

The 2010 FIFA World Cup and the use of the housing asset for income generation: A case study of the eThekweni Municipality.

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A short dissertation submitted in partial fulfilment of the requirements for the admittance to the degree of Masters in Housing in the School of Built Environment and Development Studies; University of KwaZulu-Natal (Durban).

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Declaration

I declare that this research is my own work and has not been used previously in fulfilment of another degree at the University of KwaZulu-Natal or elsewhere. The use of the work of others has been noted in the text.

Signed:

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Mr Vincent Myeni (Supervisor)

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Abstract

South Africa was presented with the unique opportunity of hosting the first 2010 FIFA World Cup (FWC) on African soil. This unique opportunity further extended itself to the non-hotel accommodation providers, as it was the first time in history that FIFA agreed to accredit non-hotel accommodation providers for the tournament. The research intended to examine the extent of the use of the housing asset to generate income from the 2010 FWC. The study was conducted in the municipal area of eThekweni Municipality (Durban), South Africa. The case study areas consisted of the lower-middle income, upper-middle income and high-income areas of Umbilo, Manor Gardens and Durban North respectively.

The data collection method used in the study areas was a household survey with 30 respondents. The respondents were from the high-income area of Durban North, upper middle-income area of Manor Gardens and lower-middle income area of Umbilo. Interviews were conducted to collect data from financial institutions. Data was collected from conventional and non-conventional financial institutions. The findings of the study revealed that the extent to which the housing asset was used to generate income from the 2010 FWC was not high or considerable. This was due to many home-based enterprise (HBE) owners stating that FIFA would stand to benefit largely from the 2010 FWC, with no institutional support for HBE owners to benefit from government. It was also found that conventional and non-conventional financial institutions were not willing to provide financial assistance to HBE owners specifically for generating income from the 2010 FIFA World Cup, due to the short duration of the event.

In conclusion, it was recommended that instruments to drive the implementation of the policies be deployed, to create an enabling environment for the small business sector to grow at a household level. A policy should be developed in eThekweni Municipality that standardises the land use management applications and zoning for accommodation providers and HBEs in line with the eThekweni Municipality's drive to be the 'Events Capital of Africa'. Intervention from government at all levels is required to ensure that the HBEs in the small business sector benefit from mega-events such as the 2010 FWC.

Acronyms and Abbreviations

2010 FWC	2010 Fédération Internationale de Football Association World Cup
AsgiSA	Accelerated and Shared Growth Initiative – South Africa
B&B	bed and breakfast
BBBEE	Broad Based Black Economic Empowerment
BNG	Breaking New Ground
CBD	central business district
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
FIFA	Fédération Internationale de Football Association
FNB	First National Bank
GEAR	Growth Employment and Redistribution
HBE	home-based enterprise
HWP	Housing White Paper
IOC	International Olympic Committee
NCA	National Credit Act
NHFC	National Housing Finance Corporation
NSDP	National Spatial Development Perspective
NTL	non-traditional lender
PDA	Planning and Development Act
PGDS	Provincial Growth and Development Strategy
RDP	Reconstruction and Development Programme
SABC	South African Broadcasting Commission
SARS	South African Revenue Services
SMME	small medium and micro enterprise
SPSS	Statistical Package for Social Scientists
UK	United Kingdom
USAID	United States Agent for International Development

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CHAPTER ONE: INTRODUCTION

Africa as a continent rejoiced as South Africa won the bid to host the coveted Fédération Internationale de Football Association (FIFA) World Cup (Van der Merwe, 2009). The veil of a renewed sense of unity covered the land of South Africa, since it was announced to be the host of the 2010 FWC (SA2010 reporter, 2009). The decision made by the leadership of South Africa had proven to be successful in uniting the nation and inviting the many positive impacts perceived to stem from hosting a mega-event of this magnitude (Ministry of Tourism Republic of South Africa, 2010).

In the words of FIFA President Joseph S. Blatter's address on the second day of the FIFA Congress at the International Congress Centre in Munich 2006, the vision of FIFA is to, "Develop the game, touch the world, build a better future" (FIFA, 2006). Upon unpacking this bold statement, the question then arises of whether the citizens of South Africa really benefitted from South Africa playing host to the 2010 FWC.

The above question frames the context of this dissertation, as it has been unpacked specifically in examining HBEs in Durban generating an income from the 2010 FIFA World Cup.

1.1.The Research Problem

The FWC event has been held as a global competition since 1930 (FIFA, 2013). This event invites nations to compete on an international level, displaying their skills and expertise in the fondly loved sport of football. South Africa was granted the momentous opportunity of hosting the FWC for the first time in history. Hosting mega sporting events such as the FWC presents the host nation with the unparalleled opportunity for accelerating social development and economic growth (Pillay & Tomlinson, 2009). The perceived economic benefits were used to gain public support, and to validate the expenditure of public funds for the bidding process and consequent operational costs (Owen, 2005).

South Africa's bid to host the 2010 FWC was primarily driven by a development agenda (Pillay & Tomlinson, 2009). Amongst the various aspects of South Africa's development

agenda, support for the small, medium and micro enterprises (SMME), (specific home-based) forms the main thrust of the study. FIFA, in support of South Africa's development agenda, for the first time in history considered non-hotel accommodation industry to provide accredited accommodation (MATCH Services, 2008). The inclusion of non-hotel accommodation industry afforded many bed and breakfasts and guesthouses, HBEs in the SMME sector, the opportunity to benefit directly from the 2010 FIFA World. This support for the small business sector opened the window of opportunity for not only non-hotel accommodation providers, but as well as catering, travel and tour and 2010 FWC related contracting small businesses based from home. Home-based small businesses had the opportunity to use the house as an income-generating asset. This opportunity was not provided for the non-hotel accommodation industry of previous host nations of the FWC.

Globally the potential and realisation of this 'excellent opportunity highlighted above has been examined. In the case of the Olympic Games, Owen (2005) argued that the studies conducted post mega-events reveal that the estimated positive impacts from hosting these events were not realised. Several researchers have presented the same results from studies conducted on the post mortem of hosting mega-events. There are a vast number of studies that provide empirical evidence that the economic benefits, the fast-tracking of development and the legacy of the mega-events have not materialised for the host nation after the event had been hosted (Pillay & Tomlinson, 2009; Swart & Bob, 2004; Owen, 2005; Ludwig & Turner, 2010; Greene, 2003; Hopkins, 2001).

Locally, this potential was explored in a study conducted prior to the 2010 FWC. The objective of the study was to examine the perceived benefits of the 2010 FWC for the bed and breakfast industry in Gauteng, South Africa (Darkey & Horn, 2009). This study asserted that Gauteng was the major centre of the 2010 FWC; due to the location of the administrative capital (Pretoria), the country's economic capital (Johannesburg), and the number (3 of 10) of stadia built in this province. Darkey & Horn (2009) reveal in the results of their study that despite the perceived economic benefits, the majority of respondents (B&Bs) were not convinced that they would benefit financially from the 2010 FWC. This apparently largely owed to the FIFA's strict and inflexible accreditation control imposed on host nations - South Africa in particular, financial issues and interestingly the possible negative effect on regular patrons - deterred by crowding resulting in the cancellation of bookings. There was only a small number of B&Bs that intended to exploit the economic opportunity presented by the

2010 FWC. It was further stated by Darkey & Horn (2009), that the objectives to promote and enable the small business sector to economically benefit would not be realised if the following was not achieved; the level of crime is reduced substantially, political uncertainty is addressed, and the need for the processes, procedures and economic benefits of hosting guests of a mega-event of this magnitude (specifically for the small business sector) need to be effectively communicated by government.

1.2. Objectives of Study

Main Objective

To determine the extent to which the 2010 FIFA World Cup has triggered income generation from the use of the house.

Sub-Objectives

- To explore if international experience of hosting ‘big bang’ events and the effects on the housing markets have any lessons for South Africa as the host of 2010 FIFA World Cup.
- To examine the criteria and issues of willingness of financial institutions to lend money to residents’, for use of the house, for income generation in Durban North, Manor Gardens and Umbilo?
- To determine the legislative and policy based environment for the development and growth of HBEs in South Africa

1.3. Research Questions

Following the announcement that South Africa was the host nation of the 2010 FWC, in May 2004 the research question for the study is:

To what extent did the announcement of the 2010 FWC and subsequent activities in preparation of the event, trigger home-based income-generating activity in the lower middle, upper middle and high-income residential neighbourhoods of Umbilo, Manor Gardens and Durban North in Durban respectively?

In order to answer the research question the main aspects have to be differentiated and interrogated individually. This forms the basis for the following subsidiary questions for the dissertation:

- 1.6.2.1. How has the ‘pulsar effect’ impacted the housing markets of nations hosting mega-events, and to what extent was such impact identifiable on the South African housing market?
- 1.6.2.2. What institutional arrangements at a National, Provincial and Local level of government are available to create an enabling environment for HBEs?
- 1.6.2.3. Are there differences that affect the opportunity to use the housing asset for income generation in Durban North, Manor Gardens and Umbilo?
- 1.6.2.4. What role have financial institutions, such as conventional banks and non-traditional lenders, played in providing funding for the use of the housing asset to generate income, in response to South Africa hosting the 2010 FWC?

1.4.The Research Hypothesis

The primary motive for hosting mega-events is underpinned by the potential long-term positive impacts on development and the economies of host nations. These potential economic impacts can be realised at a household level. Mega-events, such as the FWC, could be used by host nations as vehicles to drive the use of the house as an income-generating tool for HBEs.

1.5.Definitions of Key Concepts for Study

Mega-events – Roche (2000:1) defines mega-events as “large-scale cultural (including commercial and sporting) events, which have a dramatic character, mass popular appeal and international significance.”

Pulsar effect - ‘Pulses’ as defined by the ISoCaRP 2002 Athens Congress are “... the peaks, troughs and recurrent or repeat events which have a distorting effect on the day-to-day operations of the modern city” (Beriatos & Colman, 2003:11). In light of the above the pulsar effect would therefore then be the effect that pulses create.

HBE – A HBE is not just a small business with a small structure but also a family operation in a dwelling, a “functional and organisational unit of production, generative reproduction, and consumption within the social formation of the 'ganze Haus,' ” (Herbert, 1972). In the context of the study, HBEs do not represent accommodation establishments, but also include

light manufacturing (food, clothing and textiles) and a myriad of services (including travel and tourism, dental and medical clinics).

FWC– “The international tournament contested by the men's national teams of the members of FIFA. It is played every 4 years, with each team having to qualify for the tournament except the host nation. The current format of the World Cup finals involves 32 teams playing in 8 groups, with 2 from each group progressing to the knockout stages” (Coggin S. , 2013).

Housing asset – The housing asset is made up of the following three values; the social, economic and financial values (Rust, 2007).

Developmental state - There are various definitions encapsulating the essence of a developmental state. The following definition by Castells (1992:56-57) stands out: “A state is developmental when it establishes as its principle of legitimacy its ability to promote and sustain development, understanding by development the combination of steady high rates of growth and structural change in the productive system, both domestically and in its relationship to the international economy.”

1.6. Research Methodology

1.6.1 Sources of data and data collection methods

The research methods and methodology used is identified below viz. sources of information, data collection tools and data analysis methods. The sources of information were obtained from both primary and secondary sources.

Secondary Sources

The sources used consisted of books; journals; e-journals; internet sources; international and national case studies; government publications; FWC Association; conference papers; newspapers; magazines; information from eThekweni Municipality, and media and press and housing policies (for e.g. Breaking New Ground and Housing White Paper). The nature of the information that was obtained from these sources include the effect of the FWC on housing sub-markets nationally and internationally, the housing asset and its value, home-based income generation to the study, and housing finance globally and internationally.

Primary Sources

The information obtained was unrefined data that had not been analysed and interpreted before. This data was obtained through various data collection methods, as discussed below.

Primary information for this dissertation was collected between May and September 2010. This time period was suitable for the study as this covered the immediate pre – World Cup period, and it was assumed that by this stage residents would have set up or be in the process of setting up their HBEs to generate income. The information that was collected post-World Cup period, was due to the reluctance of respondents to participate in the study in the pre-World Cup period. In the instances where there was reluctance, other suitable respondents were identified and information was gathered when respondents were available. Information was collected from financial institutions in the same manner as the household survey. The two primary sources for data collection were as follows:

1. Case studies: Residents of a lower-middle income, upper-middle income and high-income residential neighbourhoods;
2. Financial institutions (both traditional and non-traditional).

1.6.2 Case Studies

The case studies for this study were selected based on their proximity to the Moses Mabhida Stadium, which was the 2010 World Cup Stadium in Durban, the city in which the study was conducted. The case study area had to be within a 15 km radius of the Moses Mabhida Stadium because it was assumed to be within a range that makes the stadium easily accessible for visitors; and it would therefore be favourable to obtain accommodation in areas that are within a close proximity. In addition, opportunities for HBEs operating as non-accommodation providers were created for the travel and tourism, and food industries. Further, study areas had to match the housing sub-markets targeted for examination by the study, viz. high-income, upper middle income and lower middle income.

To fulfil this criterion the following ¹case studies were purposively selected:

- High-income: Durban North;
- Upper middle income: Manor Gardens and
- Lower middle income: Umbilo.

The case studies selected for the study will be discussed in this chapter. The background of the case studies provides the context in which the sample used for study can be better understood. A demographic, economic, social and geographic profile will be provided for each of the three case study areas in relation to the study. The above-mentioned study areas are situated in Durban, South Africa.



Figure 1: Map of South Africa showing Durban

Durban is situated on the eastern shoreline of South Africa and is the largest city in the province of KwaZulu-Natal. Durban boasts a sub-tropical climate with a golden mile of beachfront. All the information provided below has been extracted from the Census 2001 by the eThekweni Municipality to compile the Community Profiles for 2005-2010 obtained from www.durban.gov.za.

¹ In the context of the real estate industry in Durban (South Africa), the housing submarkets are differentiated according to the pricing of housing. Housing in the high income market are priced at R1 000 000 and above, the upper middle income market is R650 000 up to R1 000000, and lastly the lower middle income market is R300 000 up to R650 000 (Naidoo, 2009).

1.6.2.1 Umbilo

Umbilo is the only study area that is not just a suburb but also a planning unit within eThekweni Municipality. Due to the close proximity to the University of KwaZulu-Natal, residents and homeowners in Umbilo also provide rental accommodation for students as well residents who cannot afford to buy houses. Umbilo falls into Ward 33 and the study area specifically falls into Planning Unit 36 (PU36), in Figure 2. In 2010 the total population in Umbilo was 15 349 consisting of 29% African (4501); 4 % Coloured (582); 8% Indian (1208) and 59% White (9058) residents. It is interesting to note that less than half of the population was employed (42%), a quarter was not economically active and 6% were unemployed. This could be attributed to an age profile that consisted of the following age groups; 13% were between 5-14 years, 35% 15-34 years; 37% between 35-64 years, and 10% older than 65 years. Umbilo had a total of 5 147 households when the fieldwork was conducted for the study.

Umbilo is also located close to the University and therefore residents provide accommodation to students that attend the Howard College and Nelson R. Mandela Medical School campus of University of KwaZulu-Natal. Umbilo is also known to accommodate migrant labour with temporary rental agreements.

1.6.2.2. Manor Gardens

Manor Gardens falls within the Westridge Planning Unit adjacent to the University of KwaZulu-Natal as illustrated in *Figure 3*. Due to the close proximity to the University of KwaZulu-Natal, residents and homeowners in Manor Gardens provide rental accommodation for students. Manor Gardens falls into Ward 33 and the study area in particular falls into Planning Unit 31 (PU31), in *Figure 3*. The total population of Westridge in 2010 was approximately 5 283, with a racial breakdown of 22% African (1 180), 4% Coloured (214), 12% Indian (643) and 61% White (3 245). The employment status of this upper-middle-income area is 46% are employed, 4% are unemployed and 22% are economically inactive. The majority of the population in this planning unit is between the ages of 35-64 (37 %); whilst 12% are between 5-14 years, 35% are between 15-37 years, and 11% are over 65 years. There were 2 003 households in Manor Gardens at the time that the fieldwork was conducted.

The closest major commercial centre is in the Durban CBD West; whilst closest major transport node is in Cato Manor (www.durban.gov.za). This area typically provides accommodation to the students of the University of KwaZulu-Natal, as it is located next to the University within walking distance. Accommodation providers already existed in this study area, therefore it was chosen.

1.6.2.3. Durban North

Durban North is a large suburb and several planning units fall within this suburb, however, the researcher has selected the Broadway Planning Unit for the Durban North study area, as illustrated in Figure 4 below. Durban North is the high-income study area selected for the study. Durban North falls into Ward 36 and the study area in specific is in Planning Unit 33 (PU33). The total population of Broadway in 2010 was approximately 10 070, with a racial breakdown of 15% African (1481), 1% Coloured (123), 7% Indian (675) and 77% White (7 791). The employment status of this high-income area is interestingly 48% employed 2% unemployed and 22% economically inactive. The majority of the population in this planning unit is between the ages of 35-64 (43%); whilst 15% are between 5-14 years, 27% are between 15-37 years, and 8% are over 65 years. There were 3 296 households in Durban North at the time that the fieldwork was conducted.

Durban North has been identified as a prime property investment area and a growing business hub. This is happening as more businesses decentralise from the CBD to this high-income area situated close to the beachfront.

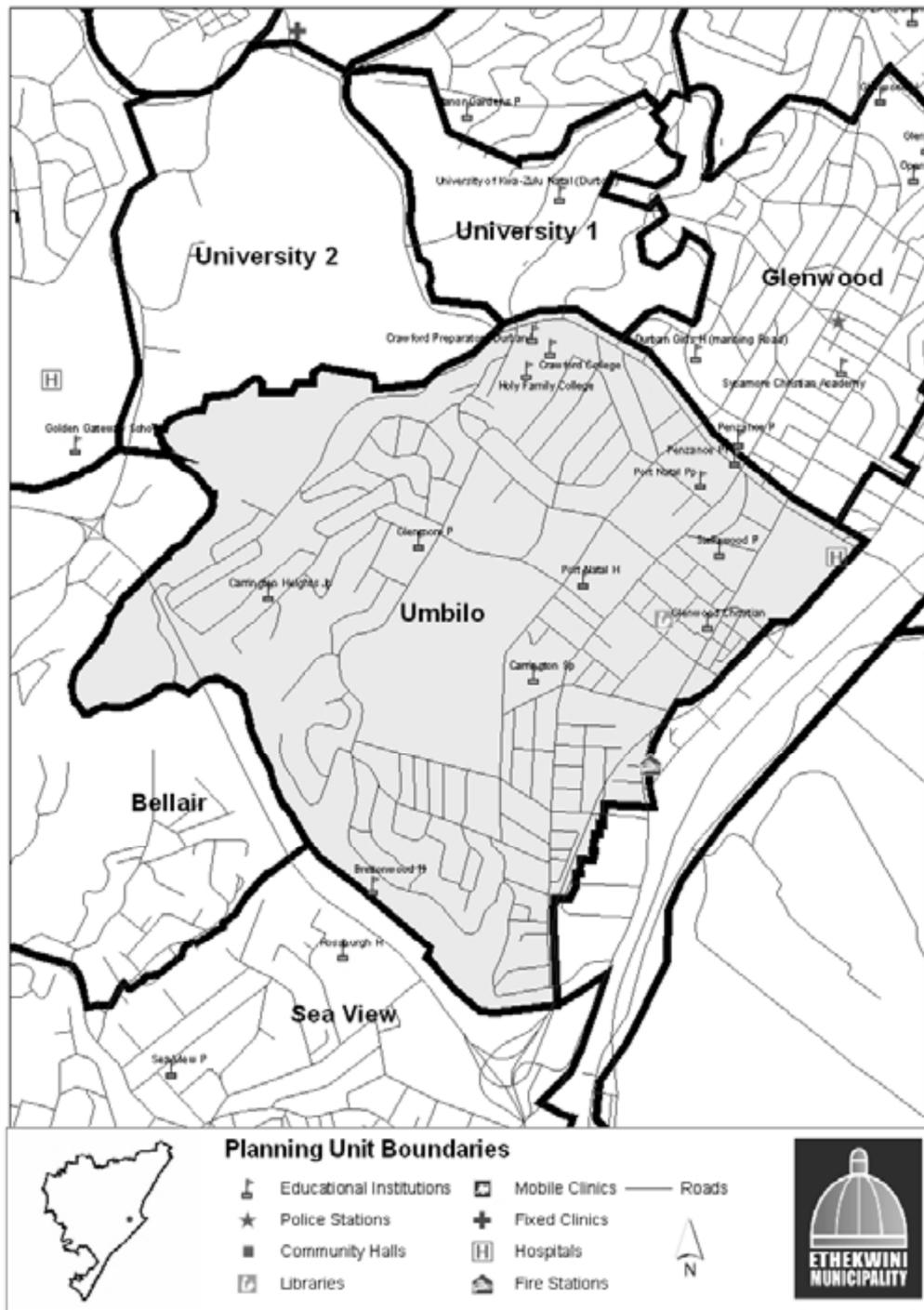


Figure 2: Map of Umbilo (Lower-middle income study area)

