Home-based enterprises helped in uplifting the living standards of the poor households. However not all households see home-based enterprises as a solution to income poverty and some do not wish to run these activities. Beneficiaries run income generation activities for different reasons. Some want to establish a source of income while others want to increase the income that they already have. However, the majority of beneficiaries who run income generation activities from home have such activities as

their only source of income. Other beneficiaries felt laziness and high dependency on government are contributing factors to some households not establishing income generation activities.

Land availability and start-up capital are major challenges hindering beneficiaries who wish to but have not started income generation activities from home. Lack of information and education is another factor contributing to a house not being used as an asset for income generation. In particular households do not know how to use their houses as collateral for raising finances. Crime has been one of the major threats in the success of the home-based enterprises. The government has not done enough to support home-based enterprises run by beneficiaries but the BNG housing policy has proved to have been a better approach to reducing income poverty. Backyard shacks still remain a solution to the space shortage of some of the households. Formal income generation activities are still difficult for the households to establish and sustain. This is because of the expensive and unaffordable processes that beneficiaries have to go through for such activities, which includes getting licenses.

However, there are areas that still need further research to complete this study. This includes investigation of the survival strategies used by the households who do not run any income generation activities and are earning no income. Another area that needs further research is the mechanism applied by the households in distributing the small income they earn from home-based enterprises so it covers all household basic needs. Further research is also needed on the efforts made by the beneficiaries to expand their income generation activities and how government can support such initiatives.

## **6.2 Conclusion**

The reduction of income poverty begins with the occupation of a stable house before the establishment of an income generation activity. If households live in a stable house with all necessary basic services it reduces their expenditure on endless house maintenances on unstable houses. If people who live with very low income, especially pensioners, are given adequate housing their income poverty can be reduced as they are able to prioritize on household basic needs. Furthermore, if people are given proper houses they are able to use them to generate or increase their household income. They

have a willingness to sacrifice a space from the standard rooms they are given for the establishment of the income generation activities. Some even make an effort to add more rooms, depending on the financial situation of the household. It is unlikely that a family with no existing income will be able to extend a room but if an income generation activity is established and a profit made, this is possible.

Home-based enterprises are more sustainable in well built houses that have a good layout design (built close together) as that becomes a pull-factor to attract customers. It follows that home-based enterprises will not succeed when run from houses which do not have this factor. These enterprises are more likely to succeed in well-located houses. They are not viable in areas that are far from the source of the stock as the low-income families cannot afford the transport costs to obtain such stock. Thus houses in well-located areas are more effective in income poverty reduction, and economic centers also provide jobs for the poor beneficiaries. If most of the projects could be developed as the in-situ informal settlement upgrades there would an extensive reduction on income poverty. Such projects are more successful than the Greenfields projects with regard to income poverty reduction.

The BNG policy objectives with regard to income poverty reduction are more achievable than those of the HWP but the government needs to put more effort into applying such objectives. There is still a gap in the role of government in supporting home-based enterprises. If start-up capital and land availability can be addressed as the main challenges to the establishment of home-based enterprises, these enterprises can become a general solution to poverty and unemployment. The existence of backyard shacks is an indication that the standard houses do not provide sufficient space for all households. The increase of crime will become a threat to such activities and if it continues, more beneficiaries will be discouraged from pursuing home-based enterprises as a solution to income poverty.

The households also need to be given more information and education so houses can be better used as a productive asset for income generation. This will allow households to explore different opportunities, using their houses for such purposes. It will also equip beneficiaries to establish more formal activities which are still a challenge to establish

and sustain. Therefore, income generation activities run from home can be successful in reducing income poverty if they receive enough support from the government and other institutional structures.

### **6.3 Recommendations**

The research findings indicate a number of challenges that emanate from the beneficiary perspectives of using their houses as an asset for income generation. The issues raised by the beneficiaries should be considered as recommendations to the government to make houses more efficient for use as an asset for income generation. Other recommendations raised by the government authorities on how the current housing policy can be improved to be more responsive on income poverty reduction, should also be implemented. The main issues raised, are recommendations around land availability, intensification of consumer education, assistance with start-up capital, and other matters that will be discussed below.

#### **6.3.1 Provision of sufficient space**

The government needs to ensure the provision of sufficient space to allow all households with a desire to establish home-based enterprises to do so. The availability of space has been hindered by the scarcity of land for housing development. The government should therefore adopt mechanisms that will make more land for housing development available to provide enough space for poor households to establish income generation activities using their houses.