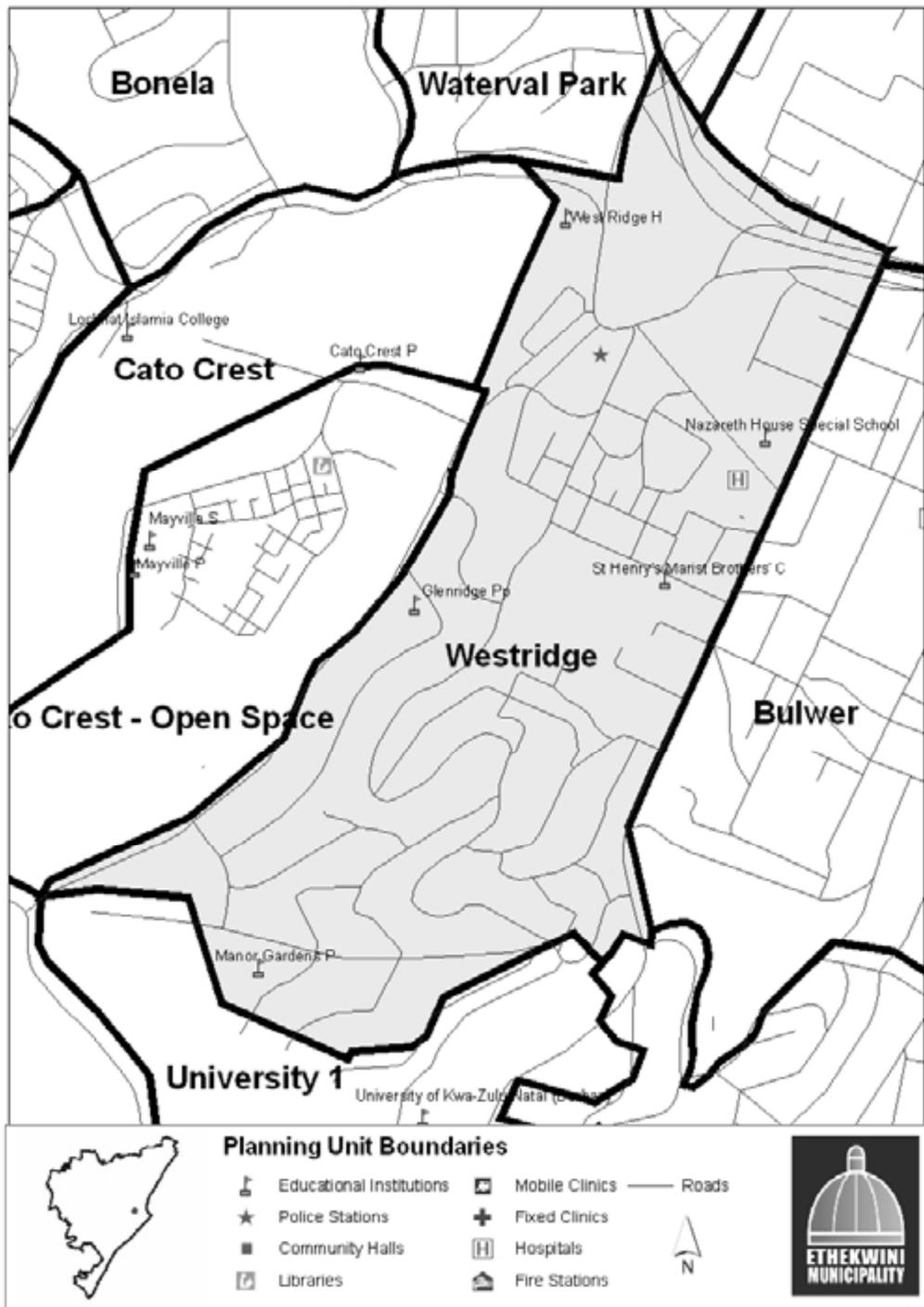


Figure 3: Map of Manor Gardens (Upper-middle income study area)



Figure 4: Map of Durban North (High-income study area)

1.6.3 Data Collection

A quantitative research tool was used for data collection for residents. A questionnaire was designed (attached as Appendix 1) for gathering data from residents. The rationale behind the design of a structured questionnaire was to eliminate any unnecessary time required by respondents. The questionnaire required approximately 25 minutes to complete, depending on

the responses of the respondents, although some questionnaires had exceeded this time guideline due to enthusiastic respondents. The questionnaire was divided into 2 sections. This division was based on the presence/absence of an HBE for income-generating activities related to the 2010 FWC. Residents who did not have an HBE were required to provide data up till a certain point, whilst the rest had to complete the questionnaire. Information was sought from the non-users of the housing asset to generate income, as the reasoning behind the non-use of the house as an income-generating asset was useful to the study. The non-users were selected randomly and once consent was obtained to participate in the study, the questionnaire was conducted. There were, however users and non-users who denied consent to participate in the study.

Observation of these study areas indicated the definite users of the house for income generation. Contact, via telephone (mostly) and email, was made with these residents in order to request an interview of approximately 25 minutes. Households running HBEs were identified through observation of the potential use of their house for income generation, and most importantly access to residents. Fellow neighbours identified residents with potential use. Residents who had intercoms were approached first as it was difficult to gain access.

The researcher embarked on gathering data from residents in three residential areas and financial institutions (both traditional and non-traditional lenders). This was extremely time-consuming and limited the number that could be done. The cost of continually going back to the residential areas after residents refused to participate in the study was high. Due to the above limitations, the sample size of the study is small. Ten households in each study area were interviewed resulting in 30 households being interviewed in total.

In Manor Gardens, in particular residents were extremely indifferent to the study. The Manor Gardens residents were difficult to access as there were high gates and fencing together with watchdogs. It was ascertained from a few residents in Manor Gardens that there are many households generating income from their house however, interviews were denied. Further, due to the high crime rate in Manor Gardens many residents were reluctant to participate in the study due to safety precautions, understandably so.

HBEs are particularly difficult to study, as there are issues of legality preventing the willingness to divulge information that may implicate the owners if these are not in order.

The nature of the study probed the existence of HBEs that require consent from the local authority to operate. Trading licences are needed for HBEs and various other requirements stipulated by the eThekweni Municipality need to be fulfilled, as will be covered in later chapters.

1.6.4 Sampling Method

The sampling method used for the study was the non-probability sampling method –of purposive sampling. Purposive sampling is utilised to “... select a predetermined number of people who, in your judgement, are best positioned to provide you with the needed information for the study” (Kumar, 2011). This type of sampling method is most suitable for the nature of this study, as a particular sample population was targeted. The target population was in particular residents from Umbilo, Manor Gardens and Durban North, who have HBEs. Accommodation providers and HBEs that advertised on the internet and notice boards in the University and malls were selected for the study. The sample consisted of ten households per income area (high, upper-middle and lower-middle income) totalling 30 respondents. The age group for the study focused on respondents who were of a legal age to own a business and possibly a home, therefore respondents had to be over the age of 18 years. Respondents had to preferably be HBE owners, however, whilst conducting the field work non-HBE owners were included to examine the willingness of non-HBE owners to utilise the opportunity to establish an HBE to generate income from the 2010 FWC.

1.6.5 Financial Institutions

Information was required in order to have established the criteria and the willingness of financial institutions to lend to residents, for use of the house for income-generating activities from the 2010 FWC. The willingness and support of both conventional and non-conventional financial institutions were investigated. The conventional banks consisted of the ‘big 5’ banks, whilst the non-conventional financial institutions consisted of non-traditional lenders who provide financial assistance for housing and small businesses.

The ‘big 5’ banks in South Africa are Nedbank, Standard Bank, ABSA, FNB and Investec. Of the ‘big 5’ banks, only the following 3 leading banks in South Africa participated in the study:

- Nedbank;
- Absa;

- Standard Bank.

The non-traditional lenders (NTL's) selected for the study were:

- Blue Credit Services Financial Services
- Bayport Financial Services
- Capitec Bank

Firstly, contact was made with the conventional banks via email requesting appointments with consultants to conduct the interviews; however, the response was extremely poor. Personal contact was then made with the personnel from the branches in ²Durban's Central Business District (CBD). The initial plan was to obtain data from an area that had a cluster of Standard Bank, Nedbank, Absa and FNB, making it less time-consuming to obtain information for the researcher. The CBD branches were overwhelmed by customers, therefore many had declined and suggested other branches. It was perceived by the researcher that interviewing one branch from each of the 'big 5' would perhaps provide a bias or unrepresented sample for the study; however, it was established that the home loans and small business enterprise consultants only operated in certain branches. Of these few branches within the central Durban area, interviews were conducted with willing bank personnel. An interview schedule was utilised for these interviews conducted (attached as Appendix 2).

The non-traditional lenders were approached personally requesting interviews. It was found that there were many NTLs in the CBD of Durban. A significant amount of these NTLs provided personal loans only. Referrals to main branches were made from some of the NTLs. Others declined participation due to the nature of the study and stated that they did not deal with loans for the 2010 FWC. The consultants that did participate in the study were very helpful and willing. These were chosen at NTLs were externally busy in the CBD and they were willing to participate in the study, having fulfilled the criteria for the study.

1.6.6 Data Capture

The data capture methods for the quantitative data collected involved the use of statistical programs Epi Info and Statistical Package for Social Scientists (SPSS) 17. A database was

² 'Durban' is used in the context of the name of the city within the jurisdiction of eThekweni Municipality. Previously 'Durban' was commonly associated with the CBD and surrounding areas only.

developed in Epi Info for the capture and validation of the completed household questionnaires. The data set created was checked and verified with the actual questionnaires. The data obtained from the financial institutions was not captured into a statistical program due to its qualitative nature.

1.6.7 Data Analysis

Data analysis of the quantitative data was carried out with SPSS. The data was analysed in a thematic manner. The extent to which the 2010 FWC has triggered the use of the house for income generation in the high, upper middle and lower middle income housing markets was examined. The statistical analysis of the quantitative data was carried out in SPSS. A chi-square analysis was included for analysing the findings of the household survey. The value p determined in the chi-square analysis is the probability that there is no difference between the experimental and the controls; that is, the null hypothesis is correct. So if the probability that the experimental mean differs from the control mean is greater than 0.05, then the difference is usually not considered significant. If $p = <0.05$, the difference is considered significant, and the null hypothesis is rejected.

1.7. Outline of Study

Chapter 1 introduced the key information for the study, such as the rationale, research questions, research methodology and provides the historical background of the study areas. *Chapter 2* is the conceptual framework, which reviews relevant literature, theories and research studies conducted. *Chapter 3* explores the impact of the pulsar effect of mega-events on the housing markets of host nations. *Chapter 4* will provide the institutional support for HBEs within the South African legislative framework. *Chapter 5* will present the empirical research conducted in the study areas of Durban North, Manor Gardens and Umbilo. In addition, the willingness of financial institutions to support HBEs is discussed. *Chapter 6* will finally conclude the study with recommendations for enhancing HBEs in South Africa.

CHAPTER TWO: THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 Introduction

This chapter outlines the underpinning theoretical constructs of the three-dimensional nature of the study, linking HBEs with the pulsar effect of mega events and De Soto's hypothesis on the 'Mystery of Capital'. The theoretical frameworks unpacked provide the basis for which the research question can be understood and tackled.

2.1 Capitalism Theory

According to Wood (2002:2), "Capitalism is a system in which goods and services, down to the most basic necessities of life, are produced for profitable exchange, where even human labour-power is a commodity for sale in the market, and where all economic actors are dependent on the market." Adam Smith is known as the founding father of Capitalism, after his most famous book *Nature and Causes of the Wealth of Nations* (Jones, 1993). Smith's initial observation was that production was maximised by the division of labour. In this way, specific tasks would be given to individual workers by creating specialisation in specific aspects of the production process. He saw the division of labour coupled with expanding markets as the key to infinite possibilities for the expansion of wealth through manufacture and trade. Smith also argued that capital for the production and distribution of wealth was more likely to work more effectively without government intervention and regulation (Smith, 2010). According to Smith, this laissez-faire policy would allow for the most efficient operation of private commercial enterprises (Viner, 1927; Waller, 2006). There has been an increased focus on the capital accumulation and growth by classical economists, drawn from Adam Smith's work. . "The origins of the most recent wave of globalisation can be found in the political process associated with the ascendancy of Capitalism in its neoliberal or 'free market' form" (Petras & Veltmeyer, 2001, p. 43).

2.2 Neoliberalism Theory

Neoliberalism originates from Europe, but gained rapid momentum in the United States (Peck, 2010). Neoliberalism is more than the traditional liberalism, and is not Capitalism by

another name (Aalbers, 2013). It is rather a movement within Capitalism that still subscribes to selected preceding principles of economic liberalism. “Neoliberalism promotes market-led economic and social restructuring which produces, among other things, a more general orientation of economic and social policy to the private sector’s ‘needs’ (Hall, 2006, p. 63). Lerner (2003) opposes the existence of one neoliberalism arguing that there are different threads of neoliberalism.

Mega-events can be considered expressions of urban neoliberalism, acting as catalysts for the much-needed miracle of accelerated development in developing nations (Samara, 2009). The image of a city is rewritten through the ‘magnificent’ hosting of an event on spectacular urban space (Hall, 2006). Bass (2009) asserts that the eThekweni Municipality had subscribed to a neoliberal approach to hosting the 2010 FWC in Durban, which was emulated at a provincial level as well. The local competition, within a nation, created by the event is driven by 3 primary factors, viz. infrastructure development, and the edge that businesses gain and economic development, and the capability to attract future events in that locality (Hall, 2006). This is demonstrated eloquently at a national level in South Africa, when considering the fierce competition between cities that emerged to claim the economic and financial gain of the FWC. The primary motive driving this contest was for national funding to produce ‘iconic stadia’ and transport infrastructure development (Hallowes & Munnik, 2008). Despite a national bid for hosting the 2010 FWC being made, it is only the strongest competitors amongst the major cities that will benefit (notwithstanding, if these ‘benefits’ will trickle down to the grassroots levels it was intended for). According to Cottle (2011) the promises made for the 2010 FWC by South Africa to FIFA and its business partners for the free flow of capital accumulation, was undertaken to demonstrate that Africa was a dependable affiliate for neoliberal globalisation. “South Africa’s metropolitan municipalities are now all focused on creating competitive ‘world class cities’, producing ‘development corridors’ linking prestige industrial clusters, high value residential enclaves and airports, all wired up for global connection.” (Hallowes & Munnik, 2008, p. 17). The developing nations have embraced neoliberalism as a vehicle for driving social and economic development in alleviating poverty in the Third World is surrendering to capitalist ideologies. This embrace of globalisation has resulted in inter and intra-national inequality, abject poverty, stark uneven political, economic and military power internationally.

2.3 Globalisation Theory

Globalisation is one of the most popular theoretical concepts in the 21st Century (Petras & Veltmeyer, 2001). A common definition of this ideology has not been subscribed to globally however in the general sense globalisation refers to "... the historical process of increasing international economic integration via reductions in the barriers to trade, and increased flows, foreign direct investment, technology and knowledge transfer, and migration. It also embraces political, cultural and environmental dimensions." (Snowdon, 2007, p. 3). There has been much debate on the emergence of globalisation, however research by economic historians and economists reveal that globalisation predates the early 1960s, when it emerged in an article in *The Spectator* on the 05 October 1962 according to the Oxford English Dictionary, and existed before 1914. (Temin, 1999 cited in Snowdon, 2007). In 1914, the world economy had already achieved a state of globalisation demonstrating integrated commercial and financial markets. The era of globalisation in the late twentieth century is in fact the second era of globalisation (O'Rourke & Williamson, 2002, 2004). Snowdon (2007) argues that, contrary to popular belief, the world is only 'partially globalised'; as 'full globalisation' requires an integrated global economy as if the market of a single country exists with the separation imposed by political borders.

There have been many economic crises that have been endured globally over the past few decades, such as the Great Depression in the 1930s, in which Capitalism has survived (Posner, 2009). Globally, citizenry are still bearing the effects currently of the global recession that resulted from the collapse of the world banking system. Posner (2009) argues that the current economic crises is due to the normal business activity in laissez-faire economic conditions. It began as a recession in December 2007, and in 2008, a financial crisis penetrated the global markets, culminating in the most significant economic crisis since the Great Depression in 1930. In 2009, the global markets were fashioned with economic and sub-prime mortgage crises. This resulted in many losing their jobs, budget cuts and intensely shrinking economies (FinMark Trust, 2009). There has been speculation by analysts and commentators that the sub-prime crisis was the cause of the economic crisis. The provision of housing finance for the poor has been labelled as the culprit for the economic crisis. An article in the Economist (Home Ownership: Shelter or Burden cited in FinMark Trust, 2009) described the American sub-prime mortgages as a "...financial instrument designed to spread home ownership among the poor." The failure of this instrument is well known globally and

consequently causes the loss of 2.3 million families facing foreclosure and lost their homes (FinMark Trust, 2009). This failure contributed substantially to this instrument being scrutinized globally due to the instability caused in global markets. Stability of the global economy and access for the poor are being weighed against each other and the former is being prioritised.

2.4 Asset Theory

According to the Oxford Dictionary, an asset is “a useful or valuable thing or person”. In the evolution of society, money is used to acquire assets; hence, wealth is as an accumulation of assets. Murdin (2012:87) acknowledges this by stating, “In the contemporary market, money is essential to enable exchange of goods.” In conceptualising the accumulation of wealth, the accrual of money would render a person wealthy due to the potential of capital to acquire assets. There are two primary types of assets, viz. tangible and intangible. Tangible assets include dwellings, equipment, livestock and farmland, whilst intangible assets comprise of social capital, skills, and knowledge (Chowa & Masa, 2012). The argument put forward by Chowa & Masa (2012) asserts that assets are more important than income; as assets can be accumulated and kept as time lapses, assets can generate returns and provide the support required in the difficult times that households face.

Many ideologies have emanated from the asset, such as the asset-based poverty approach. In contextualising the current situation, neoliberal markets stimulated economic growth, however, it failed to reduce poverty. The asset-based approach propagated by Williamson (2003) argues that governments should provide the minimum asset base and access to the market to enable the citizenry to save, accumulate and succeed in a market economy. Chowa & Masa (2012) delve deeper into the asset-based approach revealing that households require more than the asset to confront development challenges. The lack of education, access to finance, formal employment and financial services constrain households from using their assets to generate income. These constraints are addressed in the asset development strategy, with asset-building interventions such as access to finance, financial education, and asset management training. Asset-building interventions have been employed to assist households to maximise the use of assets, thereby improving the economic and social well-being of households (Chowa & Masa, 2012).

2.4.1 Conceptualising the Housing Asset

“Housing is an important asset, which for many represents the most significant investment of their lives.” (Toussaint & Elsinga, 2009:1) The importance of the housing asset is a paradox as the importance lends accessibility to the market. In developing countries the importance of the housing asset remains, however the ability of the majority to secure home ownership is a challenge. Over the past decades, the asset potential of housing has been explored from different angles. Studies have presented the asset potential of housing harnessed in different countries. In the United Kingdom (UK), housing has grown in importance as a financial asset, allaying the welfare needs of the aged and retired. In particular reference to homeownership, once a house is entirely owned it remains as a ‘nest-egg’ that can be unlocked if needed by the sale of the house. (Toussaint & Elsinga, 2009) Economic survival in a globalised market has outweighed and consequently reduced welfare expenses. Global perceptions assert that markets and individuals deal with risks such as unemployment and illness better. The housing asset has evolved from solely providing shelter to providing a financial safety net shielding household from financial difficulties (Toussaint & Elsinga, 2009). The ‘asset-based welfare policies’ introduced the role housing assets play in providing welfare benefits. The asset-based welfare policy encourages citizens in the UK to secure home ownership, reducing dependency on social benefits, providing a form of income security especially to the aged and retired. (Groves, Murie, & Watson, 2007). The asset-based welfare policies extend beyond European borders to the East Asian states.

In South Africa, one of the objectives of the Breaking New Ground (BNG) housing policy is to ensure that “property can be accessed by all as an asset for wealth creation and empowerment” (BNG; 2004). The role of the housing asset has been identified for generating capital. Rust (2007) presents the multi-dimensional nature of the housing asset triangle in the South African context. The housing asset triangle consists of the social, financial and economic values. Briefly, the social value provides a family safety net for the household whilst the neighbourhood provides a social support system. The financial value is equivalent to the monetary value when the house is sold. The economic value is the income earning potential of the house and the extent to which it can contribute to a sustainable livelihood for the household. This study specifically places emphasis on the income earning potential of the house, creating wealth for the household.

The BNG, current housing policy formulated by the government, introduces the notion of the housing asset. The housing asset has been included in the new vision of government's current housing strategy. The policy and institutional context of the housing asset will be covered in a later chapter, in order to place the role of the housing asset in the South African context. The housing asset is made up of the following three values, the social, economic and financial values as illustrated in *Figure 5*.

2.4.1.1 Conceptualising the social value of the housing asset

The advent of democracy in South Africa introduced the housing subsidy programme in 1994. The government has placed focus on the social value of the housing asset since then. The social value provides the household with a family safety net and a sense of citizenship or belonging to a city (Rust, 2007). The neighbourhood in which the household lives provide a social support system. The government has provided a valuable social asset by providing subsidised housing. The subsidised housing is meant to enhance the efforts of the household to sustain themselves, and further grow, reducing their vulnerability (Rust, 2007).

2.4.1.2 Conceptualising the financial value of the housing asset

The financial value of housing is the monetary value of a house when it is sold. The financial value becomes important when a household sells its house in order to improve their living conditions and climb the housing ladder. The home is sold in order to buy a better, bigger home better suited to their needs. The more the household can sell its house - depending on the current property market, the quality of the neighbourhood, and the availability of capable buyers – the more the household can afford to spend on their next home (Rust, 2007). On the contrary, if the household wishes to downsize, a less expensive home can be bought and the remaining balance can be considered as income. The house is thus the basis for the household's financial gain. The housing asset can also be used as collateral and leverage to access business finance or to pay university fees. If a household views their homes as financial assets, they have the opportunity to improve their financial situation and their life chances. Having stated this, it is important to recognise that the performance of the financial asset value of the house depends upon the functioning secondary (resale) property market, and solid linkages between primary and secondary property markets. De Soto suggests that in the absence of a functioning property market, property becomes 'dead capital'.

2.4.1.3 Conceptualising the economic value of the housing asset

The income earning potential of the house and the extent to which it can contribute towards sustainable livelihoods forms the economic value of the house (Rust, 2007). The unemployment rate in South Africa for the third quarter of 2009 was 24.5% when compared to 23.6% in the second quarter (SABC News, 2009). Given the high unemployment rate in South Africa, income earned from the use of the house for HBEs or offering accommodation for rent can be extremely beneficial for South Africans. Rust (2007) argues, in many instances the quality of the structure supporting the income earning opportunity is poor. This invites the opportunity for investment to be made in improvements to structures, perhaps by means of incremental, non-mortgage housing finance.