The standardized structure of houses has not accommodated all households. The size of a house should be determined by the size of each beneficiary family. This means the amount of the subsidy allocated to a beneficiary should take into account the dependents of a beneficiary. In a case where the government cannot afford to provide a bigger house that can accommodate all members of households, a bigger site should be provided to give a space for the desired activities of households. Some large families are not adequately accommodated in the 43 square meter four-room houses on a small site provided by government. With sufficient land, value will not only be given to the housing structure but also the site should have value for income generation activities.

### **6.3.2 Education**

The KZN Department of Human Settlements has established a consumer education programme through its capacity building unit. However, this has not been effective enough in creating responsibility in beneficiaries. The Department mentioned that the current housing policy is good and has improved, but still needs more improvement. They felt the policy should give guidance on how all societal structures, including the ruling political party, provincial and local governments, churches, school and so on, can work together on intensifying consumer education that will create more responsibility and a sense of ownership among beneficiaries. This will help to discourage the illegal selling of government houses by the beneficiaries. It will also assist in removing dependency of beneficiaries on the government, where households would be encouraged to participate in the informal economy as a solution to employment shortage. Consumer education should be a continuous program and should include house maintenance and how to sustain the income generation activities run by beneficiaries.

Beneficiaries still fear the use of their houses as collateral to access loans. This is due to the lack of proper financial management. The authorities should develop financial management education for the beneficiaries who have occupied their houses. This will encourage beneficiaries to use their houses for collateral. Furthermore, they will be able to use the money from these loans productively, like adding rooms so they can establish income generation activities. The loan will help to provide start-up capital for beneficiaries to establish small businesses from home. It will also help those who already have businesses to expand their businesses that they desire. It will also assist for the formalization of some businesses if they wish to. In such cases, beneficiaries will be able to afford licenses, even for running taverns as a kind of business desired by them. Financial management education should be initiated and driven by the municipal department of housing. This is because they are the closest authority to the beneficiaries and they can easily work together with ward councilors. Intensifying education on use of a house for income generation has been recommended by both the beneficiaries and government authorities.

There are a number of beneficiaries who are still ignorant of the different income generation activities that they can establish. Based on the perspectives of beneficiaries, there is a need to educate households about starting and sustaining income generation activities through the use of a house. This will help to give ideas to beneficiaries on how they can generate and increase their household income. Beneficiaries will not have to only to rely on searching for employment to have income but will be able to rely on the informal economy. Some of the households who already run income generation activities wish to expand their activities, but lack ideas and capacity. Education should also focus on equipping such beneficiaries with skills and ideas so they can grow their small businesses and earn better income. Thus government should put more effort into supporting home-based enterprises as they can be a solution to high unemployment among the youth.

### **6.3.3 Start-up capital**

The KZN Department of Human Settlements together with EThekweni Municipality Housing Unit in their development program must establish a funding mechanism for beneficiaries to afford start-up capital. These authorities should create an account and outsource funds to support beneficiaries with an interest in establishing income generation activities using their houses. Beneficiaries should submit proposals to the municipal housing unit outlining the kind of activity that they wish to establish. The housing unit must then assess the feasibility of the activity proposed and if feasible, the beneficiary should be given funding for such activity. If the activity is not feasible, then the department should advice the beneficiary on how they can improve the idea but along the lines of the proposed income generation activity. The suggested education program should also equip beneficiaries to develop a proposal for the income generation activities. For the beneficiaries given funding for a start-up capital, follow-ups should be done to review how such activities are performing.

### **6.3.4 Ensuring security**

Safety and security should be enforced to protect the income generation activities of households. There should be a 24-hour police patrols with increased patrols at night as most crime activities take place during those hours. The police should work extensively in eliminating drug use as a major source of crime in townships. However the use of the

law is not the only solution to reducing crime. The government through ward councilors should intensify programs that will be aimed at youth development. Such programs should include sport activities where the youth will be encouraged to participate. These activities help to instill discipline among young people, will motivate and keep them busy so they have no time to participate in criminal activities. Ward councilors must also intensify programmes that ensure good neighbourhood relations. These are initiatives like Know Your Neighbour Campaign and they help in creating social security where members of the neighbourhood are able to support and protect each other.