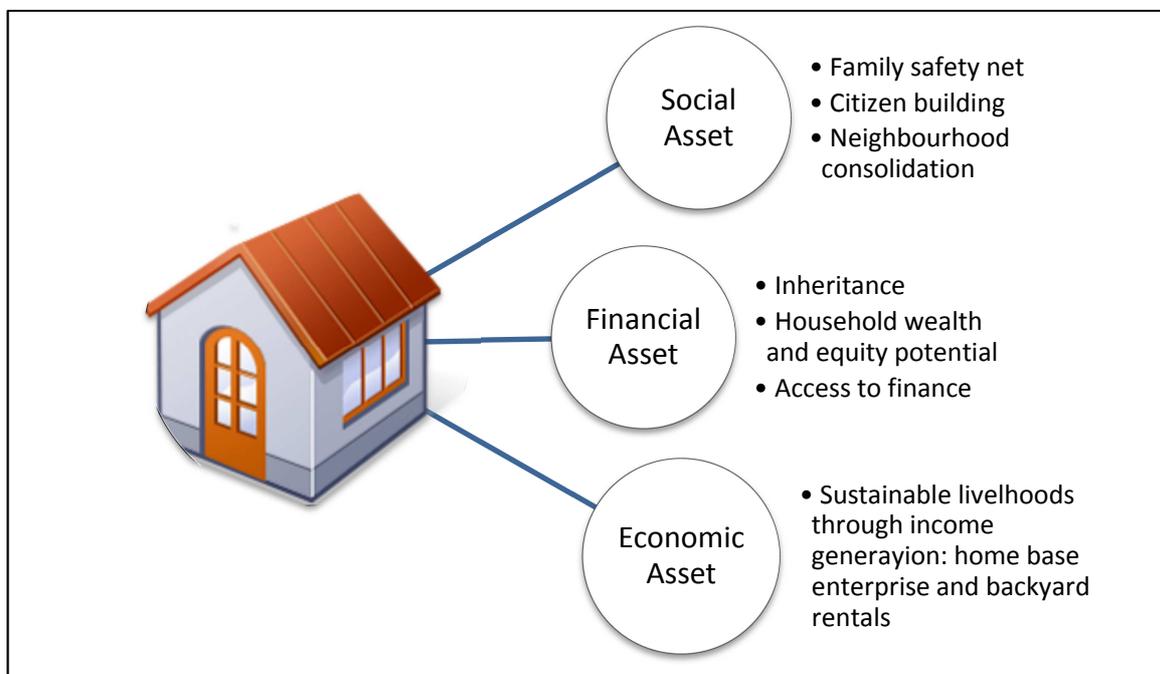


Figure 5: Housing Asset Triangle [Adapted from Rust (2007)]

2.4.2 Conceptualising HBEs

The origin of HBEs (HBEs) predates the eighteenth century. The notion of HBEs does not limit the role of a dwelling to simply providing shelter and amenities. Rather, it extends the home as an income-generating asset if used as rental space or to operate a business (Strassman, 1987). Early literature in the 1950s revealed that the capital saved (due to the absent need for business premises and less infrastructural demands) was the main incentive for the pursuit of home-based or cottage industries. Decades ago, in pre-industrial societies,

the use of the home as a workplace was common however as the Industrial Revolution began in 1760, there was a move away from home-based to factory-based manufacturing in Britain (Montagna, 2012; Tipple, 1993). At a global level, this shift away from a home-based workplace resulted in the dominance of small shops and cottage industries, existing as part of complex production and distribution systems.

For classical economists HBEs were a natural phenomenon (Strassman, 1987). On the contrary, Marxism advocated that HBEs were a trivial mode of production of goods (Strassman, 1987). Further opposition was received from, a group of professionals influencing the urban fabric of developing nations, physical urban planners. There has been great resistance from policymakers against the 'home as a workplace' due to mono-functional land use theories and the moral 'dilemma' of private economic return from public housing provision (Strassman, 1987). The interrelationship between housing and income-generating activities, as demonstrated above, is not a new phenomenon and continues to prevail in the informal sector of developing countries (Tipple, 2003).

In many developing countries, the home is used as a workplace despite regulations prohibiting this. HBEs are an integral part of the social fabric of developing countries, where they are widely found (Tipple, 2003). HBEs play a crucial income-generating role for households and consequently reduce poverty (Gough et al, 2003). The role HBEs play depends upon the type of neighbourhood in which they exist. Tipple (2003) puts forward the argument that petty retailing and the sale of cooked food are mostly found in poorer neighbourhoods, where access is limited. The areas situated in a well-developed neighbourhoods that allow for access to transport, close proximity to formal enterprises and availability of space permit a citywide clientele for these HBEs. HBEs of this nature include light manufacturing (food, clothing and textiles) and a myriad of services (including dental and medical clinics). HBEs have to be able to compete with larger and modern enterprises in these well-developed neighbourhoods.

HBEs are usually small and provide marginal income for their owners whilst a few are large and profitable. The most sophisticated retailing and service HBEs can be seen as the most profitable, followed by storage and hawking. Renting is notably the least profitable activity based from the home and is found twice as much as other activity. It can be speculated that this is the most common HBE because of lack of time and commitment it requires, as the

house is already built to accommodate household members. Women were the most dependent on their business being located at home, as they could not carry out their activities anywhere else. This is due to the role of women in the household, their duties as mothers and the need to protect their dwelling from theft (Fass cited in Tipple, 2003).

2.5 Mystery of Capital Theory

The 'Mystery of Capital' theory is important for this study. It was formulated by the Peruvian economist Hernando De Soto as his attempt to provide an explanation for the failure of Capitalism in the Third World. De Soto (2000) argues that Capitalism thrives in the West and fails elsewhere because the majority do not formally own titled property. Although the majority of residents in developing nations own property, they have acquired ownership in an informal manner. For e.g. informal ownership is secured through neighbourhood associations or mafia as opposed to formal titles and a property registration system. The absence of formal property ownership thwarts the potential use of property for collateral and therefore precludes the capital embedded in these assets from being 'unlocked'. As a result, the assets of the poor cannot be converted into capital; nor can they be traded outside of the narrow local circles where people know and trust each other, and they cannot be used as collateral for a loan (De Soto, 2000:6). It is for these reasons that the assets of the poor are considered by De Soto to be 'dead capital'. The poor are bound to 'dead capital', restricting their ability to un-tap the hidden potential of their housing asset.

His book is based on research done on identifying and measuring the assets held by the poor in Lima, Haiti, the Philippines and Egypt (McKinney: 2007). It was found that the asset value of the poor in the second and Third World countries amounted to \$9.3 trillion; however, there is no legal ownership of these assets. De Soto's thesis the Mystery of Capital was not an entirely new concept and he has drawn to others for his seminal work. One such person that he has drawn on is Adam Smith. De Soto developed an argument based on Adam Smith's theories of Capitalism, which favour specialisation of the division of labour for increased productivity. This theory will be explored in the context of the pulsar effect triggering HBE activity to generate income from a mega-event.

2.6 Pulsar Effect Theory

‘Pulses’ as defined by the ISoCaRP 2002 Athens Congress are “... the peaks, troughs and recurrent or repeat events which have a distorting effect on the day-to-day operations of the modern city” (Beriatos & Colman, 2003:11). In light of the above the pulsar effect would therefore then be the effect that pulses create. There are different types of pulses. The size and magnitude of the pulse determine the type of pulse. Firstly, local people create pulses for e.g. one-off events like World Youth Day act as pulses locally create pulses. Secondly, mega-pulses are big bang or recurrent world events such as the Olympic Games, or mega-infrastructure projects like the channel tunnel in Mesina Bridge. These ‘big bang’ events occur over a short period requiring high land consumption, human resources, building materials and infrastructure for mammoth patronage. Host nations are perceived to gain financially from these events as discussed, however, distortions may occur coupled with adverse impacts on local communities. Distortions have a temporary nature, nevertheless they can be severe. Lastly, serial pulses provoke recurrent seasonal peak and trough pulses.

Pulses give rise to imaginative and innovative thinking with no traditional institutional impediments. Reflection of case studies reveals pulses make it possible to examine unorthodox and untested approaches, however this does present high risks. Pulses are important in the proposed study because the pulsar effect created by the 2010 FWC on the housing market is being examined.

2.7 Conceptualising the Developmental State

The ‘developmental state’ often refers to the model used by developing countries in East Asia post Second World War, to combat the plunge into developmental crises with the emergence of a developmental state. The success of East Asian nations to develop their economies rapidly amidst financial crises, has gained a spotlight of attention in the global arena of development and academia.

The success of the developmental state to elevate the development status of a country is highly contested amongst the academic community. There are two schools of thought challenging the success of the developmental state. The first school takes a neoliberal stance, challenging the efficiency of the developmental state model. The second school asserts that the success of the East Asian miracle is due to the developmental state model; however, it is

not relevant to solve current development challenges. Globally the developmental state model is not viable for the present global economic and political climate (Hayashi, 2010).

Although critics have discredited the efficacy of the developmental state, there are scholars and leaders who consider the model valuable. Notably, the model cannot be replicated in the current development climate on an unequal global platform for economic development; however, developing nations endeavour to rise to the coveted status of 'developed'. In particular, the landscape of the African continent is still primarily marked with underdeveloped countries, even after 40 years of independence (Edigheji, 2005). The economic level in Africa is characterised by economic activities predominantly in the primary sector preventing contribution to high yielding economic activities; low mobilisation of capital domestically; reducing direct foreign investment; dependence on foreign aid; high levels of debt; high unemployment and the emergence of informal economies causing high levels of poverty (Edigheji, 2005). Due to the 'underdeveloped' state Africa is unable to be a worthy contender in the global economy.

In the past 3 decades, poverty has only deepened in Africa (Holdt, 2010). This is because the African continent is battling to escape the cycle of poverty and underdevelopment. Whilst the East Asian nations have prospered and are considered developmental states to some extent, Africa does not have developmental states (Forje, 2006). Amidst the development struggle in Africa, the developmental state model can possibly be utilised to uplift the socio-economic status of the poor and those that are struggling. The challenge lies in African countries exploring the possible avenues of the developmental state model, whilst facing the challenge of providing for the needs and political expectations of citizens simultaneously. Due to the complex nature of the 'developmental state' in the African context, 'developing' nations bid to host mega-events in the hope of fast-tracking development. The perceived lasting development benefits lure developing nations into hosting mega-events to achieve the coveted status of a 'developmental state'.

The notion of the developmental state is the model based on the state identifying specific development goals, in which the state mobilises society to achieve rapid economic expansion (Gumede, 2009). The primary differentiating factor between the developmental states and developing states is the ability of the state to 'regulate' the market, espouse business, civil society, and labour in accomplishing the envisaged state of the nation's economy.

A framework has been formulated by Chalmers Johnson (1982) outlining the East Asian developmental state. Two schools of thought have emerged in theorising the developmental state, viz. the ‘political school’ and the ‘economic school’. The economic school of thought places significant emphasis on economic policies and their purpose in achieving a developmental state. The market is regarded as the primary mechanism to deliver the developmental state, as its imperfections can be corrected by the state for optimal conditions to promote development. The political school declares on the other hand that the basis for a developmental state is the relative autonomy of the state, and to channel all state vested interests to solely achieve development goals. The global debate provoked by the development state paradigm has sparked a similar debate in the South African context.

2.8 Conceptualising South Africa as a ‘Developmental State’

There has been much academic debate as to whether South Africa is in fact a ‘developmental state’ (Edigheji, 2005; Fine, 2010; Gumede, 2009; Mohamed, 2010). The ‘developmental state’ has suddenly surfaced within the highest levels of policymakers of South Africa, and emerged as the overall prominent model for the development trajectory of South Africa. Further to the ‘developmental state’ setting the development tone, it has been suggested that South Africa has already embodied the developmental state (Fine, 2010). When compared with the development state model of East Asia it has been argued by a host of academics that the development trajectory of South Africa is not suitable to achieve the ‘developmental state’ (Fine, 2010; Gumede, 2009).

There are some scholars amongst the academic community that assert that the East Asian developmental state cannot be replicated anywhere. Further, there is even more scepticism as to whether a developmental state can be achieved in a democratic state. According to Evans (1995:29) there are development ‘prerequisites’ that a nation should possess to embody a developmental state; therefore the following remain as perceived stumbling blocks in South Africa achieving the developmental state. Firstly, the colossal inequality of the South African nation in the form of inequality across racial lines and income earned poses a challenge, as developmental states have had reasonably equitable societies or all citizens were poverty-stricken (Evans, 1995). Secondly, South Africa is engaged in nation-building efforts to unite a once racially segregated society concurrently with economic development (Khilnani, 2003). Whilst the greater part of development states had to deliver developmental states with a

racially heterogeneous nation, like South Africa, Malaysia has a racially homogeneous nation. Most East Asian nations were more distinct nations and cultures prior to becoming the developmental state (Gumede, 2009). Thirdly, in a constitutional democratic nation, such as South Africa, participative and decision-making processes have to be conducted with citizens for social, economic and political decisions. Whilst in other nations economic development had solely been the driving force for achieving a developmental state, in South Africa democracy has to be achieved simultaneously. There exists literature strongly supporting the ability of South Africa to achieve a developmental state, managing the dichotomous goal of balancing economic and social growth coupled with building a democratic nation (Sandbrook, 2007).

Many nations like South Africa have attempted to deliver the developmental state outside of East Asia. There have been successful developmental states in Post-war European countries such as France, Finland and Austria (Loriaux, 1999, Vartiainen, 1999). France has been argued by Loriaux (1999) to be quite similar to the development paradigm employed by Japan. Amidst the devastation of World War II Finland and Austria successfully mobilised society to support national integration and industrialisation (Vartiainen, 1999). In Africa, there has not been success in replicating this recipe for development, perfected by East Asian countries. Globally nations are grappling to reach the development status of developmental states. Developing nations face development conundrums such as high levels of poverty, widening gap of inequality between rich and poor, unemployment and low standard of living for the majority. Amidst solving these challenges, the planning and successful implementation of a developmental state requires high levels of state co-ordination, intervention and resources. Governments of developing nations are then stuck between a 'rock and a hard place'. Consequently, the appeal of hosting mega-events attracts developing nations in particular as economic development. In some instances, nations have hosted mega-events with a developmental agenda driving the process.

2.9 Conceptualising Mega-events as a 'Means' to Development

Mega-events are high-profile events such as the Olympics and World Fairs that occur over a short-term period (Hall, 1992; Getz, 1997). These events are more often than not perceived to enhance the image of the host nation, luring international tourists (for the duration of high-profile event and in the future), coupled with enhancing the economy. Mega-events have a multi-faceted nature as they consist of various types of events such as sports, conferences,

festivals, trade fairs, natural disasters and do not solely constitute sporting events (Beriatos & Colman, 2002). Sporting mega-events in particular have received significant and noteworthy attention for generating revenue and for boosting economic benefits for the cities and regions of host nations. Sport tourism plays a vital role in marketing tourist destinations and the proposed economic value. The economic return of hosting a mega-event is used to justify the use of public funds in the bid process and subsequent operational costs of mega-events (Chalip, Grenn, & Hill, 2003).

A hierarchy of mega-events based on media interest has been adapted from Tomlinson et al (2009) in Table 1. In Table 1, the different types, dimensions and levels of mega-events are outlined (Roche, 2000). Mega-events command the highest level of media interest, with specific regard to FIFA and the International Olympic Committee, due to a sports-media-business alliance, which is formed primarily for television rights and sponsorships (Horne & Manzenreiter, 2006). More than half of the revenue generated from sporting events materialises from the sale of television broadcasting rights, whilst the remaining is obtained through sponsorships and partnerships.

Table 1: Hierarchy of mega-events

Type of event	Example	Media interest
Mega	Summer Olympics Football World Cup World Fair/Expo	Global
Special	Euro 2008 F1 Grand Prix Commonwealth Games Trade Fairs e.g. cars	International and national Specialist Media
Hallmark	Premier Soccer League Comrades Marathon Big City festival e.g. Edinburgh Festival	National Regional and local
Community	Sponsored events, e.g. 'Charity Big Walk'	Local

Source (Tomlinson, Bass, & Pillay, 2009)

Developing nations such as Asia and Africa in particular have hosted mega-events. In addition, there are upcoming mega-events that will be hosted by developing or peripheral nations (Tomlinson et al, 2009). There has been a vast body of research done by scholars in efforts to investigate if mega-events are indeed development 'vehicles' (Chalip et al, 2003). Preuss (2000) presents the perceived benefits that hosting sporting mega-events lure of the

developing world as they: showcase the region; 'put the country on the map'; promote the political system; create new trading partners; attract investment; boost tourism; create employment and business opportunities; renew urban areas and build a legacy of sports infrastructure. For the purposes of this study, such benefits have an impact of the SMME sector, generally, and for HBEs in particular. The latter is important for a study such as this one, whose thrust is based on HBEs deriving economic benefits from the 2010 FWC.

CHAPTER THREE: THE ACHILLES HEEL OF MEGA- EVENTS

Hosting mega-events have almost become a new ‘fashion trend’ globally as nations compete to win the right to host, but what are the motivating factors behind this decision? A host of scholars, who have contributed to the body of knowledge globally on mega-events, suggest that the perceived boost to economic growth and social development can be the motivating factors. Mega-events of a sporting nature now play a vital role in marketing countries as tourist destinations. As acknowledged in the White Paper on the Development and Promotion of Tourism in South Africa (1996:6), “Tourism has become a fiercely competitive business.” South Africa competed globally to win the bid to host the 2010 FWC in the hope of accelerating economic growth and development. This chapter will explore the impact of the pulsar effect of mega-events in the housing markets of the host nation, to determine the extent of the housing asset being used as an income-generating asset during mega-events.

Subsequent to perusing through international literature on mega-events, there is little evidence in studies conducted on the impact of mega-events on HBEs. Primarily the thrust of the existing body of literature on mega events focuses on an economic assessment of mega-events. This is not necessarily a shortfall on the part of the academic community due to the colossal emphasis placed on the economic returns of hosting a mega-event. An additional important aspect of the existing literature is largely restricted to the first world urban hubs, even though mega-events have played a valuable role in developing nations (Greene, 2003). The critical differences between a developed and developing host nation of a mega-event has not won the interest of the academic community and thus a comprehensive evaluation has not been done. It is important to recognise that the housing markets are not synonymous with HBEs. HBEs form part of the housing market and have an influence on the housing markets i.e. in the case of Durban North property is considered prime as more businesses develop, grow and redefine the area into a mixed-use area. The impact of mega-events in the housing markets of host nations will be outlined below.

3.1 The ‘Big Kahuna’ Effect of Mega-Events on the Housing Markets of Host Nations

Greene (2003:166) draws on the *United States News and World Report*, which portrays the renowned popularity and mammoth spectacle-oriented development projects of mega-events as a measure to attract and lure global capital, describing this as the “Big Kahuna approach”

to development in urban areas. Roche has presented a similar argument (2000, pp. 1-2) as mega-events have been described as "... being produced by cities in the throes of transformation and in the various sorts of crisis..."

One of the aims of the study was to highlight the impacts of the mega-events in the housing markets, in specific regard to income generated by HBEs. After an exhaustive search, it was found that there is limited literature on mega-event-related impacts on housing markets, especially with specific focus on residents directly economically benefiting from mega-events from the use of the house. In light of this an account, of the mega-event related impacts on the housing markets of different host nations will be drawn on.

Firstly, as may be anticipated by the reader, due to the growing vast critical analysis of mega-events, the literature on the effects of mega-events in housing markets is generally of a 'negative' nature. Secondly, another observation is that the existing academic literature focuses on the Olympics and World Trade Fair (Expo) predominantly, whilst documentation on the FWC has fallen by the wayside. The negative commentary from the academic community largely focuses on the impacts of mega-events in the housing markets of host nations in the form as forced evictions. Forced evictions and the subsequent negative impacts are usually associated with the first world, 'westernised' and 'industrial' nations. This association with the first world has changed significantly over the past few decades due to the staging of mega-events in developing nations. Case studies highlighting the forced evictions emanating from mega-events will be explored below in different types of mega-events.

3.1.1 Olympic Games

3.1.1.1 Seoul, South Korea

In 1981, South Korea was announced as the successful nation to host the 1988 Summer Olympic Games. As characteristic of mega-events, redevelopment and extravagant spending followed suit for the preparation for the event. It was estimated that \$3 billion was spent in the capital city of Seoul on the sports stadia, subway lines, new highways, a new airport terminal, the refurbishment of monuments and historic buildings, construction of accommodation units for athletes amongst others (Maass, 1988). At the outset, before the preparation began in Seoul the city faced real estate pressures and threatening informal settlements. The new-born need for land to construct sporting venues, accommodation for

athletes and facilities for tourists (250 000 visitors) added significantly to these land related pressures.

Focus shifted drastically from the housing needs of the citizens to ensuring the 'best' image of the nation was portrayed. Unappealing slums were removed from high-profile areas, such as along the route of the Olympic torch (Asian Coalition for Housing Rights, 1989). In total 227 areas were earmarked for redevelopment, resulting in the demolition of 48 000 buildings equivalent to the housing of 720 000 (Asian Coalition for Housing Rights, 1989). Almost none of the evictees (90%) from the areas set aside for redevelopment were provided with alternate housing (Asian Coalition for Housing Rights, 1989). The privatization approach adopted was best suited for housing the middle-class population, however, failed to provide housing for the rental lower income tenants. (Bank, 1988). The redevelopment in Seoul in preparation for the Olympics, therefore resulted in alienating low income earning citizens to the outer skirts of the city, far-off from the core of the city, with multiple evictions (Greene, 2003).

3.1.1.2 Calgary, Canada

Calgary is Canada's centre of the oil and gas industry coupled with being a major contributor to the 'Agri-business' industry. In February 1988 when Calgary hosted the Winter Olympics the population was estimated to be 650 000 people. Calgary had committed to host the 1988 Winter Olympics in the hope of shedding the 'cow-town' image it had adopted, and highlight the city as a tourist destination with international appeal (Calgary Economic Development Authority, 1988). The hosting of this mega-event was designed as a catalyst to enhance development into the 21st century. More than 180 000 people visited the city of Toronto to watch the Olympic Games live. Following Calgary being announced as the host of the 1998 Winter Olympics in late September 1981, the original bid budget and revenue projections doubled. All levels of government (federal, provincial and local government) and the organising committee of the Olympics Games funded the lasting legacy anticipated for the mega-event was by (XV Winter Olympics Official Report, 1988). The housing impacts of the Olympic Games manifested in three types of housing, viz. within the rental housing market, residential hotels, and student residences. The legislative environment in Calgary is not favourable for tenants, as the rights of tenants are not protected.

Firstly, property owners had evicted tenants from rental apartments in order to use the vacant units for generating income. Tenants were encouraged to move out even though they were not given an option. Tenants from 390 luxury apartment units and 100 townhouse units were evicted. Approximately 780 people were evicted for the Olympics from rental apartments (predominantly from two large apartment complexes). Secondly, evictions in residential hotels were not as significant as they had emerged in Vancouver. In Calgary, it was largely the elderly and handicapped of the 75 tenants that were evicted from the hotel suites.