## Bibliography

- Adebayo, A. A., & Adebayo, P. W. (2000). Sustainable Housing Policy and Practice: Reducing Constrains and Expanding Horizons Within Housing Delivery. *Strategies for a Sustainable Built Environment* (pp. 1-9). Pretoria: University of Natal.
- Bank, L., Makubalo, L., & Maqasho, L. (2010). Housing Delivery and State Subsidies. *The Eastern Basics Service Delivery and Socio Economic Trends Series*, pp. 9-88.
- Burns, L., & Ferguson. (1987). Criteria for Future and Settlement Policies in Developing Countires. *Shelter Settlement and Development*. Nairobi: UNCHS (Habitat).
- Constitution of the Republic of South Africa. (1993). *Constitution of the Republic of South Africa Act 200 of 1993*.
- Coward, B., Feagin, J., & Williams Jr, J. (1973). The Culture of Poverty Debate: Some Additional Data. pp. 621-633.
- Cross, C. (2008). Housing delivery as anti-poverty: is South Africa on the right track? *International Conference and Exhibition: Developing Communities* (pp. 1-17). Cape Town: Human Sciences Research Council.
- Department of Housing. (1994). *White Paper: A New Housing Policy and Strategy for South Africa*. South Africa.
- Department of Housing. (2004). *Breaking New Ground: A Comprehensive Plan for the Development of Sustainable Human Settlements*. South Africa.
- Downing, D. (2004). *Apartheid in South Africa: Witness to history*. Indiana University: Heinemann Library.
- Duvoux, N. (2010). The Culture of Poverty Reconsidered. *Laviedesidees.fr*, 1-15.
- EThekweni Municipality. (2013). Durban.
- First, R. (1943, June 09). The Gold of Migrant Labour. pp. 7-30.
- Gajdosikienė, I. (2004). Oscar Lewis' Culture of Poverty: Critique and Further Development. *Kultūros Sociologija*, 88-96.
- Gordon, R., Bertoldi, A., & Nell, M. (2011, November). *Housing Subsidy Assets: Exploring the Performance of Government Subsidised Housing in South Africa*. Rosebank: Shisaka Development Management Services.

- Gough, K. V., Tipple, A. G., & Napier, M. (2003). Making a Living in African Cities: The Role of Home-based Enterprises in Accra and Pretoria. *Carfax Publishing*, 254-257.
- Hammil, M. (2009). Income Poverty and Unsatisfied Basic Needs. *Economic Commission for Latin America and the Caribbean*, 23-24.
- Harington, J., McGlashan, N., & Chelkowsaka, E. (2004). A Century of Migrant Labour in the Gold Mines of South Africa. *The Journal of The South African Institute of Mining and Metallurgy*, 65-71.
- Horrel, M. (1963, July). The Crime: Apartheid. *The Group Areas Act*, pp. 9-13.
- Huchezermeier, M. (2001). Housing for the poor? Negotiated Housing Policy in South Africa. *Habitat International*, 303-331.
- Huchzermeier, M. (2001). Housing for the poor? Negotiated housing policy. *Habitat International*, 304-327.
- Kellett, P., & Tipple, G. (2000, April 01). Environment & Urbanization. *The home as workplace: a study of income-generating activities within the domestic setting*, pp. 203-213.
- Leibbrandt, M., Woolard, I., Finn, A., & Argent, J. (2010, May 28). OECD Social, Employment and Migration Working Papers No. 101. *Trends in South African Income Distribution and Poverty since the Fall of Apartheid*, pp. 9-71.
- Lewis. (1963). The Culture of Poverty. pp. 1-3.
- Lewis, O. (1959). *Five Families: Mexican Case Studies in the Culture of Poverty*. United States of America: Basic Books.
- Lewthwaite, M. (1996). A study of international students' perspectives on cross-cultural adaptation. *International Journal for the Advancement of Counselling*, 167-185.
- Mahmud, S. (2003). Women and the transformation of domestic spaces for income generation in Dhaka bustees. *Elsevier*, 1-10.
- Mkhize, N. (2012, January 30). *Ntuzuma Housing Project*. Retrieved March 19, 2013, from EThekweni Municipality: [http://www.durban.gov.za/media\\_publications](http://www.durban.gov.za/media_publications)
- Moser, C. (1996). *Confronting Crisis: A Comparative Study of Household Responses to Poverty and Vulnerability in Four Poor Urban Communities*. Washington DC: The World Bank.

- Msimang, R. W. (1996). *Natives Land Act 1913: Specific cases of evictions and hardships etc.* South Africa: Friends of South African Library.
- Olayiwola, L. A. (2005). Public Housing Delivery In Nigeria: Problems And Challenges. *World congress on Housing: Transforming Housing Environments through the Design* (pp. 1-8). Pretoria: Department of Urban and Regional Planning, Obafemi Awolowo University.
- Schmale, M. (2001). Income Generating Projects: Guidelines, how to get started. *International Federation of Red Cross and Red Crescent Societies*, 9-11.
- Tissington, K. (2011, February). Legislation, Policy, Programmes and Practice. *A Resource Guide to Housing in South Africa 1994-2010*, pp. 8-104.
- World Bank. (1993, May 4). Housing: Enabling Markets to Work. pp. 1-145.