Lastly, the University of Calgary had played an integral role in the bid for the 1988 Winter Olympics. It was deemed highly unlikely that Calgary would have won the bid to host the Winter Olympics without the support from the University. The University's commitment primarily consisted of providing housing in a manner that was well suited for housing all of the athletes in a local facility, easing the planning of transportation and security (Olds, 1998). The University had displaced 1450 students from the student residences for nearly 2 months to make way for the 'Olympic Family' (Reasons, 1984). The University housing authorities assisted the displaced students and it was argued that the students would benefit from the long-term legacies inherited from the Olympics. In the Southern Alberta Institute of Technology, the entire student residence was rented out for the period between January and March 1988. There were 491 students displaced and as in the case above with the University of Calgary, assistance was provided to locate to alternate accommodation (Olds, 1998).

3.1.1.3 Toronto, Canada

The largest city in Canada is Toronto, with 3.5 million inhabitants. Toronto has been for most of the 20th Century the leading manufacturing powerhouse in Canada, with a foremost role in economic and cultural transformations (Olds, 1998). The housing situation is reflective of the high-unmatched demand with the highest homelessness figures in Canada. According to Borowy (1992) homelessness had grown dependent than 25 000 in 1992, 80 000 dependant on food banks whilst lastly, 200 000 resided in 'sub-standard' housing. Toronto's bid to host the 1996 Summer Olympics were largely centred upon a boost to the economy and development (various sectors), showcasing the city for international tourism and to inherit the legacy that hosting the Olympics would bestow upon the host nation. The regulations governing tenure rights for tenants in Toronto fall under provincial jurisdiction. Provincial legislation protects the rights of tenants more extensively, when compared to other cities in Canada.

In the bid made by Toronto for the Summer Olympics, the leveraging of affordable housing units was incorporated to address the housing backlogs and situation, coupled with the latent social impacts of tenant eviction. The Housing and Properties Department of the City Council in Toronto conducted a study on the impact of mega-events in the housing markets of host cities (Olds, 1998). Recommendations were then made and used by city officials to develop a strategy to ensure that tenants are protected from the tourist accommodation provisions. A public consultation process was orchestrated for discussion between the city and community representatives on housing and potential Olympic-related eviction issues. Politicians and senior government officials compiled a plan in which housing needs were addressed and buy-in was obtained from community for the city to host the Summer Olympics (Olds, 1998). The housing units built in the athletes villages would be retained as affordable housing after the Summer Olympics.

The community (housing, tenant and neighbourhood organisations) initiated interaction with city officials, presenting findings of research conducted on housing issues, lobbying and decision-making and consultative issues surrounding housing (Olds, 1998). A combined effort manifested in two strategies viz. a ‘community’ and ‘political’ strategy for the city was formulated to be implemented at different levels (Shapcott, 1990). This was incorporated and presented in the bid to host the Olympics to the International Olympic Committee (IOC). When the IOC met in September 1990 to make the final decision on the successful city to host the 1996 Summer Olympics, Atlanta was subsequently chosen as the host for the Olympics. Various debates were solicited surrounding the reasoning behind the decision by the IOC however, according to Olds (1998) the community involvement and action was the possible cause or considerably contributed to the decision. The involvement of the community leads to the following factors influencing the bid: substantial debate over the social impacts of hosting mega-events in the city of Toronto; the adoption of the *Toronto Olympic Commitment*; significant attention and awareness was created highlighting the weakness of the legislation governing landlord and tenants; and the importance of involving the public honestly in the major plans for the city of Toronto, which ultimately affect the people.

3.1.1.4 Beijing, China

Beijing is the capital city of China and was estimated to have approximately 17 million inhabitants in 2008. Upon winning the bid to host the 2008 Olympics in 2001, the Chinese

nation seized the opportunity to reveal to the global community its rapid economic growth and modernization. The Communist Party had gained a spectacular opportunity to demonstrate on a global stage how, "... democratic, open, civilized, friendly, and harmonious..." their country was (Sands, 2008). Despite Beijing embodying the political and cultural centre of China, the cost of the Beijing Summer Olympics could be argued to be the most expensive Olympics hosted thus far (Ludwig & Turner, 2010). The estimated cost spent on the Olympics amounted to a staggering \$1.606 billion, whilst the approximate forecast indicated a \$19 million profit enriching the economy of China (Hopkins N. , 2001).

In preparation for the Olympics, the Chinese government demolished the homes of many citizens, with little or no reparation provided for the distraught homeless. The Mayor of Beijing, Mr Qisan Wang declared that 300 000 people would be relocated from sites dedicated to Olympic-related activity. Westendorff (2007) argues that estimates indicated that relocations and demolitions directly affected a staggering 1.5 million citizens between the periods of 2000 – 2008. In the 9 years preceding the high tide of Olympics preparation, it was estimated that 640 000 (70 000 per annum) people fell victim to relocations and demolitions. A further calculation indicates that the average for the preparation period toward the build-up of the Olympics is almost 2.4 times larger than the demolition/relocation rate prior to the commitment to host the 2008 Summer Olympics (Westendorff, 2007). The citizenry of China had expressed dismay in the form of protests voicing the effects of the hardships experienced due to the forced evictions. The IOC's decision awarding China with the winning bid to host a mega-event of this nature was questionable, due to the existing violation of human rights issues in China prior to the bid (Hopkins M. , 2006). Playing host to the Olympics resulted in further violation of human rights in the form of infringement on property rights. The government had also denied citizenry the opportunity to protest.

3.1.2 500th Anniversary of the Columbus Voyage

3.1.2.1 Santo Domingo, Dominican Republic

Santo Domingo is the national capital of the Dominican Republic. Between 1950 and 1981, the population within the cities increased from 23.8% to a staggering 52% (Morel & Mejia, 1998). It was recorded in 1981 that the capital city was inhabited by 30% of the national population and 50% of the urban population in the Dominican Republic (Morel & Mejia, 1998). Besides dealing with a rapidly growing population, the economic role of Santo

Domingo heightened with approximately 70% - 90% of the nations' industry, services, commerce and administration within the city (Morel & Mejia, 1998). By the 1980s, the urban development had manifested in an unplanned manner motivated by land speculation. The housing situation de facto was alarming as 70% of the inhabitants of the capital city resided in the 'informal sector, largely constituting delineated into working-class barrios and poverty-stricken shantytowns (Morel & Mejia, 1998). The housing constructed within this housing 'market' was usually built on state-owned, poorly serviced land and built with household savings due to minimal or no public funds. An intervention was required to 'kick-start' development.

Just as South Africa has recognised the potential of the tourism industry for economic growth, so too did President Balaguer adopt an urban development strategy focusing on tourism in the late 1980s. The 500th Anniversary of the Columbus Voyage in October 1992 was earmarked to unlock the tourism potential of Santo Domingo. In the preceding years to the celebration, settlements within Santo Domingo that did not match the desired image of the city for the event, were relocated into the periphery away from the urban core. It was estimated that a daunting 180 000 people (30 000 families) were evicted between 1986 and 1992 from the high-profile areas that would have been in the spotlight for celebration (Asian Coalition for Housing Rights, 1989). Most of the families were not assisted with the relocation of housing and many families were consequently left without proper homes for 3 to 4 years. It is difficult to ascertain the total impact of the mega-event of the 500th Anniversary of the Columbus on evictions, as these were not recorded. Moreover, estimates vary with numerous research initiatives. It is clear however from the above estimates gauged on the land used for urban development specifically for the event, that the lives of many were plunged into dismay in the search of housing.

3.1.3 World Fair (Expo)

3.1.3.1 Vancouver, Canada

The third largest city in Canada is Vancouver, with the regional population estimated at being 1.8 million in 1996. Since the dawn of the 20th century, Vancouver has grown at a rapid rate due to the primary resource (logging, mining, and fishing) economy. From the 1970s onwards, the tourism industry had started to grow at an extremely fast rate. Vancouver hosted the Expo '86 in a time wrought with economic crisis for British Columbia, as resource

industries were overtaken by global restructuring processes, coupled with a the neo-conservative provincial government limiting development (Ley & Olds, 1988). To illustrate, the following statement in the *Expo '86 General Report* was, “It was imperative that this exposition transcend the reality of a troubled decade” (Government of Canada, 1986, p. 75) Vancouver had opted to host an event of this nature in order for people to escape the economic crisis and conflict experienced in the 1980s, whilst creating employment and showcasing the tourism potential for future investment opportunities.

The guiding objective of Expo '86 was redevelopment and it had been predicted by the First United Representatives (of Downtown Eastside) that 800 low and fixed income residents residing in residential hotels and rooming houses would face eviction, resulting from upgrades done for profitable tourist trade (Save the Downtoen Eastside Committee, 1982). The housing impact of the mega-event manifested primarily in the form of the eviction of tenants by property owners of housing units in order to provide rental accommodation for people who had visited or worked for the mega-event. It was estimated that there were between 500 – 950 evictions from lodging houses in the Downtown Eastside, together with between 1 000 – 1 500 rooms in lodging houses being converted from monthly rentals to tourist rentals prior to the Expo (Olds, 1998). Evictions occurred in a direct and indirect manner, with receipt of eviction notices and rent increases together with the implementation of strict regulations.

Results reveal after an assessment of the Expo was held in Vancouver, that the hopes of financial gain were underpinned on optimistic ideas and not reality. Accommodation providers had tried to attract previous tenants back, whilst many had to close due to the debt incurred from renovations and the inability to regain tenants. The renovations were also criticised to be of a poor quality. Between the period of 1986 – 1992, 1150 units were lost in the Downtown Eastside (Olds, 1998). It has been argued to this point in time that the loss of housing stock continues with the redevelopment currently being pursued in the downtown area.

3.2 Impact on Housing Markets in South Africa

Firstly, at the outset, it must be acknowledged that the announcement that South Africa would host the 2010 FWC triggered a spike in the housing markets, resulting in the increase of real estate in both the rental and buyers' markets (<http://www.globalpropertyguide.com>). The

above impact was observed in the South African housing markets to some extent. Firstly, many vagrants and street children were removed from areas that would receive attention from the foreign visitors for the 2010 FWC (Cottle, 2011). There were indirect evictions as rental prices increased by R 1500 pm, denying access to the rental housing market to many South Africans such as students and professionals (Cape Times, 2010).

The real estate agencies had recognised the potential for generating returns from providing temporary rental accommodation to the patrons of the 2010 FWC. Real estate agencies are arguably experts on property markets and therefore if a niche was spotted by several real estate agencies the opportunity lay dormant awaiting a trigger to unlock the potential. Pam Golding Properties launched a rental property service offering short-term accommodation for the patrons of the 2010 FWC in the Western Cape (www.pamgolding.co.za).

3.3 Lessons for South Africa

Besides the above case studies, which have depicted the nature of the impact of mega-events in the housing markets of host cities, many other cities plunged their citizenry into dismay with forced evictions to make way for mega-events. Mega-event related evictions had also transpired in other cities such as Barcelona, Mexico City, Salt Lake City, Athens, Atlanta, Amsterdam, Sydney, Turin and Beijing - to make mention of a few (Lenskyj, u.d.). It is worth noting that mega-event related evictions are not a crisis that only occurred in the 20th century, but quite recently, as demonstrated in the 2008 Summer Olympics held in Beijing and Expo 2010 staged in Shanghai. The mass evictions arose in order to accommodate mega-event related tenants for economic gain, as many were left homeless to make way for the development of the accommodation for visitors/athletes.

With respect to the lack of literature documenting the specific economic gain from mega-events from the use of the house, the impact that mega-events had on housing markets was focused on. The largest impact on the housing markets of host cities were mass evictions in which many residents/accommodation providers of host cities had attempted to gain economically by providing accommodation. Some types of accommodation did not at all necessarily match the home-based nature of the study; however, it was found that mega-events negatively affect the housing markets in other host cities.

With specific regard to hosting the Olympics, bid/organising committees had identified housing as one of the lasting legacies that the host nation would accrue. Post-Olympic cities

de facto indicate that a housing legacy was not imminent as envisaged in the bidding process in many host cities. This was exacerbated by the decline in housing conditions in post-Olympic cities for the homeless and poorly housed citizens (Lenskyj, u.d.). In the case of Toronto, the bid was lost to Atlanta as housing issues were addressed and preventative measures implemented to curb evictions were incorporated into the Toronto bid. This example illustrates the failure of mega-events in achieving the development objectives, however public administration continues to justify their existence globally with a developmental agenda as the driving force of the bidding process. The right to housing is an international human right, which was violated in many host cities of mega-events. Mega events are undertaken with the promise to the citizens for a better life, rather citizens have been denied one of the basic human rights of housing.

With regard to the indirect evictions, the question then arises whether governments prefer to displace citizenry, violating the Constitution of South Africa, to capitalise on the economic benefits of hosting a mega-event, which do not trickle down to the household level as envisaged. Students were displaced which impacts on the education of the youth, on whom the future of the country rests. Opportunities are made available for the foreigners to enjoy the beauty South Africa has to offer, whilst many South Africans will never see the majesty that their motherland holds.

3.4 Conclusion

In concluding this chapter, the following has emerged in the discussion of the impact of mega-events in the housing markets of host nations. The most dominant pulsar effect on the housing markets on the host nations of mega-events were evictions. This was also observed in South Africa; however, the extent was not as severe as demonstrated in the case studies. This chapter demonstrates that the developmental agenda that used to justify the use of public funds for the hosting of mega-events is a stark contradiction on the human rights of the citizenry whom absorb the negative impacts.

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funds for the hosting of mega-events is a stark contradiction on the human rights of the citizenry whom absorb the negative impacts. It is evident that in some instances the poor are left in a worse situation than before the mega-event was hosted, which causes serious concern for the future of citizenry and future host nations.

CHAPTER FOUR: INSTITUTIONAL SUPPORT FOR HBES IN SOUTH AFRICA

The challenge of poverty remains unlocked in many nations. HBES could play a pivotal role in alleviating poverty. Tipple (2005:1) argues, “Incomes are low, but they [HBES] are very significant in poverty alleviation.” If HBES are the key to unlocking poverty, the housing and small business legislative and regulatory environment in South Africa needs to be favourable. HBES may not feature predominantly in the HBE legislative and policy based environment in South Africa, however it exists at all legislative and policy levels in the form of the small business sector. This chapter explores where HBES locate itself in the South African legislation and policy.

4.1 National Level

The national sphere of government has been tasked with the primary role of the approval of laws and policies, implementation of laws and policies, the formulation of a national budget for national departments of work as well as the funding of provincial and local government (in the forms of grants and loans through National Treasury). The new democratic South Africa has made radical changes to eradicate the legacy of income and spatial inequality inherited from the Apartheid government. The democratic government has deepened this income and spatial inequality as the living conditions have deteriorated post-1994, despite efforts to achieve the reverse. This is evident as low-income housing development continued in the peripheries, locating citizenry far away from economic opportunities. (Adelzadeh, 1996)

The demise of Apartheid entrenched by the National Party in South Africa in the late nineteen eighties and early nineties, was due to a range of factors such as a weakening economy, international pressure, and the downfall of rigid mechanisms of social control imposed (Freund, 2007). The newfound democracy presented the democratic government with a host of socio-economic inequalities; however, the spatial inequality in residential areas was the most difficult challenge facing the democratic government. The human settlement pattern in South Africa is spatially segregated with the provision of disparate levels of service delivery resulting in - low population levels in suburban areas whilst the poor are concentrated in high-density areas in urban peripheries (Department of Housing, 2001). The

above factors, informed the description made by the Department of Housing (2000), characterising South African human settlements as inefficient, inequitable, unsustainable, expensive to manage and maintain and exacerbating poverty and unemployment. This spatial inequality will directly influence the opportunity for operating HBEs in compliance with regulations such as those imposed by FIFA for accommodation establishments. The housing situated on the periphery would not be graded highly as the basic services surrounding them were minimal; and the intended image to portray South Africa for a mega-event such as the 2010 FWC would be of a 'world-class city' would not be well reflected in the peripheries.

4.1.1 The Constitution of South Africa, (Act 108 of 1996)

The Constitution of South Africa has been deemed one of the most progressive laws worldwide as it is based on the values of dignity, equality and freedom. The Constitution addresses the income and spatial inequalities discussed above that affect the development and growth of HBEs. The following sections and schedules are relevant to the study and have been outlined in Table 2.

Table 2: Relevance of the Constitution of South Africa, 1996 (Act 108 of 1996) to the study

Chapter/schedule number	Section number/broad objective	Relevance To Study
Chapter 2: Bill of Rights	22. Freedom of Trade, Occupation and Profession	All citizens of South Africa have the right to choose their trade, occupation or profession liberally (which is regulated by law). HBE owners have a right to operate their businesses from their homes, unless they are in contravention to the law.
	24. Environment	At a local level, the environment created by the HBE cannot be harmful for the residents in the surrounding area, and cannot contravene the bylaws of the local authority (for e.g. solid waste disposal, noise, nuisance to public, parking etc.).
	25. Property	All South African citizens have the right to access adequate housing. The study focuses on the use of the 'housing asset' to generate income from the 2010 FWC. This right to adequate housing will ensure that all South Africans have an equal opportunity to generate income from their housing.
	26. Housing	All spheres of government must coexist and function with intergovernmental relations and co-operative governance. All legislation and policies related to small business sector must be implemented with all spheres of government supporting each other.

4.1.2 Housing (Human Settlements) Policy

The post-Apartheid housing landscape was dominated by inequality and skewed access to basic services (Khan & Thring, 2003). The then newly democratic government had developed an intensive approach to addressing the disparity in access to housing and basic services in South Africa. The Department of Housing's White Paper was formulated as the 1994 policy response to address the housing situation in the post-Apartheid era. The approval of the Cabinet of the Comprehensive Plan for Development of Sustainable Human Settlements (BNG) in 2004 coincided with the announcement made by FIFA that South Africa had won the grand bid to host the 2010 FWC. Notably, it was the first occasion upon which FIFA had given the go ahead for the inclusion of non-hotel establishments for the provision of accommodation. This is significant as the policy adopted sought to develop and grow and the economic potential of the housing asset, and FIFA had allowed non-hotel accommodation establishments to provide an accommodation service to patrons of the 2010 FWC. The policy created to support HBEs was met with the opportunity presented by FIFA for HBEs to provide accommodation.

As stated in the BNG that poverty has been conceived to involve three crucial dimensions, viz. income, human capital (in the form of services and opportunity) and assets (Rust, 2007). The relationship and role of the above stated factors indicate the experience of poverty to encompass the deprivation of basic needs, vulnerability, powerlessness and exclusion. Housing is the primary contributor to alleviating asset poverty. The BNG has opted to strengthen the contribution of housing in promoting the development of assets. Housing policy at a national level has recognised that the housing asset is multi-faceted and can be used to alleviate poverty. (Rust, 2007)

Table 3: Housing policy

Housing Policy	National policy/legislation	Objectives/Key Features	Relevance To Study
	1. Housing White Paper: A New Housing Policy and Strategy for South Africa (HWP), (1994)	<ul style="list-style-type: none"> ➤ National Housing Subsidy Scheme ➤ Stabilising the housing environment ➤ Mobilising housing finance 	<ul style="list-style-type: none"> ➤ Provision for housing prioritised ➤ Inequality with regard to housing provision addressed ➤ Improving the regulatory environment for access to housing finance to improve the household's level of affordability
2. Breaking New Ground Housing Policy (BNG), (2004)	<ul style="list-style-type: none"> ➤ Introduced the notion of 'housing asset' ➤ Ensuring property can be accessed by all as an asset for wealth creation and empowerment 	<ul style="list-style-type: none"> ➤ In contrast to the HWP, the BNG introduced and emphasised the notion of 'housing asset'. ➤ Promotes the use of the housing asset for economic gain and wealth generation. 	

4.1.3 Fiscal Policy

The mandate of the Department of Trade and Industry (DTI) is to oversee the credit market. The consumer credit legislation in South Africa had previously consisted primarily of the Usury Act; the Credit Agreements Act 74 of 1980 (hereafter “the Credit Agreements Act”); and the Exemption Notices, 1992 and 1999 (Goodwin-Groen, 2006). A review co-ordinated by the Micro Finance Regulatory Council of South Africa (MFRC), on behalf of the DTI, revealed that there were weaknesses in consumer credit legislation in South Africa. In response to the results of the review, the National Credit Act 34 of 2005 was implemented on the 1st June 2007.

Although the DTI had conducted the review and the above issues were tackled, it is prudent to note that the mandate of the DTI is to address consumer credit market related issues. With specific regard to the context of this study it is imperative to acknowledge that the mandate of the DTI was not tailored to address the broader issue of increasing access to finance, as

reflected in the National Credit Act. This is significant for the study, as this would affect the access to housing finance, especially for HBEs, given the self-reliant instable nature of employment HBEs provide. In operation, an HBE could have good and bad periods in which business dwindles and spikes, hence directly affecting the ability to consistently pay by instalments for credit obtained from financial institutions.

Table 4: Fiscal policy

<i>Fiscal Policy</i>	National policy/legislation	Objectives/Key Features	Relevance To Study
	1. National Credit Act, (2005)	<ul style="list-style-type: none"> ➤ Address specific problems of dysfunctional credit market ➤ Address irresponsible behavioural patterns of credit providers, micro lenders, debt collectors and debt administrators ➤ Curb elevated levels of indebtedness, misleading pricing and abusive collection methods 	<ul style="list-style-type: none"> ➤ Imposed stricter regulations on credit providers to conduct affordability assessments, determining if the consumer can afford credit or not. ➤ The NCA aims at improving access to credit and banking services whilst protecting consumers. ➤ Residents requiring credit for generating income from the housing asset would be able access credit within a more stable and regulated financial market

4.1.4 Spatial Policy

Globally, in the past number of years, renewed interest has been sparked in the role of spatial planning in achieving the goals of government for the betterment of society (Meiklejohn, Goss, & Whisken, 2008) South Africa followed suit, in the acknowledgement of the spatial factors in development, with the adoption of the National Spatial Development Perspective (NSDP). The NSDP was adopted in 2003 and later updated in 2006.

Of the six development potential categories identified in the NSDP, tourism, services, and retail are relevant to the context of the dissertation. Tourism has been one of the key economic drivers in the 20th century, as we have recently entered the 21st century tourism has increasingly been sought for economic development and growth globally. South Africa has shown notable progress in economic growth due to tourism since the demise of Apartheid. Location is a crucial component which paints the tourism potential of the South African

landscape with uneven strokes. (NSDP, 2003) As discussed above the democratic government inherited an unequal spatial landscape post-1994. The Apartheid government had segregated citizenry according to their racial domination, causing disparity in access to basic services and most importantly education and economic opportunities (Meiklejohn, Goss, & Whisken, 2008). This resulted in disadvantaged pockets of human settlements scattered in the peripheries of Durban. HBEs can be used to generate an income and free the poverty-stricken from the cycle of poverty. The NSDP was not extensively used by 2010 and may other policies had had been developed and super ceded this legislation.

Table 5: Spatial Policy

	National policy/legislation	Objectives/Key Features	Relevance To Study
Spatial Policy	1. National Spatial Development Perspective, (2003)	<ul style="list-style-type: none"> ➤ Formulated to guide decision-making for infrastructure investment and development, made by all three spheres of government (with spatial logic and normative principles). ➤ Six development potential categories (tourism; retail and services; public services and administration; production of labour-intensive mass produced goods; production of high value differentiated goods; and innovation and experimentation. ➤ Identify key areas of priority in achieving positive spatial outcomes with government infrastructure investment and expenditure on development. 	<ul style="list-style-type: none"> ➤ Emphasises the roles of spatial planning in achieving the goals of government. ➤ Tourism was identified as a key priority area.

4.1.5 Economic Growth and Small Business Development

The Accelerated and Shared Growth Initiative – South Africa (AsgiSA) was formally launched by, the then Deputy President of South Africa, Ms Phumzile Mlambo-Ngcuka in 2006. The initiative was undertaken to lure support by Cabinet in relevant decisions made on the small business regulatory environment. The decisions undertaken with regard to small business are a review of labour laws and their impacts; tax reform administration;

recommendations of DTI and Department of Provincial and Local Government (DPLG) on the improvement of the regulatory environment; and sector departments are required to review the impact of laws and regulations.

Mr Trevor A. Manuel (former Minister of Trade and Industry from 1994 to 1996) tabled the White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa (1995), to the first democratically elected parliament in the country. Using the wide ranging social and economic development issues detailed in the Reconstruction and Development Programme (RDP) as a point of departure, the small-enterprise sector of the economy is a crucial area.

In achieving the goal discussed above the primary focus of the national small business, strategy is creating an enabling environment for the small business sector within the economy. This objective is all embracing and consequently broadly includes the other objectives. The major three factors determining an enabling environment are the economic system/policies; political system and governance; and the socio-cultural context in which the small business sector exists. General support for the small business sector can be leveraged (in the form of access to finance, training and marketing) however, institutional support (government policy) is the basis for practical feasibility and financial support packages for the small business sector. Institutional support included, as proposed in the White Paper, the National Small Business Act (No. 102 of 1996). Elevating the role of the small business sector within the economy addresses facilitating education of income and livelihood opportunities, the legacy of the Apartheid regime, supports women in the business sector, creates long-term jobs, levelling the playing field for: bigger and smaller business as well as urban and rural, preparation for small businesses to conform to the challenges facing a competitive global economy.

Whilst the White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa (1995) created an enabling environment for accelerated growth and development in the small business sector, the Integrated Small Enterprise Development Strategy introduced the way forward for small business development in South Africa for 2005 to 2014. Refer to *Table 6*.

Table 6: Economic Growth and Small Business Development Policy

	National policy/legislation	Objectives/key features	Relevance to study
Economic Growth and Small Business Development	1. White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa, (1995)	<ul style="list-style-type: none"> ➤ Address previously neglected small business sector ➤ Set the goal of making the SMME sector equal partners in all sectors within the economy ➤ Maximising the small business sector contribution to achieving envisaged outcomes of RDP ➤ Creating an enabling environment for small business sectors within the economy 	<ul style="list-style-type: none"> ➤ The primary focus of the strategy is to create an enabling environment for small business sectors within the economy. ➤ General support for the business sector can be leveraged (in the form of access to finance, training and marketing) however, institutional support (government policy) is the basis for practical feasibility and financial support packages for the small business sector. ➤ Elevating the role of the small business sector within the economy addresses facilitating education of income and livelihood opportunities, the legacy of the Apartheid regime, supports women in the business sector, creates long-term jobs, levelling the playing field for: bigger and smaller business as well as urban and rural, preparation for small businesses to conform to the challenges facing a competitive global economy.
	2. Integrated Small-Enterprise-Development Strategy, (2006)	<ul style="list-style-type: none"> ➤ Increase the contribution of small enterprises to the growth of the South African economy. ➤ Create an enabling environment for small enterprises with a level playing field between big business and small enterprises that reduces the disparities between urban and rural enterprises and is conducive to entrepreneurship. ➤ Create sustainable long-term jobs in the small enterprise sector; ensure equitable access and participation in term of race, gender, disability, age, geographical location and sector. ➤ Increase the competitiveness of the small-enterprise sector and its enabling environment so that it is better able to take advantage of opportunities emerging in national, African and international markets. ➤ Includes monitoring and evaluation of the strategy 	<ul style="list-style-type: none"> ➤ Increased focus and support mechanisms for the growth of small business sector in South Africa ➤ Introduced way forward for small business development in South Africa for 2005 to 2014 ➤ Envisioned South Africa as an entrepreneurial nation, with small business enterprise sector growing and competing in international markets ➤ A range of instruments designed for support of SMME sector
	3. Accelerated and Shared Growth Initiative – South Africa (AsgiSA), (2006)	<ul style="list-style-type: none"> ➤ Halve poverty and unemployment by 2014 ➤ Build and grow economy in South Africa, specifically addressing social objectives ➤ 	<ul style="list-style-type: none"> ➤ One of the prioritised sectors identified was tourism. ➤ Constraints imposed by the regulatory environment for small and medium business sector are acknowledged and the burden is addressed. ➤ Set out to merge the divide between the first and second economy. ➤ Endeavoured to link small businesses to opportunities deriving from the 2010 FWC (The Presidency of South Africa, 2007). ➤ Realising the value of dead assets. ➤ Improving access to finance for women and youth under the auspices of the BBBEE Codes of Practice.

4.2 Provincial Level

The provincial MEC and Department of Local Government are responsible for co-ordination, monitoring and support of municipalities in each province.

4.2.1 Development and Spatial Planning

Prior to the adoption of the KwaZulu-Natal Planning and Development Act (Act No. 6 of 2008) the Town Planning Ordinance of 1949 (amongst other legislation such as the Durban Extended Powers Consolidated Ordinance of 1976) governed KwaZulu-Natal. The implementation of the KwaZulu-Natal Planning and Development Act (PDA) had begun in March of 2009. KwaZulu-Natal is the first province to embark on developing and implementing its own PDA (whilst remaining provinces are using the town planning ordinances). This act enables the essential shift for planning and development functions of the provincial government to local government (local and metropolitan municipalities) (KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs, 2010). The PDA also limits the use of the Development Facilitation Act. The roles and functions for the planning of local and provincial government are as follows:

At a provincial level, regulations were drafted to guide the development of bed and breakfasts. The draft provincial policy prepared by the Provincial Planning and Development Commission (now the KwaZulu-Natal Planning & Development Commission) sets out the steps required to make an application to establish a B&B. The owner can apply for a Special Consent, in terms of the PDA, to the Local Council. The neighbours must be advised of the proposed business – B&B. Any objections made by the neighbours must be motivated by a complaint lodged by the person objecting. It has been specified for a group housing/cluster area applications, prior to the Special Consent application being made to the Local Council, the owner must gain consent from the Body Corporate or the Home Owner's Association. The conditions/restrictions on the title deed only become applicable if major land use is different from the current land use. The regulations of the Local Council (signage policy) or any other regulations that exist must be adhered to for the road and directional signage and neon lighting (the character must uphold the character of the area). In rural areas, the signage set up on government roads are subject to the Provincial Department of Transport. The bylaws regarding noise of the Local Council must be adhered to and in addition, the general area and the environment must be preserved and maintained in a high-quality condition.

Typical B&B establishments will not receive an alteration to the rates of the property, however, if the establishment requires reasoning the rates on the property will change. This will be enforced according to the discretion of the Local Municipality. In rural /farm areas, the regulations applicable for B&B establishments in urban areas are applicable. District Municipalities will collect rates for rateable accommodation facilities. The draft provincial policy prepared by the Provincial Planning and Development Commission (now the KwaZulu-Natal Planning & Development Commission) regarding B&Bs states that the following requirements need to be adhered to (Tourism KwaZulu-Natal, 2005):

- i. A minimum of 50% of lettable rooms is to be maintained for private home use.
- ii. Breakfast is the only meal, which needs to be served to guests.
- iii. The predominant land usage, i.e. a residential dwelling and the residential character of the home are to be maintained.
- iv. The size of the house and the size of the land is to be taken into consideration, and negative impacts controlled. This is at the discretion of the Local Council.
- v. The minimum facilities to be provided to all guests are:
 - o A bedroom.
 - o Access to a bathroom and toilet, separate to that of the host.
 - o A dining room area where breakfast is served.
 - o All facilities and breakfast are for the sole use only of overnight registered guests.
- vi. Utilisation of the owner's garden or any other facility in the home, by the guest, is at each owner's discretion.
- vii. No kitchen facility will be provided to guests in the lettable room; only one kitchen facility per dwelling unit is permissible.
- viii. One off- road parking space, per lettable room, is to be provided, or at the discretion of the Local Council.
- ix. It is compulsory to have a fire extinguisher in the kitchen, which is to be tested regularly, to ensure the safety of guests at all times.

Table 7: Development and Spatial Planning Policy

	Provincial policy/legislation	Objectives/key features	Relevance to study
Development and Spatial Planning Policy	1. Provincial Growth and Development Strategy, (PGDS),	<ul style="list-style-type: none"> ➤ Act as a tool to address the spatial inequalities from the Apartheid space economy ➤ Ensure poverty eradication, employment creation, promote sustainable development ➤ Approach harnessed is pro-active and facilitative instead of a policy driven by regulations and restrictions 	<ul style="list-style-type: none"> ➤ Recognises tourism as the fastest growing industry. ➤ Strategy emphasises the importance of provincial tourism authority. ➤ Focus on local economic development. ➤ Envisions the province as a competitive and entrepreneurial economic development.
	2. Provincial spatial economy development strategy, (PSEDS), (still in draft)	<ul style="list-style-type: none"> ➤ Formulated specifically to achieve aims of AsgiSA contained by the PGDS and NSDP ➤ Focuses on channelling fixed infrastructure investments into areas of economic development potential ➤ Highlights the role of tourism (both domestic and international) and services sector in economic development (drawing from NSDP) ➤ The Southern Zululand and Dolphin Coast, the greater area of Durban and Pietermaritzburg region, the Elephant Coast and surrounding areas, and the Drakensberg region have been identified as national areas of tourism importance situated within the province 	<ul style="list-style-type: none"> ➤ Tourism potential identified in eThekweni. ➤ Infrastructure for 2010 FWC prioritised (stadia, transport, public space etc.) ➤ Improvement of security on all major beaches in eThekweni.
	3. KwaZulu-Natal PDA, (2008)	<ul style="list-style-type: none"> ➤ KwaZulu-Natal is the first province to embark on developing and implementing its own Planning and Development Act (whilst remaining provinces are using the town planning ordinances). ➤ Enables the essential shift for planning and development functions of the provincial government to local government (local and metropolitan municipalities) (KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs, 2010). ➤ The PDA also limits the use of the Development Facilitation Act 	<ul style="list-style-type: none"> ➤ Intended to simplify the process for obtaining development approvals. ➤ The special consent process is still governed by the Ordinance (Section 67bis), and will be applied until this aspect covered.

4.3 Local Level

The role and function of local government is the delivery of the following services within the municipal area (<http://www.etu.org.za/toolbox/docs/govern/spheres.html>) which includes land use decision-making and local tourism.

From the above functions of local government land use decision-making and local tourism, are most relevant to the study, however, an HBE cannot be successfully operated without most of the services provided above. *Refer to Table 8.*

4.3.1 eThekweni Municipality

The Town Planning Regulations in eThekweni require HBEs and accommodation establishments to apply via a special consent use or for a rezoning of the land use for the property the HBE will be operated from. The HBEs have to be compliant with health, safety, business licencing and planning regulations as contained in the municipal bylaws. A special consent use is granted when the owner of the HBE can continue operating the HBE with a residential zoning (in most instances the existing zoning is residential) which special permission to generate income from a business on the property. A rezoning application requires the municipality to reassess the zoning of the property the HBE is located on and determine a suitable rezoning, in most instances the change is from residential to commercial. This change impacts residents as rates are increased.

In addition, the current City Manager of the eThekweni Municipality, Mr Sibusiso Sithole, recently stated that the City is positioning itself as the Events Capital of Africa. An account of the number of events held in Durban since the 2010 FWC is provided in the *Table 8* below. The hierarchy of mega-events will draw on from Chapter 2 to categorise the type of events that have occurred in Durban.

Table 8: Event Calendar of eThekweni Municipality

Event	Time period	Duration	Venue	Type	Comments
1. BRICS	2013	Weeks (Series of related events)	ICC	Mega	
2. The 11th Congress of the World Federation of Societies of Intensive and Critical Care Medicine (WFSICCM)	2013 28 Aug – 01 Sep	Weeks	ICC	Mega	Accommodation (mainly hotels, some B&Bs provided as an option) Attendance – Several thousand
3. 2014 FWC Qualifiers	2013	One day	Moses Mabhida	Mega	
4. Africa Cup of Nations (AFCON)	2013		Moses Mabhida	Mega	
5. Top Gear	2013	Weekend	Moses Mabhida & street circuit	Mega	
6. World Transplant Games	2013	Week	Kings Park Stadium	Mega	
7. Durban Fashion Fair	2013			Special	
8. Nelson Mandela Challenge	2013	One day	Inanda	Special	International media entourage
9. Big Walk	2013			Community	
10. African Renaissance Concert	2013		ICC	Community/ Hallmark	
11. Tourism Indaba	2013				
2012					
12. Top Gear	2012	Weekend	Moses Mabhida and street circuit	Mega	
13. Provincial Golden Games	2012			Hallmark	
2011					
14. COP 17	2011	Month	ICC Exhibition Centre	Mega	
15. 123 rd IOC Session	2011		Venues for event	Mega (related)	Design Venue scoping for all venues, Durban ICC, OR Thabo International, King Shaka International, The Playhouse and media functions
16. 2013 Volvo Golf Champions Tournament	2013			Mega	
17. African National Congress Rally	2011			Hallmark	
18. The Durban July	2013		Greyville Racecourse	Hallmark	
19. The International Boat and Lifestyle Show	2011			Mega	
20. Durban International Film Festival and	2013			Special	

Source: www.durban.gov.za (2013)

As outlined in *Table 8*, there have been numerous opportunities for the accommodation and tourism industry to capitalise on. The aim of hosting the high number of events in Durban is to boost the economy and ultimately provide a better life for the residents of the eThekweni Municipality. In order for Durban to be the ‘events capital’ of Africa, further development of policy at a local government level in eThekweni similar to the policy developed by the City of Cape Town will need to be done as discussed above. Further, the development of the N3 as a transport corridor linking Johannesburg and Durban, it is clear that large investments will be made in infrastructure development and economic growth emanating from the port. It will require intensive resources for Durban to be both a ‘Port Capital of Africa’ and ‘Events Capital of Africa’. In order to achieve one of these ‘coveted’ statuses as a city, a decision will have to be made based on continuity and sustainability for future generations.

4.3.2 City of Cape Town

At a local government level, the City of Cape Town has developed a Guest Accommodation Policy. It was adopted by the City of Cape Town Council in 2009, and repeals all previous final and draft accommodation policies utilised. This policy was developed in response to several contributing factors, primarily stemming from the increasing need for accommodation facilities for tourists in Cape Town and Western Cape. This need was exacerbated by the expected number of tourists to Cape Town and the Western Cape for the 2010 FWC; annual foreign tourists were “... expected to increase from 790 000 in 1999 to 4 million in 2010.” (City of Cape Town, 2009, p. 1) The other variables taken into account was the estimated number of nights overseas tourists spent in Western Cape Town – annually was 15 million with a growth rate of 16.6%; the average length of stay of foreign visitors is 8 nights in the City of Cape Town; the estimated spend of overseas tourists in 2002 was R17,3 billion, of which R7,4 billion was spent on accommodation; the predominant types of accommodation used by tourists is hotels (60%) and B&Bs constitute approximately 20% in the Western Cape; and the employment created per tourist nationally is approximately 1:8 (City of Cape Town, 2009).

The main aim of the policy is to provide the City of Cape Town with one uniform guest related accommodation policy, as there was a disparity with many accommodation policies being utilized through the City of Cape Town. The policy also provided a standardised approach to applications made by accommodation providers for approval of proposed land use. The accommodation establishment typologies are outlined in the policy to ensure that the

Council and applicants have a common understanding of the several types and uses of accommodation to be provided. A zoning matrix is provided with permitted uses viz. primary use, additional use, and consent use in the various zones that exist within the City of Cape Town Municipal Area.

Table 9: Local government policy

	Local government policy/legislation	Objectives/key features	Relevance to study
	1. eThekwini Municipality 2006/2007 – 2010/2011 Integrated Development Plan	<ul style="list-style-type: none"> ➤ Five year municipal strategic plan for service delivery ➤ Facilitates the alignment of national, provincial and local priorities, objectives, resource allocation and implementation ➤ Contains developmental vision, development objectives and development strategies ➤ Identifies projects that will be undertaken by Municipality in fulfilling development objectives ➤ Provide a means whereby eThekwini Municipality communicates key integrated development planning information with ease of access and use by stakeholders (community, provincial and national government, municipal council, councillors etc.) 	<ul style="list-style-type: none"> ➤ Integrated spatial planning system for eThekwini Municipality ➤ Spatial Development Framework ➤ Land Use Management Schemes ➤ Programme 7: Drive the 2010 World Cup soccer even for eThekwini <ul style="list-style-type: none"> - Economic and tourism strategy for 2010 - Investment facilitation and promotion - Freight plan for the city - Existing business retention and expansion strategy - Foreign investment support - Targeted incentive strategy - Public transport plan - Tourism bureau services action plan - Infrastructure plan - Operational plan ➤ Programme 3: Support and grow tourism and related industries <ul style="list-style-type: none"> - Despite the anticipated impacts from the global crisis in 2008, the local region will enjoy the spin-offs from governments massive spending on infrastructure and related benefits from the 2010 World Cup Competition.
	2. Town Planning Regulations for Home Business	<ul style="list-style-type: none"> ➤ Formulated to regulate and govern development in eThekwini Metropolitan Area 	<ul style="list-style-type: none"> ➤ Special consent has to be obtained from eThekwini Municipality for home businesses, bed and breakfast establishments and guesthouses.

	<p>3. City of Cape Town – Guest Accommodation Policy</p>	<ul style="list-style-type: none"> ➤ Provide one uniform accommodation policy for City of Cape Town ➤ Provides a standardised approach to applications made by accommodation providers for the approval of proposed land use ➤ Provides a zoning matrix is provided with permitted uses viz. primary use, additional use, and consent use in the various zones that exist within the City of Cape Town Municipal Area 	<ul style="list-style-type: none"> ➤ Accommodation typologies include HBEs such as B&Bs, Guest Houses etc.
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4.4 Conclusion

In 2004, there were many policy changes and the development driven agenda was further reinforced in South Africa. This was largely owing to the announcement that South Africa was the host of the 2010 FWC. The development agenda had shifted the focus to the 2010 FWC acting as a catalyst to fast-track development, and alleviate the high levels of poverty and unemployment. Although nationally there is focus on the SMME sector, the focus is limited/non-existent for HBEs. Specific regard has only been given to HBEs in the BNG Housing Policy. The BNG provides a brief account of incorporating the house as an income-generating asset in the new housing strategy. South Africa has identified the income-generating potential of the housing asset at a national level, however the legislation and implementation mechanisms are found wanting at a provincial and local level. This policy needs to be driven especially at a local government level, whilst national and provincial government can provide support. In conclusion the legislation and policy at all 3 levels of government support and intend to stimulate the SMME sector however, the implementation mechanisms are not fully functional therefore small businesses face difficulties in survival especially HBEs.

CHAPTER FIVE: ANALYSIS AND INTERPRETATION OF DATA

The findings from the household surveys and interviews with the financial institutions are presented below in this chapter. The empirical research conducted was interpreted and analysed to contribute to answering the key research question for this dissertation. Two of the subsidiary questions will be answered in this chapter. This chapter will attempt to ascertain if there are differences that affect the opportunity to use the housing asset for income generation in the study areas. It will also determine the role financial institutions played in providing funding for the use of the housing asset to generate income, in response to South Africa hosting the 2010 FWC.

5.1 Household Surveys

It must be noted that Theme 1 to 5 will provide empirical evidence for the below research question:

Are there differences that affect the opportunity to use the housing asset for income generation in Durban North, Manor Gardens and Umbilo?

5.1.1 Theme 1: Demographic and Socio-economic Profile of Respondents in Study Areas

The demographic and socio-economic profile of respondents in Durban North, Manor Gardens and Umbilo shown in *Table 10*, indicate that 56.7% of respondents were female. This reveals that females primarily owned HBEs. This is due to the nature of HBEs and the role of women in the household. Women need to tend to the household and childcare duties; therefore, it would be favourable for women to pursue home-based economic activity.

43.3% of the respondents were aged between 46 and 55 years old. It can then be deduced that the largest proportion of respondents was nearing retirement, therefore there would be a need for securing a financially stable future after retiring. These respondents would also most likely be living alone with no children or minor dependents to support, hence the extra space and need for generating income manifests in the pursuit of running HBEs.

The majority, 60% of respondents were of white ethnicity. Despite the attempts of the democratic government elected in 1994 to address spatial inequality, it is evident that residents in the middle and high-income areas are still predominantly white. Blacks were less able to secure tenure in the middle and high (affluent) income residential areas. It can be deduced that blacks have secured tenure in low-income residential areas, which are located on the peripheries, isolating them from economic opportunities and access to financial resources that the middle and high-income residents are able to secure with the use of their dwellings as collateral. Almost two-thirds (63.3%) of respondents were self-employed. This suggests that there was a high level of self-employment in middle and high-income residential areas.