# APPENDIX

## Informed Consent Form

*(To be read out by researcher before the beginning of the interview. One copy of the form to be left with the respondent; one copy to be signed by the respondent and kept by the researcher.)*

My name is Sanele Brian Mbambo (student number 207519869). I am doing research on a project entitled 'Housing Delivery and Beneficiary Perspectives on Poverty Reduction: A Case Study of Ntuzuma D Phase 4 Housing Project, EThekweni Municipality'. This project is supervised by Dr Pauline Adebayo at the School of Built Environment and Development Studies, University of KwaZulu-Natal. I am managing the project and should you have any questions my contact details are:

School of Built Environment and Development Studies, University of KwaZulu-Natal, Durban

Cell: 072 636 2929

Email: [magezasb@gmail.com](mailto:magezasb@gmail.com) or [207519869@stu.ukzn.ac.za](mailto:207519869@stu.ukzn.ac.za)

Thank you for agreeing to take part in the project. Before we start I would like to emphasize that:

- your participation is entirely voluntary;
- you are free to refuse to answer any question;
- you are free to withdraw at any time.

The interview will be kept strictly confidential and will be available only to members of the research team. Excerpts from the interview may be made part of the final research report. Do you give your consent for: *(please tick one of the options below)*

Your position and organisation, or	
Your organisation or type of organisation <i>(please specify)</i> , or	
None of the above	

To be used in the report?

Please sign this form to show that I have read the contents to you.

----- (signed) ----- (date)

----- (print name)

Write your address below if you wish to receive a copy of the research report:

# QUESTIONNAIRE 1

## Questions for households owning businesses:

Name and Surname: .....

Contact details: .....

1. How have you used your house to generate income?

.....  
.....  
.....

2. Is the income from the use of a house the only income you have? If no, what other source of income do you have?

.....  
.....  
.....

3. What business are you currently running from home?

.....

4. Is this the business you intended to run at the first place?

Yes	No
-----	----

4.1 If no, which one you intended to start?

.....

4.2 What challenges have you encountered in starting this business?

Lack of start-up capital	
Inadequate space	
Low demand	

Other reasons (please specify)

.....  
.....  
.....

5. Are you planning to start any new business in a near future?

Yes	No
-----	----

5.1 If yes, what business do you have in mind?

.....

5.2 If no, why?

.....

6. What is your total monthly income?

R 0-1500	
R 1501-2500	
R 2501-3500	
R 3500>	

7. How much of this income comes from the business that you run?

.....

8. How has your income changed since you started using the house for generating income through business?

Has changed for better	
Has changed for worst	
Has not changed	

9. Does your monthly income from the business you run satisfy all household needs?

Yes	No
-----	----

7.1 If yes, briefly explain what it covers?

.....  
.....  
.....

7.2 If no, what does it not cover?

.....  
.....  
.....

10. How has your business performed since you started?

Has performed well	
Has performed badly	

10.1 What do you think can be the reasons for the answer you have ticked above?

.....  
.....

11. How has your house contributed in sustaining this business?

.....  
.....  
.....

12. What challenges have you encountered in running this business?

.....  
.....  
.....

13. Do you think the BNG houses have helped other households to generate income?

13.1 If yes, how?

.....  
.....  
.....

13.2 If no, why?

.....  
.....

14. Do you think moving to a new neighborhood can change for better your monthly business income?

Yes	No
-----	----

14.1 Please, explain your answer.

.....  
.....  
.....

15. What do you think needs to be improved in order for BNG houses to work better in terms of helping beneficiaries to establish and sustain income generating activities?

.....  
.....  
.....  
.....

## QUESTIONNAIRE 2

### Questions for households without businesses

Name and Surname: .....

Contact details: .....

1. Has your income increased since you have acquired this house?

Yes	No
-----	----

- 1.1 If yes, what factor(s) have contributed to that increase?

.....  
.....

2. What is your total monthly income?

R 0-1500	
R 1501-2500	
R 2501-3500	
R 3500>	

3. How much from the above indicated income comes from the assistance of your house?

.....  
.....

4. What are your reasons for not owning any business from home?

Do not wish to run any business	
Do not wish to run a business from home	
Inadequate space	
Lack of start-up capital	
Lack of demand for the business I wish to start	

Other reasons (please specify)

.....  
.....  
.....

5. Do you wish to start any business from home in the near future?

Yes	No
-----	----

5.1 If your answer is no,

What circumstances would stop you from starting any business?

.....  
.....  
.....

6.2 If your answer is yes,

What business do you have in mind? Why?