Slightly under half of the respondents (43.3%) earn a household income between R16 000 – R30 000 per month. This level of income falls within the middle-income bracket, therefore it suggests that HBEs do not yield high incomes. This suggests that there is scope for the growth of HBEs to yield a higher income for the HBE owners. The household income directly affects the potential for the HBE to grow and yield a higher income. This is so as a higher income will leave the household with a larger disposable income, after the expenses have been paid, for growth and expansion of the HBE.

A large proportion (86.7%) were South African citizens, suggesting that South Africans have been able to secure tenure in the middle and especially high-income residential areas. The majority (83.3%) reported English as their home language. This supports the above finding that the majority of blacks has been able to secure tenure in urban areas that are close to economic opportunities and utilities.

Two-thirds (66.7%) were married, suggesting that the majority of respondents had a greater ability to pool and access financial and human resources to operate HBEs. In Durban North and Umbilo 80% of respondents were married, whilst only 40% were married in Manor Gardens. A married couple has a greater ability to pool and access resources, as compared to unmarried respondents therefore directly affecting the opportunity for residents in Manor Gardens to generate income from the 2010 FWC. Durban North and Umbilo displayed higher levels of marital status, double that of Manor Gardens. The marital status influences the level of access to resources as well. A bank is more likely to lend to married couples than to single applicants (employment is essential in both instances). This is supported by the higher level

of 'guarantee' of the loan being repaid, in the case of the married couple the chance of repayment of the loan is twice that of a single applicant.

Lastly, 66.7% had a post-matric education, suggesting that a high level of residents in middle and high-income areas have had a tertiary level education. This increases their employment opportunities, therefore, directly influencing their access to income, financial resources, business skills and acumen for operating HBEs. Durban North and Manor Gardens respondents had higher levels of education as compared to respondents in Umbilo. The level of education was higher in Durban North. Generally, the education level has been accepted to have a major influence on the income level of residents. The income level of a population determines the ability to access resources (financial, human, physical, knowledge). This is supported by the comparative analysis of the 3 study areas; Durban North displayed the highest levels of education, which is expected in the high-income area.

Table 10: Demographic and socio-economic profile of respondents in study areas

	Durban North % (n=10)	Manor Gardens % (n=10)	Umbilo % (n=10)	Total % (n=30)	P-value
Gender					0.387
Female	20.0	23.3	13.3	56.7	
Male	13.3	10.0	20.0	43.3	
Age					0.343
26-35	0.0	13.3	3.3	16.7	
36-45	10.0	3.3	10.0	23.3	
46-55	16.7	13.3	13.3	43.3	
56-65	3.3	3.3	6.7	13.3	
66+	3.3	0.0	0.0	3.3	
Race					0.073
African	3.3	10.0	0.0	13.3	
Asian	13.3	10.0	0.0	23.3	
Coloured	0.0	0.0	3.3	3.3	
White	16.7	13.3	30.0	60.0	
Employment Status					0.472
Housewife	0.0	3.3	0.0	3.3	
Permanent employment	10.0	10.0	0.0	26.7	
Self-employed	23.3	13.3	6.7	63.3	
Student/Scholar/Child	0.0	3.3	26.7	3.3	
Unemployed	0.0	3.3	0.0	3.3	
Household Income					0.506
3501-4500	0.0	20.0	0.0	6.7	
4501-6000	0.0	0.0	10.0	3.3	
8001-11000	10.0	10.0	30.0	16.7	
11001-16000	10.0	0.0	40.0	3.3	
16001-30000	50.0	40.0	10.0	43.3	
30001 +	20.0	10.0	0.0	13.3	
No income	10.0	0.0	10.0	3.3	
(income=expenses)	0.0	10.0		6.7	
Do not want to divulge					
Nationality					0.404
South African	80.0	80.0	100.0	86.7	
Other	20.0	20.0	0.0	12.3	
Language					0.503
Afrikaans	0.0	10.0	10.0	6.7	
English	90.0	70.0	90.0	83.3	
isiZulu	0.0	10.0	0.0	3.3	
Other	10.0	10.0	0.0	6.7	
Marital Status					0.168
Divorced	20.0	10.0	10.0	13.3	
Living together	0.0	10.0	0.0	3.3	
Married	80.0	40.0	80.0	66.7	
Separated	0.0	0.0	10.0	3.3	
Single	0.0	30.0	0.0	10	
Widowed	0.0	10.0	0.0	3.3	
Highest Education Level					0.350
Grade 8-12	20.0	30.0	50.0	33.3	
Post-matric	80.0	70.0	50.0	66.7	

5.1.2 Theme 2: Homeownership of Respondents in Study Areas

Table 11 shows the home ownership profile of respondents in Durban North, Manor Gardens and Umbilo. Slightly over 3 quarters of respondents, (76.7%) are registered owners of their homes. It can be deduced that the majority of residents in middle and high-income areas own their homes. This suggests there is therefore a greater ability to access financial resources with the use of the house as collateral. Further, unlike tenants, owners are not constrained to renovate, furnish and make home improvements based on the permission of a property owner. Homeowners are flexible to use the house as they deem fit to generate income, provided it is within the compliance of the municipal bylaws. In the instances where there are no differences in the findings across the study areas, the similarities will be drawn on. In Manor Gardens and Umbilo, the homeownership level is the same at 20%, whilst Durban North has a higher proportion (30%).

A difference cannot be observed in the homeownership of respondents across the study areas; however, deliberation on the additional residential property owned by residents is worth mentioning. There were two residents in Manor Gardens that owned additional residential property. Specifically, one of the residents owns three additional flats in Manor Gardens, 2 holiday homes – one in Glenwood and Windermere, and two guesthouses in Musgrave and Entabeni. In Umbilo, four residents owned an additional residential property. Three of these properties were located within Durban whilst the remaining one was located in the Northern Cape Province. In Durban North, there were five residents with an additional residential property. One of these residents owned five additional residential properties in Durban, Pietermaritzburg and Cape Town and a B&B in East London. The other resident owned a flat in Morningside and two flats in Glenwood. The additional residential property owned by the sample indicates that the high-income areas had the ability to operate HBEs in more than one residential property, as was the case in Durban North.

It was observed on visits to these HBEs for data collection that the owners had a place of residence for themselves on the property as well. Slightly under a quarter of the respondents (23.3%) have fully paid off their homes, indicating that there is a high percentage of residents in middle and high-income residential areas that have accessed finance for their housing, as they were unable to purchase their homes without finance. 56.7% are currently repaying a bond for their home/s. This suggests that there is a need to secure income on a monthly basis

to pay off the bond that has been taken from their houses. Almost half (46.3%) indicated that they had lived in their current home for the 1-10 years. Across all study areas, almost half of the residents had resided in their houses for 1-10 years, indicating they had not resided for a relatively long time, therefore renovations and improvements to the house would potentially be at a low level.

Table 11: Home ownership of respondents in study areas

	Durban North % (n=10)	Manor Gardens % (n=10)	Umbilo % (n=10)	Total % (n=30)	P-value
<i>Type of home ownership</i>					
Registered owner	30.0	20.0	20.0	76.7	0.543
Renting	0.0	10.0	6.7	16.7	0.235
House fully paid off	10.0	6.7	6.7	23.3	0.952
Bond being paid off for the house	23.3	13.3	20	56.7	0.387
<i>Number of years living in the house</i>					0.607
1-10 years	13.4	16.7	16.7	46.3	
11-20 years	6.7	6.7	10	23.3	
21-30 years	0.0	0.0	3.3	3.3	
31-40 years	3.3	0.0	0.0	3.3	
<i>Additional residential property owned</i>	16.7	10.0	13.3	40.0	0.582
Flat	0.0	3.3	3.3	6.7	
Flat and B&B	3.3	0.0	0.0	3.3	
House	10.0	3.3	10.0	23.3	
House, Flat and B&B	3.3	0.0	0.0	3.3	
House, Flat, Holiday home & Guest House	0.0	3.3	0.0	3.3	

5.1.3 Theme 3: Respondents Use of the House for 2010 FWC

The respondents' use of the house to generate income from the 2010 FWC in Durban North, Manor Gardens and Umbilo have been shown in *Table 12*. Almost half of respondents (43.3%) reported that they had considered the use of the house to generate income for the 2010 FWC. This suggests that almost half of the residents in the middle and high-income residential areas of Durban identified the opportunity to generate income from the 2010 FWC. The 'economic benefits and potential' used to justify the hosting of mega-events were recognised by 43.3% of residents, which is a minority of the population as the middle and

high-income earners constitute a small percentage of the population, as compared to lower income earners and poverty-stricken. Further, it was only half of the high and middle-income earners that recognised this potential; therefore, a greater percentage of these income groups did not see the 2010 FWC as an opportunity to generate income from home-based economic activity. Residents from Durban North and Manor Gardens that considered using the house as an income-generating asset for the 2010 FWC did in fact use their house to generate income. This was not the case in Umbilo, as the intention to use their houses for accommodation did not materialise into use. The main motivation behind residents in Durban North using their house to generate income from the 2010 FWC was that they were already established accommodation providers. This indicates that businesses that were already set up and suitable to generate income from 2010 FWC related activity were more inclined to exploit this opportunity.

26.7% had used the house as an income-generating asset for activities related to the 2010 FWC. Further, in this regard, the provision of accommodation was reported as the only use of the house as an income-generating asset for the 2010 FWC. This suggests that despite this almost half identified the opportunity to generate income from a 2010 FWC home-based economic activity, however, only 26.7% of 43.3% were motivated to utilise this opportunity. The most common motivating factor behind the use of house to generate income from 2010 FWC was that the respondents were already established accommodation providers (20%). This suggests that residents in the middle and high-income areas were already in a position to generate income from the 2010 FWC. This demonstrates the opportunity that residing in suburban areas present to generate income from HBEs.

The most common response (33.3%) for not using the house to generate income from the 2010 FWC was unsuitable circumstances viz. the HBEs were not suited to generate income from the 2010 FWC and respondents do not see the benefit of setting up an HBE as their means of income was suitable for them. Interestingly, the second most common reason given by respondents for not generating income from the 2010 FWC was the same as the most common use of the house; this was that they are already established accommodation providers (20%). This was due to their unwillingness to register their accommodation establishments to be accredited by FIFA. The process was not inviting to these HBEs due to its inflexibility and use of the 'middleman service' of MATCH to allocate patrons to HBEs

for accommodation. The existing HBEs did not comply with the FIFA regulations, and it was considered onerous to modify their accommodation establishments to meet these regulations.

Table 12: Respondents use of house for 2010 FWC

	Durban North % (n=10)	Manor Gardens % (n=10)	Umbilo % (n=10)	Total % (n=30)	P-value
<i>Considered use of house to generate income from 2010 FWC</i>	16.7	16.7	10.0	43.4	0.581
<i>Use of house to generate income from 2010 FWC</i>	16.7	6.7	3.3	26.7	0.118
Type of use					
• Accommodation	16.7	6.7	3.3	26.7	0.109
<i>Motivation behind use of house to generate income from 2010 FWC</i>					0.058
Already established accommodation provider	16.7	0.0	3.3	20.0	
Lack of accommodation providers for 2010 FWC	0.0	3.3	0.0	3.3	
Generate income from the 2010 FWC	0.0	3.3	0.0	3.3	
<i>Reason for not generating income from the 2010 FWC</i>					0.513
Already providing accommodation	6.7	6.7	6.7	20.0	
Application to Municipality unsuccessful	0.0	3.3	3.3	6.7	
Business not suitable for HBE activity from 2010 FWC	0.0	0.0	3.3	3.3	
Do not own property	0.0	6.7	0.0	6.7	
Unsuitable circumstances	10.0	10.0	13.3	33.3	
<i>Discouraged by registration process for accommodation providers for 2010 FWC</i>	10.0	20.0	26.7	56.7	0.558
<i>Reasoning</i>					0.122
Already registered business	6.7	6.7	3.3	16.7	
Did not comply with regulations of FIFA	0.0	3.3	0.0	3.3	
Not aware of registration process	3.3	6.7	6.7	16.7	
Not generating income from the 2010 FWC	0.0	3.3	16.7	20.0	
<i>Discouraged by special dispensation for HBE</i>					0.435
<i>Reasoning</i>					
Everybody has business from home	0.0	0.0	3.3	3.3	
Did not want HBE	0.0	0.0	3.3	3.3	
House complies with regulations for HBE	0.0	3.3	0.0	3.3	
No need as safe for tenants (students)	0.0	3.3	0.0	3.3	
Not interested in FIFA	0.0	0.0	3.3	3.3	

5.1.4 Theme 4: Respondents Access to Housing Finance for HBEs

Table 13 profiles the access to housing finance for HBEs of respondents. A meagre 6.7% approached banks for funding of a 2010 FWC related HBE. This demonstrates that an extremely small percentage of middle and high-income residents required finance to generate income from the 2010 FWC. In all three study areas there was a small proportion that approached the banks for funding a 2010 FWC related HBE.

Half of the respondents (53.3%) fulfil the criteria to access housing finance from financial institutions. This suggests that only half of the residents of middle and high-income areas fulfil the criteria to access finance from conventional banks. This creates concern as it assumed that only the low-income earners could not access finance from conventional banks. The highest proportion of the sample that fulfilled the criteria to access housing finance from conventional banks was from Durban North (23.3%); the same percentage that fulfilled the criteria to access housing finance through conventional banks, accessed housing finance from conventional banks.

Access to housing finance is predominantly accessed through banks as reported by 53.3% of respondents. This directly translates to the above finding as the respondents that fulfil the criteria from conventional banks access finance from conventional banks. The greatest challenge in accessing housing finance is a denial from conventional banks, as 10% reported. This can be attributed to the implementation of the NCA that imposed stricter regulations for the lending by financial institutions, ensuring that affordability assessments are carried out. Applicants that did not pass the affordability assessment were denied access to finance from conventional banks. Interestingly the lowest proportion of respondents facing challenges in accessing housing finance was from Umbilo. The need to access housing finance was the lowest in the area that required additional financial resources to exploit the opportunity to generate income from activities related to the 2010 FWC. This can be supported by the low level of sample in Umbilo that fulfilled the criteria to access housing finance from a financial institution. Manor Gardens reported the highest incidence of challenges faced in accessing housing finance.

Respondents were renting due to unaffordability of purchasing own home were reported at 6.7%. There is a low level of middle and high-income residents that cannot afford to purchase

housing in these respective residential areas. The small proportion of the sample that was renting due to the affordability of home ownership was from Manor Gardens only. In both of the above instances of higher and then lower interest rates Umbilo was the highest proportion that did not need to access housing finance. The high interest rates post-2004 when the announcement that South Africa would host the 2010 FWC deterred just over a quarter (26.7%) of the respondents from accessing housing finance. This suggests that many were deterred by interest rates caused by the announcement, which is a paradox as the announcement should have been a catalyst for HBE activity to generate income from the 2010 FWC. The lower interest rates closer to June-July 2010 period encouraged a meagre 6.7% of respondents to access housing finance from financial institutions. This is most likely because of the economic crises and the downturn that plagued global markets affecting South Africans. In a time of economic crisis, businesses have to ensure the sustainability of an income amidst many businesses closing down due to 'constrained' expenditure from citizenry.

Table 13: Respondents access to housing finance for HBE

	Durban North % (n=10)	Manor Gardens % (n=10)	Umbilo % (n=10)	Total % (n=30)	P- value
<i>Approached banks for funding HBE for 2010 FWC</i>	3.3	0.0	3.3	6.7	0.878
<i>Received assistance for funding HBE for 2010 FWC</i>	3.3	0.0	0.0	3.3	0.396
<i>Fulfil criteria to access housing finance</i>	23.3	13.3	16.7	50.0	0.446
<i>Access housing finance through:</i>					0.639
Banks	23.3	13.3	16.7	53.3	
Family	0.0	3.3	0.0	3.3	
Friends	0.0	0.0	3.3	3.3	
Self-funded	0.0	3.3	3.3	6.7	
<i>Faced challenges accessing housing finance</i>	10.0	13.3	6.7	30.0	0.595
<i>Challenges faced in accessing housing finance</i>					0.505
Banks denied access	3.3	3.3	3.3	10.0	
Do not trust banks	0.0	0.0	3.3	3.3	
Foreigner	3.3	3.3	0.0	6.7	
No income	0.0	6.7	0.0	6.7	
Loan repayments	3.3	0.0	0.0	3.3	
<i>Percentage of cost of house/s accessed from a financial institution</i>					0.486
11-20	0.0	0.0	6.7	6.7	
21-30	3.3	0.0	0.0	3.3	
31-40	3.3	0.0	0.0	3.3	
41-50	3.3	3.3	0.0	6.7	
51-60	3.3	0.0	3.3	6.7	
61-70	3.3	0.0	3.3	6.7	
71-80	0.0	3.3	3.3	6.7	
81-90	3.3	0.0	0.0	3.3	
91-100	0.0	3.3	3.3	6.7	
Not sure	3.3	0.0	0.0	3.3	
<i>Renting due to affordability of home ownership</i>	0.0	6.7	0.0	6.7	0.183
<i>Current low interest rates encouraged accessing housing finance</i>	3.3	0.0	3.3	6.7	0.764
<i>Reasoning</i>					0.343
Cannot access housing finance from financial institutions	3.3	6.7	0.0	10.0	
Gain from low interest rates	3.3	0.0	0.0	3.3	
Interest rates same for 5 years	3.3	0.0	0.0	3.3	
Interest rates will go up again	3.3	0.0	0.0	3.3	
No need to access finance	10.0	10.0	23.3	43.3	
<i>High interest rates deterred accessing housing finance</i>	10.0	6.7	10.0	26.7	0.885
<i>Reasoning</i>					0.275
Cannot access finance	0.0	3.3	0.0	3.3	
Instalments too high	10.0	6.7	6.7	23.3	
Need for money cannot be substituted	0.0	3.3	0.0	3.3	
No need to access finance	3.3	3.3	16.7	23.3	

5.1.5 Theme 5: Respondents Ownership of HBEs

Table 14 shows respondents' ownership of HBEs. 36.7 % of respondents found the start-up costs of a business high. It is interesting to note that the highest (16.7%) proportion of respondents of the three study areas found the start-up costs, high were from Durban North – the high-income study area. Approximately a quarter (23.3%) of respondent's required financial assistance to start up their business, with Durban North and Umbilo both reporting the highest incidence. The zoning laws of eThekweni Municipality were not particularly of a hindering nature as the local authority, with an even distribution across all three study areas, limited a meagre 10%. There were concerns raised that the rates were increased when the properties were rezoned for commercial use to allow for HBE activity. This could serve as a deterrent for HBE operators to apply for approval to the local authority to operate. This would cause problems for the local authority as this could promote illegal HBEs operating around the Municipality.

Only 3.3% of respondents were influenced by the 2010 FWC to start an HBE, reported by Manor Gardens. This HBE was an accommodation establishment and was accredited by FIFA. This indicates residents in a high-income areas with existing HBEs wanted to generate income from 2010 FWC activities. The FWC had spurred extra activity in 20.0% of the HBEs in the sample, with Durban North reporting the highest (13.3%). This indicates that the 2010 FWC spurred activity for residents in high-income areas for existing HBE owners. If there were no existing HBEs then the high-income areas would have not generated income from the 2010 FWC.

With regard to the ownership of the HBEs 40.0% had sole ownership; Umbilo had the highest level of sole ownership. Sole ownership can contribute significantly to a lower level of capital and reduced ability to access finance to substitute the resources that a co-owner/s can provide. This will directly affect the HBE in terms of mobilising human resources, knowledge and physical resources.

Almost half of respondents (43.3%) employed staff with no relation to work in their HBEs. This demonstrates that for a successful HBE activity the owner must have the ability to employ staff as almost half-employed staff. From the sample, Durban North employed the highest number of staff for their HBE, the nature of their HBEs were accommodation providers. 13.3% of respondents had stated that they would be able to run their HBEs without

the house they owned/living in. This is interesting as the businesses that were not accommodation establishments could operate in another house/or without a house.

36.7% of the sample reported that they would not be able to operate their business without the current house they were residing in, with the highest incidence reported from Durban North. This demonstrates the reliance of accommodation establishments on the location and the type of dwelling that is obtained. The suitability of housing to provide accommodation is imperative to operate an HBE of this nature. Almost a quarter (23.3%) had stated that the 2010 FWC has potential for great financial gain, however expectations fell drastically short; with the highest proportion of Durban North. The high-income residents foresaw greater financial gain than a mega-event of that magnitude; however, this did not interestingly translate into home-based economic activity to exploit this opportunity. Thirty percent of respondents indicated that access to finance was most needed to generate income from the house whilst 26.7 % stated that it was business skills. It was worth noting that Durban North and Umbilo reported that business skills was the most important, whilst Manor Gardens reported that access to finance was the highest.

13.3% of respondents reported that ownership was important for generating income from the house, however, the majority felt that ownership was not the most important as renting is a readily available option. Durban North did not report that ownership was important for an HBE.

A third (33.3%) of the sample was registered accommodation providers for the 2010 FWC, with the majority of Durban North. This is interesting as a lower number of respondents reported use of the HBE to generate income. This was due to being registered as accredited accommodation providers; however, MATCH had made and cancelled bookings. HBEs have no control of their bookings and therefore some were compliant and did not in fact generate income from the 2010 FWC. Government certainly should consider this finding on the impeding nature of the regulations of international profit-driven bodies such as FIFA. 23.3 % of respondents felt that FIFA and the government were benefiting the most from the 2010 FWC; with the highest incidence reported from Umbilo. This has been echoed in many studies conducted on the perceptions of the primary economic beneficiaries of mega-events of this nature.

Table 14: Respondents ownership of HBEs

	Durban North % (n=10)	Manor Gardens % (n=10)	Umbilo % (n=10)	Total % (n=30)	P-value
Start-up costs of business are high	16.7	13.3	6.7	36.7	0.709
Cost more to start up business than anticipated	16.7	6.7	10.0	33.3	0.575
Required financial assistance to start-up business	10.0	3.3	10.0	23.3	0.634
Zoning laws of eThekweni Municipality limited business	3.3	3.3	3.3	10.0	0.864
Hosting of 2010 FWC influence decision to open an HBE	0.0	3.3	0.0	3.3	0.444
2010 FWC spurred extra activity in HBE	13.3	3.3	3.3	20.0	0.308
Sole ownership of HBE	13.3	10.0	16.7	40.0	0.824
Staff employed for HBE					0.191
None	3.3	10.0	6.7	20.0	
Paid family members	0.0	3.3	0.0	3.3	
Staff with no relation	23.3	3.3	16.7	43.3	
Will be able to operate HBE without house residing in currently	0.0	0.0	13.3	13.3	0.035
Reasoning					0.087
Cost too much to set up	3.3	0.0	0.0	3.3	
Forced to generate income from house	0.0	3.3	0.0	3.3	
Found another house/alternative to run	0.0	0.0	13.3	13.3	
Not possible without house	16.7	10.0	10.0	36.7	
<i>2010 FWC provide potential for great financial gain</i>	10.0	6.7	6.7	23.3	0.548
Most needed to generate income from house					0.310
Access to finance	10.0	13.3	6.7	30.0	
Business skills	13.3	0.0	13.3	26.7	
Ownership	0.0	3.3	0.0	3.3	
Good tenant/s	0.0	0.0	3.3	3.3	
Ownership is important to generate income from house	0.0	6.7	6.7	13.3	0.394
Addition to original space to run HBE	13.3	0.0	0.0	13.3	0.035
Accommodation providers registered on the FIFA / accommodation website	23.3	3.3	6.7	33.3	0.032
Most profitable economic activity for FWC					0.521
FIFA/Govt. is benefiting the most from the FWC	10.0	0.0	13.3	23.3	
Provide accommodation	3.3	6.7	6.7	16.7	
Tourism related activities (food, tickets, alcohol, flags)	6.7	3.3	3.3	13.3	
Drugs	0.0	3.3	0.0	3.3	
Possible for low income households to generate income from use of house	10.0	10.0	13.3	33.3	0.810

5.1.6 Discussion of Findings

As discussed in Chapter 1, the study areas were selected according to the physical proximity from the Moses Mabhida Stadium. The rationale for this method of selection was based on the assumption, that supporters of the 2010 FWC would prefer accommodation within a close proximity of the stadium. This would assist in higher mobility and reduced transportation costs for supporters, especially foreign tourists. For this reason, the proximity of the stadium where matches were hosted was not to be considered in ascertaining if there were differences affecting the opportunity to generate income between the study areas.

In summary, the findings that are relevant to the objective of exploring the differences amongst the study areas to generate income from the 2010 FWC will be discussed. The differences emanating from the findings in the three study areas were as follows. In the demographic and the socio-economic theme of residents, the findings indicate that there were differences observed in the comparison of the three study areas in marital status, highest educational level and household income. In Theme 2: Homeownership of respondents in study areas difference was not found, however the additional property owned was noted. Theme 3: Respondents use of the house for the 2010 FWC there was a difference observed in intention vs. actual use of the house to generate income. In Theme 4: Respondents access to housing finance for HBEs revealed that there was a difference in the fulfilment of lending criteria from conventional banks, methods of accessing finance, and respondents renting due to unaffordability to purchase housing. Overall the p value was not less than the chosen significance of <0.05 for the findings from the household survey, therefore the difference is considered insignificant and the null hypothesis is accepted.

Further interrogation of the findings suggests that there is a correlation between self-employment, home ownership, as 63% is self-employed, and 76.7% have home ownership. The ratio of 0.82 indicates that there is a strong correlation between the self-employed and home ownership. This correlation can be attributed to the sample chosen for the study, as a purposive sampling method was utilised. To reiterate the profile of the study areas in all three instances indicated that there were already existing levels of HBE activity. The HBE activity was providing accommodation. Further, the type of HBE activities was suitable to generate income from activities related to the 2010 FWC.

A correlation is observed with home ownership and ethnicity, as it was found that there is a 76.7% home ownership and 60% of respondents of white ethnicity. The ratio of 0.78 indicates that there is a strong correlation between home ownership and white ethnicity. This suggests spatial and income inequality that existed between different racial groups is still evident in the post-Apartheid South African landscape. The redistribution policies introduced by the democratic government post-1994 have only served to deepen spatial and income equality across South Africa.

A correlation was found between home ownership (76.7%) and the marital status (66.7%) of married. The ratio of 0.78 indicates that there is a strong correlation between home ownership and married respondents. This suggests that married couples have a higher ability to secure home ownership than their single, divorced, widowed counterparts do. This is primarily due to the higher ability of married couples to pool and access resources as discussed in Theme 1.

A correlation is observed with home ownership, post-matric education level, as it was found that there is a 76.7% home ownership, and 66.7% of respondents had a tertiary level education. The ratio of 0.86 indicates that there is a strong correlation between home ownership and a post-matric education. This relationship lends itself to the discussion in Theme 1, regarding the higher potential of respondents with a tertiary level education to access higher incomes and financial resources.

The last correlation observed in the findings from the household survey reveal that there is a relationship between South African citizenship (86.7%) and home ownership (76.7%). The ratio of 0.88 indicates that there is a strong correlation between South African citizenship and home ownership. This reveals that a large percentage of South African citizens in middle and high-income residential areas have been able to secure home ownership.

It is also worth noting a finding that in Durban North, foreigners were successfully operating an HBE. These B&B owners had seen the opportunity and profit of providing accommodation. They were able to be successful as they had the relevant post-matric education and access to housing finance. This poses the question then, of the economic opportunities created for HBEs for South Africans to identify and utilise these niches. A comparison revealed that foreign respondents in Durban North have created upmarket accommodation establishments in a niche market, whilst some of the South African

respondents had established mediocre establishments in areas that may not necessarily have the ability to attract tourists and visitors to Durban.

5.2 Financial Institutions

The findings from the interviews conducted with financial institutions will be discussed below. These findings will focus on the role financial institutions played in providing funding for the use of the housing asset to generate income, in response to South Africa hosting the FWC. Data was collected from three conventional banks and three non-traditional lenders.

A generic account will be drawn on regarding the lending criteria of conventional banks and non-traditional lenders, following which focus will shift to the willingness of financial institutions to support 2010 FWC related HBEs.

It must be noted that the findings in this section will provide empirical evidence for the below research question:

What role have financial institutions, such as conventional banks and non-traditional lenders, played in providing funding for the use of the housing asset to generate income, in response to South Africa hosting the 2010 FWC?

5.2.1 Conventional Banks

The interviews were structured according to lending for home loans and small businesses. Home loans were included as finance for modifications/alterations/renovations required for HBEs can be accessed via home loans. Conventional banks permit further funds being accessed through the mortgage bond that clients currently have already acquired. The need to include small businesses is obvious, as HBEs form part of the small business sector.

The lending criteria for home loans and small businesses from conventional banks are in *Table 15* and *16*. It is noted that all the respondents in high-income and middle-income areas should fulfil the criteria, but it was found that 50% of respondents do not. This is probably due to the nature of employment – which is self-employment and banks require a stable, consistent flow of income usually provide financial assistance. The lending criteria for small businesses were not provided at the interview advised that it was classified information, as seen in *Table 16*.

Table 15: Lending criteria for conventional banks

	NEDBANK	STANDARD BANK	ABSA
<i>Home loans</i>			
Income earned	<ul style="list-style-type: none"> • Clients with a minimum income of R2 500 per month (single or joint gross monthly income) <p>Salary earners:</p> <ul style="list-style-type: none"> • Latest salary slip or Letter confirming income - if commission forms part of earnings than 3 months' salary slips or commission schedules are required • Where Maintenance/Alimony to be taken into consideration as earnings - Latest 3 Months bank statements original and stamped must reflect the maintenance/alimony payments and a copy of the court order are required <p>Self Employed:</p> <ul style="list-style-type: none"> • Latest 6 months Business Bank statements original and stamped for non-Nedbank clients • If applying in the name of an Individual, Joint names or a Trust: • Latest financials/management accounts • If Trust: the Trust documents • If applying in the name of a Company: • The latest audited financial • Company documents • Auditors letter • If applying in the name of a CC: 	<ul style="list-style-type: none"> • Provide proof of income, if applicable. 	<ul style="list-style-type: none"> • A stable income • Proof of income • 6 consecutive months of bank statements, for non-Absa customers, where income is reflected • Documentation required if a company, closed corporation or trust: • When you apply for a home loan in the name of a trust, close corporation or company, Absa will require such an entity to be the applicant for the loan • Absa will also call for the registered founding statement of the close corporation, memorandum and articles of association of the company or the trust deed of the trust, in order to prove its existence • Certain supporting documents, such as audited financial statements and/or a personal surety ship from members and shareholders or trustees may also be called for in certain cases

	NEDBANK	STANDARD BANK	ABSA
	<ul style="list-style-type: none"> • Latest financials • CC Documents • Auditors letter 		
Credit Record/ Affordability Assessment	<ul style="list-style-type: none"> • Clear credit record • Clients will be assessed for affordability in terms of the National Credit Act • Where a client rehabilitated/Proof of insolvency rehabilitation (Rehabilitation Order) required 	Nil	Nil
Property value	<ul style="list-style-type: none"> • Minimum property value of R100 000 	Nil	Nil
Identity Document	<ul style="list-style-type: none"> • Copy of Identity Document/s 		<ul style="list-style-type: none"> • Copy of Identity Document/Passport
Offer to Purchase	<ul style="list-style-type: none"> • Copy of Offer to Purchase, except where no sale is taking place 		<ul style="list-style-type: none"> • Copy of Offer to Purchase (including property details)
Approval	<ul style="list-style-type: none"> • Approval subject to Nedbank's credit qualifying criteria and property valuation 		<ul style="list-style-type: none"> • Only residential properties may be financed • All other normal credit criteria apply
Income and Expenditure	<ul style="list-style-type: none"> • Fully completed Home Loan application inclusive of Income and Expenditure and Assets and Liabilities 	Nil	<ul style="list-style-type: none"> • Provide a statement of assets and liabilities, and income and expenditure - if applicable
Bank Statements	<ul style="list-style-type: none"> • Latest 3 month's bank statements original and stamped 	<ul style="list-style-type: none"> • Obtain a 12-month statement of your home loan account held at your previous bank. 	
Declaration	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • You will be required to complete a declaration form to confirm your intentions with the property. 	Nil
Endorsement	If Endorsement 45 (COP) or 57 (ANC):		

	NEDBANK	STANDARD BANK	ABSA
	<ul style="list-style-type: none"> • Divorce/Decree of divorce • Deceased/Death certificate 		
Deposit	Nil	Nil	<ul style="list-style-type: none"> • Depending on your financial standing and the amount you wish to borrow, the bank may require you to pay a deposit. The deposit may be seen as the difference between the purchase price of the property and the amount of the loan
Guarantor	Nil	Nil	<ul style="list-style-type: none"> • Documentation required if an employer guarantee is offered: • Z572/ 3 (if you are an employee of the state) • Letter of Intent/Letter of Guarantee (if you are not an employee of the state)
Application Forms	Nil	Nil	<ul style="list-style-type: none"> • Fully completed and signed application forms

Table 16: Lending criteria for small businesses

	NEDBANK	STANDARD BANK
<i>Finance for small businesses</i>		
Business Plan	<ul style="list-style-type: none"> • Business Plan (A report based on research covering the history of the business, future prospects target markets, i.e. business motivation, including contingency plans) 	<ul style="list-style-type: none"> • Details such as the nature of business, product offering, market environment and management skills
Financial information	Cash Flow Projection for a period of 12 months, including breakdown of expenses and assumptions on which figures have been based – gross Profit Margin Percentage/Mark-up percentage	<ul style="list-style-type: none"> • Personal statement of assets and liabilities for all partners, members and directors • Cash flow forecast • Projected income and expenditure • The amount and source of the business owner's contribution or stake in the business • How will the business use the finance? For example, capital expenditure or working capital • Sales and purchases budgets
Documents required if buying an existing business	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Copy of deed of sale or draft deed • Draft or signed lease agreement for premises
Collateral information	Nil	<ul style="list-style-type: none"> • Details of proposed or offered collateral
Other	<ul style="list-style-type: none"> • Copy of lease agreement • Breakdown of Set Up costs/Copy of Purchase and Sale Agreement 	<ul style="list-style-type: none"> • Credit bureau checks of business and partners

	NEDBANK	STANDARD BANK
	<ul style="list-style-type: none"> • Copy of Offer to Purchase (if vehicle) • Copy of contracts if applicable) • Copy of Company Registration Documents • Turnover figures for at least 2 other outlets of similar demographics if applicable) • Copy of SARS tax clearance (if applicable) • Copy of VAT registration (if applicable) • Franchise Agreement and Disclosure Document 	
Additional requirements if you have an existing business that has been banking at another institution		<ul style="list-style-type: none"> • Financial statements of the business • Three months' bank statements • Facilities letter from existing bank • Details of collateral held by existing bankers

5.2.1.1 Findings

Banks reported in the interviews conducted that in 2010 their lending patterns had been affected in South Africa by the global economic recession, which led to the stricter lending regulations imposed by the NCA. One bank in particular had reported that 100% of home loans is not given anymore, but rather 80% of the value of the home can be secured as a home loan. The remaining 20% is used as a security measure. Initially small businesses were not affected by the recession as they had carried themselves with the funds they had. The pinch of the recession had only hit small businesses in late 2010 when their funds were low.

Since South Africa was announced as the 2010 FWC host in 2004 all three banks reported that there were no clear trends and changes in lending patterns of housing finance. Nedbank reported there was, however, a slight increase in property values since the announcement was made, since 2008 there had been invested in the property market especially from foreigners who were trying to exploit the 2010 FWC. They invested in residential property, as this would yield income if utilised to provide accommodation for patrons of the 2010 FWC. From a small business perspective, there were no changes triggered by the 2010 FWC amongst the HBE owners, as reported by Standard Bank. Absa had reported that there were clients converting their homes to accommodate 2010 FWC visitors; however, they had received no accommodation bookings from patrons of the 2010 FWC. This is significant as residents identified and acted on the opportunity to generate income from a 2010 FWC –related HBE however, the institutional support required from the government was not secured. The government had agreed to the rigidity of FIFA’s regulations of accommodation management by MATCH Services. If residents had, commenced preparations and improvements, in 2004 when the announcement was made, to their home to accommodate patrons of the 2010 FWC their efforts could have been in vain if they did not comply with accommodation accreditation regulations of FIFA, as MATCH would not allocate patrons to them for accommodation.

The South African property market was characterised by the conventional banks interviewed as ‘thriving’ in 2004, however a decline had been experienced and in 2010, there was a slump in the property markets. The conventional banks had not foreseen South Africa realising this thriving state of the property market. This was attributed to the ‘false economy’ South Africa was experiencing in late 2010.

All 3 banks interviewed concurred that the 2010 FWC had no impact with regard to the policies implemented by banks and had no impact on access to housing finance and HBEs. The main rationale provided by banks behind the lack of support for HBEs was the short-term period of the World Cup (one month). The banks reported that the significant risk factor for banks was the sustainability of the income-generating potential of the HBEs post-World Cup. It is for the same reason that from a lenders perspective two out of three banks reported that it is not viable for residents to invest in housing to generate income from the 2010 FWC. It was further observed that even though all three banks had concurred that it is worth investing in property as the property valuations appreciate, unless there are problems in the area and residents do not over invest.

With regard to the NCA, access to housing finance has decreased due to stricter regulations for lending by financial institutions. Nedbank indicated that not everybody could afford to purchase a home. Previously, before the NCA was adopted, 30% of the gross income was needed for purchasing a home, however, now banks look at the major debt of the client and advised accordingly. Absa stated from a business perspective, many applications were declined due to the regulations of the NCA. Further, on average, in a week, 2 out of ten home loans were approved. Standard Bank had responded that the NCA had no effect as there were existing set lending criteria in place therefore there was no effect to clients. Worldwide leniencies in mortgage lending have been reduced in light of the global economic and sub-prime mortgage crises that occurred in 2009. The NCA has reduced the flexibility on mortgage loans and credit agreements that exist between clientele and financial institutions. This is significant for the study as this would affect the residents from the study areas, and from the household survey, the reduced leniency did affect the residents in middle and high-income residential areas.

All three banks provide financial support to HBEs. The banks reported that were no particular types of HBEs that were able to secure a higher level of financial support from banks. An applicant requiring financial support for an HBE would receive financial support as long as they matched the lending criteria for small business loans. All banks concurred that their services offered do not differ vastly between the big five banks.

ABSA in particular expressed concern for the support of small businesses. When the recession hit South Africa, the small businesses survived the economic crisis. It was only in

late 2010 that small businesses started feeling the pinch of recession when they had no more funds to support themselves. Many small businesses had to close down due to the impact of the economic recession. The collateral provided by borrowers has covered the outstanding debt with lenders. Greater support is needed from the government for small businesses. A great challenge in the small business environment is the corruption of tenders.

5.2.2 NTLs

NTLs that provide home loans and support to small businesses in the form of personal loans were interviewed. Many NTLs had not participated in the study stating that they did not provide funding for any 2010 FWC related needs. The lending criteria obtained from the NTLs that participated in the study are below. From the below criteria in *Table 17*, it can be deduced that most of the respondents can be eligible for accessing finance of the information provided. The credit records were not explored as part of the household survey; therefore, the researcher was not aware of any credit defaulters.

Table 17: Lending criteria of non-conventional lenders

	LENDING CRITERIA OF NTL		
	Blue Credit Services Credit Services	Bayport	Capitec
Employment/income	<ul style="list-style-type: none"> • Clientele market within the LSM 2:7 market (low-medium income earners) • Permanent employed clientele earning between R15 000 – R18 0000 qualify for financial assistance 	<ul style="list-style-type: none"> • Personal loans are available to clientele who have been employed for more than 6 months • Applicant earns R1 800 and above 	<ul style="list-style-type: none"> • The applicant is permanently employed (for a minimum period of 3-6 months) • The applicant has a consistent flow of income (bank statement of 3 months)
Credit limit	The maximum capital provided is R400 000	Applicant receives their salary/wages electronically into their accounts	
Credit record	Nil	Nil	The applicant has a good credit record
Additional	Nil	Nil	Identity Document, Proof of address for FICA

5.2.2.1 Findings

Financial assistance differs from the 'big 5' banks as clients listed on the credit bureau are granted financial assistance in two instances. Blue Credit Services and Bayport provide financial assistance to clients who ordinarily would not be able to access credit from financial institutions. Bayport in particular, offer services to applicants who have been blacklisted, that are garnishees, have judgements, have unpaid debt orders. Capitec only provides financial assistance to clientele who have a good credit record. Both Bayport and Capitec only provide personal loans. It must be noted from this point onwards anonymity was requested from the NTLs, for the findings on certain elements therefore the narrative will not specifically refer to the NTL where applicable.

With regard to the impact of economic recession on lending patterns, two of the NTLs surveyed reported that their institutions were not affected; however, personal loans in one NTL were affected because of the introduction of the NCA. This had occurred due to the criteria for personal loans lending was becoming more stringent. The third NTL surveyed had reported that lending had increased due to the recession because people cannot afford monthly household expenses, therefore they had to borrow to pay for their rates, groceries, transportation, education costs, etc. This is concerning as residents incurred debt to pay their bare necessities to live, which indicates that residents were severely financially affected by the economic crisis and global recession. The 2010 FWC did not influence a change in policies implemented by NTLs to support 2010 FWC HBE related activity. Financial institutions have become more stringent due to reckless lending in the past. The NCA has imposed tighter restrictions on financial institutions. NTLs had to adhere to the affordability and lending criteria set down by the NCA. The NCA has prevented approximately 30% of applicants from accessing housing finance reported an NTL. The implementation of the NCA made it difficult to get clientele that qualify for financial assistance. Lending has become less lenient with the introduction of the NCA. The level of detail needed for every retail account has increased significantly, including a straightforward one-month loan.

The lending patterns for the institution had changed since the announcement that South Africa would be the host of the 2010 FWC, in particular for one NTL. The changes noted, were an increase in client requests for funding for HBEs (particularly B&Bs). There was an increase in funding support for B&Bs, tuck shops, kiosks, and shebeens. Capitec and Bayport

reported that in the period leading up to the World Cup clientele had sought finance for purchasing tickets to watch the matches and for spending money for the World Cup period (alcohol, plane tickets etc.).

Two NTLs stated that the fluctuating interest rates were more applicable to banks as NTLs determine the interest rates for clientele. Further, the interest rates for that particular NTL had been the same since 2004. The third NTL surveyed reported that the interest rates for clientele fluctuate but they are not as severe as banks.

All three NTLs concurred that from a lenders perspective, it is not feasible for low-income earners to invest in housing to generate income from the 2010 FWC, as it is only for a month. This was justified by stating that if the cost of a new business/property is high, it will be difficult to earn it back from the 2010 FWC. The space of time is too short unless the income earned exceed costs, then it is feasible to pursue a 2010 FWC related HBE. Bayport had suggested that residents should rather make extra money from small stalls near the stadium, and provide tour guide services and accommodation.

NTLs do provide financing for HBEs in the form of business loans. A feasibility study of the business had to be done. Personal capacity will be accountable if the business fails. Small business owners are mentored. A business loan ranges from R15 000 – R3 million. If the business is not feasible, then the NTL will not enter into an agreement with clientele seeking financial support. Blue Credit Services require specifications on how the finance will be utilised for home loans (inclusive of home improvement loans) and small business loans. The reasoning is the NTL want to be aware of whether the money is being used for the intended purpose, to monitor that there is no misuse of the money. Clientele have to adhere to good labour practices and ensure proper use of funds and servicing of the loan. Both Bayport and Capitec had indicated that they provided personal loans so they do not require specification as to how the funds will be utilised. They support HBEs however on the basis that the client is permanently employed and not self-employed (sole income from an HBE). Their company has to be listed and the financial institution will make confirmation of this. Capitec responded that they would provide financial support as long as clientele fulfilled the lending criteria of the financial institution.

5.2.3 Discussion of Findings

In summary, more residents approached NTLs for funding of HBE activity to generate income for the 2010 FWC, as compared to conventional banks. This implies that NTLs have more lenient lending criteria and residents preferred to approach NTLs for funding HBEs. The lending criterion was, however severely impacted by the introduction of the NCA, which affected both conventional banks and NTLs. The NCA reduced the number of clientele that were eligible for finance significantly for both conventional banks and NTLs.

It was also noted that small businesses and households were severely impacted by the economic recession. Small businesses faced closure while households had to access credit to be able to pay for their household expenses. In an economic recession, citizenry is plunged into fighting for survival, therefore it can deduce that they would not pursue the 'risky' of generating income from the 2010 FWC; especially if they have to incur debt to access financial resources.