.....  
.....  
.....

6. Are there any other activities you use the house for to generate income?

Yes	No
-----	----

6.1 If yes, please specify

.....  
.....  
.....  
.....  
.....

7. What do you think are the challenges for other households not to start businesses with their BNG houses? Give reasons for why you think this.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

8. How has the location of the house impacted on your income?

.....  
.....  
.....

9. Have you used the house for collateral/borrowing a loan?

Yes	No
-----	----

9.1 If yes,

9.1.1 Source of loan

.....

9.1.2 How much was borrowed

.....

9.1.3 Use to which funds were put and how the ownership of the house has facilitated this

.....  
.....  
.....  
.....  
.....

9.2 If no,

9.2.1 What circumstances have hindered you from using a house for collateral?

.....  
.....  
.....

10. What challenges you have encountered in trying to use the house to start activities that will bring you income?

.....  
.....  
.....

11. Do you think moving to a new neighborhood can change your income for the better?

Yes	No
-----	----

11.1 Explain your answer,

.....  
.....  
.....  
.....

12. What do you think needs to be done in order for BNG houses to work better in being used by beneficiaries to run activities that will bring them income?

.....  
.....  
.....  
.....  
.....  
.....

## **INTERVIEW SCHEDULE 1**

### **Interview Questions for the EThekweni Municipality Housing Unit Official**

1. How many years have you been employed in this particular department?
2. (i) When planning this housing project what did you have in mind in terms of possible changes in people's income when they start to occupy the houses? (ii) How would this be achieved?
3. (i) When you started to implement the project how did you want the houses to help households to run activities that will bring them income in a near future? (ii) How did you make sure that happened?
4. During the implementation of the project what challenges were encountered by the municipality in trying to make sure that the houses would be able to be used by beneficiaries to run activities that will bring them income in future?
5. What measures were put in place to ensure that the location of the project would put households closer to economic opportunities?
6. In your view, have the houses delivered in Ntuzuma D enabled households to establish and sustain activities that will bring income?
  - 6.1 If yes how?
  - 6.2 If no why?
  - 6.3 How do you determine this?
7. What is the role of the municipality in educating beneficiaries how they can use the BNG houses to start activities that will bring them income, and to what extent has this role been done? If it has not been played, what are the reasons?
8. Are there any challenges currently faced by beneficiaries in generating income through running businesses from home?
  - 8.1 If yes,
    - 8.1.1 What are they?
    - 8.1.2 Were they not foreseen from the onset?

- 8.1.3 What could have been done differently to avoid these and how they can be addressed now?
9. Are there any challenges currently faced by beneficiaries in generating income through borrowing loans for starting businesses?
- 9.1 If yes,
- 9.1.1 What are they?
- 9.1.2 Were they not foreseen from the onset?
- 9.1.3 What could have been done differently to avoid these and how they can be addressed now?
10. Do you think the BNG policy needs improvement in respect of the use of houses to run income generating activities?
- 8.1 If yes, how?
- 8.2 If no, why?

## **INTERVIEW SCHEDULE 2**

### **Interview questions for KwaZulu-Natal Department of Human Settlements Official:**

1. How many years have you worked in the department?
2. What precautionary measures are put forward by the department to the municipality before the project begins to make sure that the houses in future will meet the objectives of the BNG policy in terms of helping beneficiaries establish activities that will give them income?
3. In your own view, do you think the BNG policy objectives in respect of establishing small-scale businesses run from the houses have been practical?
  - 3.1 If yes how?
  - 3.2 If no, what have been the challenges
  - 3.3 What has not been done for this to happen and how can this be addressed?
4. How has the government made sure that beneficiaries are able to use their BNG houses for collateral?
5. In your view, has the EThekweni municipality done accordingly in implementing the objectives of the BNG policy in respect of enabling beneficiaries to run businesses from home?
  - 5.1 If yes, explain how?
  - 5.2 If no, explain how?
  - 5.3 Does the Provincial Department have a responsibility in ensuring that EThekweni Municipality performs in this regard? If yes, explain such responsibility.
6. Do you think the beneficiaries are satisfied with these houses in respect of generating income and why?
7. What challenges are faced by the municipality in making sure that households are able to use their BNG houses for activities that will bring them income?
8. What measures are taken by the Department in assisting the municipality to address the challenges it faces in enabling the conditions for beneficiaries to establish and sustain small-scale businesses through the use of their BNG houses?
9. Are there any gaps in the BNG policy that hinder the use of houses for running activities that will generate income for households?

9.1 If yes, what are they?

9.2 How do you think the policy can be improved in order to achieve poverty reduction through the use of BNG houses?