It was common that both the conventional banks and NTLs considered financial assistance for 2010 FWC related income-generating activity unfeasible. This was because the duration of the mega-event was for a month, and financial institutions considered income-generating activity triggered by the 2010 FWC would not be sustainable after the event. It must be alluded to that, the financial support for the small business sector is vital for HBEs to comply with regulations to operate as accredited service providers for mega-events such as the 2010 FWC.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

The final chapter will conclude the findings for the dissertation; and present recommendations emanating from the gaps and areas that require further intervention presented by the findings. The first segment of the chapter serves as a recap of the findings from each chapter, before the recommendations are proposed in the second segment.

Chapter 3 endeavoured to determine the impact of the pulsar effect on housing markets of the host nations of mega-events. The researcher had set out to ascertain the impact on HBEs, which function within the housing markets. There was no literature documenting this specific impact, identifying a gap that will be addressed below in the recommendations. The literature revealed that the most significant impact on the housing markets of host nations was mass evictions. The account of mass evictions revealed the violation of the human right to housing, which is recognised and as a global experience. The extent of this impact was not observed in the South African housing markets for the 2010 FWC.

Chapter 4 attempted to present where HBEs locate themselves in the legislation and policy based context in South Africa. The findings indicate that the SMME sector was identified as a national priority to alleviate poverty and unemployment. With specific regard to HBEs, it is only the BNG that specifically refers to the house as an income-generating asset from all the relevant legislation examined. In order for this legislation to influence and drive HBEs at a grassroots level, this strategy will need to be filtered down through provincial and local government (especially).

Chapter 5 presented the findings from the empirical data collected in the household survey and interviews with financial institutions. The differences were mainly observable in Durban North (high-income area) affecting the opportunity to generate income from 2010 FWC related activities. There were not many differences observed; with the highest marital status, level of education and additional residential property owned by residents in Durban North. The role of financial institutions was limited in providing funding for the use of the housing asset to generate income, in response to South Africa hosting the FWC. The conventional banks had reported that they were not prepared to lend for the HBE related activity, for the 2010 FWC, due to the short period of the event (a month). NTLs were prepared to lend,

provided the criteria was met. Although there was a difference in the lending patterns for the 2010 FIFA World HBE related activity, it was noticed that both types of financial institutions did not formulate a financial support product specially designed for generating income from the 2010 FWC.

6.2 Recommendations

Firstly, before the recommendations are presented the following quote from the eThekweni Municipality 2010/11 IDP must be considered.

“The 2010 World Cup has placed greater emphasis on the Municipality’s need to accelerate the implementation of transportation infrastructure to cater for the needs of visitors in 2010. However, this infrastructure is intended to leave behind a legacy of a cost effective, sustainable public transport system. Although it is not practicable to radically change the public transport system by 2010 - due to the many budgetary and institutional challenges that are faced – it is feasible to implement a number of projects that will form the catalyst for this change whilst satisfying the demands for the 2010 World Cup.” (eThekweni Municipality, 2010, p. 99)

The above quote provides three key elements that summarise the hosting of the 2010 FWC in South Africa. Firstly, there was a need for development across the board (viz. facilities, transport, accommodation etc.) in preparation for the 2010 FWC. Secondly, the 2010 FWC was hosted to accrue the legacy that it would leave behind. Thirdly, the 2010 FWC would act as a catalyst for the future implementation of development-related projects.

The findings indicate that the ‘short’ period of the 2010 FWC was the first and foremost reason that financial support was not willingly provided for the 2010 FWC. This relates to the first element identified above. If the development could not be secured, this will affect the legacy and ability to act as a catalyst of the 2010 FWC.

6.1.1 Literature Documenting the Impact at a Micro-level of Mega-events

The literature documenting the impact of the mega-events at a micro-level (household) is limited. Evidence was found in the use of the house to generate income from the 2006 FWC in Germany; however, an impact study or research was not conducted to document the income generated from providing accommodation or the patrons of this event. There is a need for more research to be done on the impact on the micro-level of mega-events, as these are

primarily hosted to ensure positive impact at a household level and small business sector. This could be possible largely owing to the stance FIFA had taken in previous FWC tournaments, that accredited accommodation providers would be limited to hotels. This contributing factor was exacerbated by the focus of socio-economic studies on mega-event focus on large-scale benefits to the host nation and not honing down to the household level. In the 2006 FWC hosted in Germany there were articles on the use of the housing asset to provide accommodation for patrons of the FWC. This unfortunately did not translate into a study examining the extent of the income generated from providing 'informal' methods of accommodation (www.aufschalke2006.de/fifa-world-cup-germany-gelsenkirchen-2006/).

6.1.2 Legislative Context (Policy Implications)

In order to address the lack of institutional support for HBEs, at a national level, there has to be greater emphasis and integration of the notion introduced in the BNG of the house as an income-generating asset. The limited capacity for local government should not hinder the development and growth of HBEs in South Africa, Durban in particular. Local government can lobby national and provincial government for resources to provide support and assistance for existing and potential HBEs.

In terms of the current existing policy as outlined in Chapter 4, the implementation and translation on the ground has to be revisited by the relevant government departments. It is recommended that instruments to drive implementation of the policies developed to support and produce an enabling environment for the small business sector to grow and support the livelihoods of households. A policy should be developed in eThekweni Municipality that standardises the land use management applications and zoning for accommodation providers in line with the eThekweni Municipality's drive to be the 'Events Capital of Africa'. Intervention from government at all levels is required to ensure that the HBEs in the small business sector benefit from mega-events such as the 2010 FWC.

6.1.3 Durban, the 'Events Capital of Africa'

If the City chooses this path of hoisting the flag as the 'Events Capital of Africa', then partnerships will need to be forged with financial institutions and small business sector stakeholders in particular to provide support mechanisms. Financial assistance is of the essence, if not the most essential, in providing support to HBEs to exploit opportunities

presented by events such as the 2010 FWC. In addition, as a part of the findings from the case study it was discussed that business skill and training was required for establishing and operating profitable HBEs.

A survey by the Reputation Institute conducted revealed the reputation of South Africa among the G8 countries in the pre-2010 FWC period scored 44.6 whilst the post 2010 FWC survey score was 49.11 (Cottle, 2011). National government need to assess the characteristic type of cities that are developing and if they fit into the hosts of mega-events or better suited for other types of cities. For e.g. Durban is a port city and this requires massive infrastructure development and funding. The transport corridor is being expanded to support containerised import and export. In this, instance localities have to fulfil the needs of their city and those imposed by national government. The government should make a decision that is not driven by the needs of profit driven organisations such as FIFA and capitalist ideologies. It may not be so easy for localities to make this decision, as they will need to support the endeavours of national government.

If mega events can serve as catalysts for development then new catalysts can serve the same purpose. In South Africa, the poverty levels and rate of unemployment should serve as this catalyst kick- starting high-scale economic development and poverty eradication. The pressure globally has been exerted but extensive research has proven that the hosting of mega-events do not benefit the grassroots level, that is ironically used to justify the hosting of these events. It may be argued that the impacts of hosting mega events have an indirect impact on the grass root level as the citizenry benefit from the infrastructure upgrades to roads, transport, etc. However, a road that has been upgraded does not assist in the bread and butter needs of households. Those without cars cannot derive the same benefit of upgrading roads directly.

Playing host to mega-events are subscribing to globalisation – which is reliant on the market to fast-track development. This is a dangerous game to play considering the amount of money that is spent on the hosting of mega-events. Global markets can be likened to human beings, which are at risk of contracting illnesses, so too global markets are prone to economic fluctuations such as crisis or downturns. This is the case for South Africa as two years prior to hosting the 2010 FWC there was an economic crisis in 2008. The market that South Africa hoped to attract by spending billions was paralysed by an economic crisis. Billions are spent

that could have been ordinarily channelled to directly addressing the service delivery concerns in the country. The country will then be in a worse position than it was before it hosted the mega-event in terms of liberating the majority of the citizenry who are trapped in the cycle of poverty. The current development landscape in South Africa, and globally, is plagued with high levels of poverty resulting in the majority living in conditions of squalor and inequality that entrenches the gap between the poor and rich further.

If accommodation providers had been fully integrated into the hospitality component of the 2010 FWC, then partnerships could have been established with other HBEs to capitalise on the opportunities of hosting foreign visitors. These catering, travel and tour, transportation and hospitality opportunities lay dormant in an environment that was not conducive to stimulate their development and growth. HBEs have the potential to grow and become large businesses. To ensure the seed of HBEs are nurtured to grow into large trees there is a need for legislative and financial support to be provided. This will assist home-based entrepreneurs in expanding their businesses and perhaps moving into a premise that can support a larger business (that a home may not be able to). The stringent policy of FIFA needs to be addressed, as the host nation has to comply with all the regulation laid down by this body.

6.1.4 Conclusion

This is yet another study displaying the need for governments of developing nations to reconsider hosting mega-events that 'catapult' development. The hosting of mega-events do not catapult development nations into a developmental state. In the case of the 2010 FWC, FIFA takes away most of the profit, yet nations are lured into hosting this event with trigger rapid social and economic development leaving behind a legacy. The study does highlight the need for institutional support for HBEs, as it provides a vehicle for addressing poverty in an increasing globalised economy that entrenches the gap between the poor and rich further.

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Household questionnaire



THE USE OF YOUR HOUSE TO GENERATE INCOME FROM THE 2010 FIFA WORLD CUP

The University of KwaZulu-Natal would like to find out if you have used your house to generate income from the 2010 FIFA World Cup. All responses are completely anonymous. Please complete the questionnaire. Please feel free to contact Orisha Goorbhare, Housing Masters student, of the School of Architecture, Planning and Housing. If you need any more information at (031) 311 4279 (during office hours); or 084 521 0787; or e-mail goorbhareo@durban.gov.za.

A. PLEASE TELL US ABOUT YOURSELF AND YOUR FAMILY

Code : A1 Race: , A2 Gender:

A3

Age in years

<input type="text" value="12"/>	12 – 18	<input type="text" value="36"/>	36 - 45
<input type="text" value="19"/>	19 – 25	<input type="text" value="46"/>	46 - 55
<input type="text" value="26"/>	26 – 35	<input type="text" value="56"/>	56 – 65
		<input type="text" value="66"/>	66 +

A4 What is your employment status?

<input type="text" value="E"/> Employed permanently	<input type="text" value="U"/> Unemployed	<input type="text" value="PT"/> Part-time
<input type="text" value="S"/> Self-employed	<input type="text" value="CW"/> Casual work	
<input type="text" value="C"/> Housewife	<input type="text" value="P"/> Pensioner	
<input type="text" value="CT"/> Contract/Temporary	<input type="text" value="ST"/> Student / Scholar / Child	

A5

Household Income

Total income of all household members, after deductions such as tax, medical aid and pension contributions, including salaries, grants, pensions and income.

<input type="text" value="N"/> No Income	<input type="text" value="3501"/> R3501 - R4500
<input type="text" value="1"/> R1 - 200	<input type="text" value="4501"/> R4501 – R6000
<input type="text" value="201"/> R201 - R500	<input type="text" value="6001"/> R6001 - R8000
<input type="text" value="501"/> R501 – R800	<input type="text" value="8001"/> R8001 - R11000
<input type="text" value="801"/> R801 - R1500	<input type="text" value="11001"/> R11001 - R16000
<input type="text" value="1501"/> R1501 - R2500	<input type="text" value="16001"/> R16001 - R30000
<input type="text" value="2501"/> R2501 - R3500	<input type="text" value="30001"/> R30001 – and above

A6 Nationality

South African Other (specify)

A7 Language

English isiZulu Afrikaans Other (specify)

A8 Marital Status

<input type="text" value="M"/> Married	<input type="text" value="D"/> Divorced	<input type="text" value="L"/> Living together
<input type="text" value="S"/> Separated	<input type="text" value="W"/> Widowed	<input type="text" value="SI"/> Single

A9 Highest education level

<input type="text" value="0"/> Grade 0	<input type="text" value="1"/> Grade1-4	<input type="text" value="5"/> Grade 5-7	<input type="text" value="8"/> Grade 8-12
<input type="text" value="P"/> Post-matric			

A10

Excluding investments or pension do you save any money after all expenses?

Yes No **Go to A12**

A11

If you are saving what will you use your savings for?

A12 How long have you lived in this house?	<input type="text" value="F"/> First year	<input type="text" value="10"/>	11 – 15 years
	<input type="text" value="5"/> 5 years and below	<input type="text" value="15"/>	16 – 20 years
	<input type="text" value="6"/> 6 – 10 years	<input type="text" value="21"/>	21 years +

A13 Do all of your minor dependents live with you?	<input type="text" value="Y"/> Yes Go to B1	<input type="text" value="N"/> No
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A14 Where do they live?	
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B. OWNERSHIP AND HOME IMPROVEMENT

B1 Are you the registered owner of this house?	<input type="text" value="Y"/> Yes Go to B3	<input type="text" value="N"/> No
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B2 Are you renting?	<input type="text" value="Y"/> Yes Go to B7	<input type="text" value="N"/> No
----------------------------	--	-----------------------------------

B3 Is the house fully paid off?	<input type="text" value="Y"/> Yes Go to B7	<input type="text" value="N"/> No
--	--	-----------------------------------

B4 Is a bond being paid off on this house?	<input type="text" value="Y"/> Yes	<input type="text" value="N"/> No
---	------------------------------------	-----------------------------------

B5 Are you occupying a vacant house?	<input type="text" value="Y"/> Yes	<input type="text" value="N"/> No
---	------------------------------------	-----------------------------------

B6 Are you allowed to stay rent free by the owner?	<input type="text" value="Y"/> Yes	<input type="text" value="N"/> No
---	------------------------------------	-----------------------------------

B7 In what year did you move into this house?	
--	--

B8 *FOR OWNERS ONLY* Is this the only house that you own?	<input type="text" value="Y"/> Yes Go to C1	<input type="text" value="N"/> No
---	--	-----------------------------------

B9 Please indicate the type of residential properties owned.

Type of residential property	No.	Area
House		
Flat		
Holiday home		
B&B		
Guest House		
Granny Flat		
Wendy House		
Cottage		
Other (specify)		

C. 2010 FIFA WORLD CUP

C1 With the 2010 FIFA World Cup being hosted in South Africa, have you considered using your house to generate income from this sporting event?	<input type="text" value="Y"/> Yes
	<input type="text" value="N"/> No Go to C5

C2 Are you using your house to generate income from the 2010 FIFA World Cup?	<input type="text" value="Y"/> Yes
	<input type="text" value="N"/> No Go to C5

C3 How are you using your house to generate income from the 2010 FIFA World Cup?	<input type="text" value="A"/> Accommodation
	<input type="text" value="H"/> Home-based enterprise C3a Specify

C4 What motivated you to use your house to generate income from the 2010 FIFA World Cup?	Go to C8
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<p>C5 Why is this so?</p>	
<p>C6 Has the registration process required by the Government and FIFA discouraged you from using your house to provide accommodation for the 2010 FIFA World Cup? C6a Specify</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No

<p>C7 Has the special dispensation required for a home-based enterprise by the eThekweni Municipality discouraged you from using your house for the 2010 FIFA World Cup? Please give reasons for your answer.</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No
--	--

<p>C8 In your opinion are the start-up costs of the business too high?</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No
---	--

<p>C9 Did it cost more to start up the business than you anticipated at the beginning? C9a Specify</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No
--	--

<p>C10 Did you seek financial assistance to start-up the business? C10a Specify</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No Go to C12
---	---

<p>C11 What was required by the lender to grant you financial assistance?</p>	<input type="checkbox"/> C Collateral <input type="checkbox"/> P Proof of prior savings <input type="checkbox"/> G Guarantor <input type="checkbox"/> O Other (specify) <input type="checkbox"/> D Deposit
--	--

<p>C12 Have the zoning laws of eThekweni Municipality limited your business? *END OF QUESTIONNAIRE FOR NO USE OF HOUSE*</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No C12a Specify
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C. ACCESS TO HOUSING FINANCE

<p>D1 Did you approach banks to assist in funding a home-based enterprise for the 2010 FIFA World Cup?</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No Go to D3
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<p>D2 Did you receive financial assistance from the bank you approached for the start up a home-based enterprise? D2a Please specify.</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No
---	--

<p>D3 Do you fulfill the criteria needed by banks to qualify for housing finance?</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No
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<p>D4 How do you access housing finance? *NOTE: EXPLAIN DIFFERENCE BETWEEN NTL'S AND INFORMAL LENDERS*</p>	<input type="checkbox"/> C Banks <input type="checkbox"/> L Loan Sharks <input type="checkbox"/> N Non-traditional lender <input type="checkbox"/> C Cannot access <input type="checkbox"/> F Family <input type="checkbox"/> O Other (specify) <input type="checkbox"/> S Stockvels
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<p>D5 Did you face any challenges accessing housing finance?</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No Go to D7
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<p>D6 What challenges did you face?</p>	
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		1	1 – 10	51	51 – 60		
D7 What percentage of the cost of your house/s have you been able to access from a financial institution?		11	11 – 20	61	61 – 70		
		21	21 – 30	71	71 – 80		
		31	31 – 40	81	81 – 90		
		41	41 – 50	91	91 – 100		
NOTE: FOR TENANTS ONLY D8 Are you renting because you cannot afford a house of your own?			<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No	
D9 Has the current low interest rates encouraged you to access housing finance through a financial institution? D9a Specify				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No
D10 Have the previous high interest rates deterred you from accessing housing finance through a financial institution? D10a Specify				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No
D. HOME BASED ENTERPRISES (HBEs)							
E1 How long have you owned your HBE?							
E2 In your opinion were the start-up costs of your business high?				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No
E3 Did it cost more to start up your business than you anticipated at the beginning? E3a Specify				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No
E4 Did you seek financial assistance to start-up your business? E4a Specify				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No Go to E6
E5 What was required by the lender to grant you financial assistance?			C	Collateral	P	Proof of prior savings	
			G	Guarantor	O	Other (specify)	
			D	Deposit			
E6 Have the zoning laws of eThekweni Municipality limited your business? E6a Specify				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No
E7 Did the hosting of the 2010 FIFA World Cup influence your decision to open a HBE? E7a Specify				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No
E8 Has the 2010 FIFA World Cup spurred extra activity with respect to your HBE? E8a Specify				<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No
E9 Are you the sole owner of this B&B?			<input type="checkbox"/> Y	Yes	<input type="checkbox"/> N	No Go to E11	

<p>E10 What is the relationship between you and those you share ownership with?</p>	<input type="checkbox"/> S <input type="checkbox"/> FM <input type="checkbox"/> F	Spouse Family member Friend	<input type="checkbox"/> B <input type="checkbox"/> O	Business partner Other (specify)
<p>E11 Indicate the type of staff employed and the number of each.</p>	<input type="checkbox"/> N <input type="checkbox"/> UF	None Unpaid Family members	<input type="checkbox"/> PF <input type="checkbox"/> S <input type="checkbox"/> O	Paid Family Members Staff with no relation Other (specify)
<p>E12 How do you advertise/market your business?</p>	<input type="checkbox"/> P <input type="checkbox"/> W <input type="checkbox"/> C	Print media Word of mouth Combination of above options (specify which)	<input type="checkbox"/> I <input type="checkbox"/> A <input type="checkbox"/> O	Internet Advertising boards Other (specify)
<p>E13 Would you have run this business if you did not have this house? E13a Specify</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No			
<p>E14 Does the 2010 FIFA World Cup provide the potential for great financial gain for your business? E14a Specify</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No			
<p>E15 What do you think is most needed to use the house for income generating activities?</p>	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> G <input type="checkbox"/> C	Access to finance Business skills Govt. regulations and from laws (e.g. approval of neighbours, zoning laws) Combination of options (specify which)	<input type="checkbox"/> O <input type="checkbox"/> E <input type="checkbox"/> S <input type="checkbox"/> O	Ownership Go to E16 Experienced staff Support from family/household Other (specify)
<p>E16 As an owner of a house, do you think ownership is the most important requirement for the use of the house for income generating activities?</p>	<input type="checkbox"/> Y Yes Go to E18 <input type="checkbox"/> N No			
<p>E17 If not, what do you think is, and why?</p>				
<p>E18 Did you have to add to your original space in order to run your home-based business? E18a Specify modifications and approximate cost.</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No			
<p>*ACCOMMODATION-PROVIDERS ONLY*</p>				<input type="checkbox"/> Y Yes <input type="checkbox"/> N No
<p>E19 Are you registered on the FIFA/accommodation website? E19a Specify</p>				
<p>E20 The 2010 FIFA World Cup has without a doubt presented economic opportunities for South Africans, what would in your opinion be the most profitable economic activity to generate income from the 2010 FIFA World Cup? Please explain.</p>				
<p>E21 In your opinion, do you think it is possible for people in lower income markets to use their house for income-generating activities to generate 'wealth'. E21a Specify</p>	<input type="checkbox"/> Y Yes <input type="checkbox"/> N No			

Thank you for your time and patience. / Ngiyabonga /Siyabonga

Interview Schedule Two -Financial Institutions (Banks)

1. What is your institution's lending criteria for home loans and small business enterprises?
2. What monthly income range matches your lending criteria?
3. Generally what are the characteristics of your clientele?

Employment type	
Level of education	
Area of location	
Gender	
Race	
Income level (monthly)	
Other (specify)	

4. Does your financial assistance differ from the remaining of the 'big five' banks¹ in South Africa?

4.1) If so, how?

4.2) If not, what are the similarities?

5. How has the current economic recession in South Africa influenced your lending patterns generally for access to housing finance from your institution?

5.1) How has it affected your lending for housing purposes?

6. Have you noticed any distinct trends in lending patterns for housing finance, since the announcement that South Africa is going to host the 2010 FIFA World Cup was made?

6.1) If so, what are they and how do you explain them?

7. Have you noticed any change in the residential property market brought about by the 2010 FIFA World Cup?

7.1) If so, what changes have you noticed?

7.2) In your view, how can these changes be explained?

8. South Africa's property market was said to be thriving in 2004. Will South Africa realise this state of the property market any time soon in the future?

8.1) Why do you predict this?

8.2) In your opinion would it have been favourable to invest in the property market given the future state of the property market?

9. Has the 2010 FIFA World Cup had any influence on policies implemented by your institution regarding

a) housing finance,

b) small business enterprises?

Please explain how and the reasoning behind this.

10. How has the National Credit Act influenced lending patterns and access to housing finance generally?

¹ The 'big five' banks in South Africa are Nedbank, Absa, Standard Bank, FNB, and Investec.

10.1) To what extent has this affected household access to housing finance in the period subsequent to the announcement that the South Africa will host the 2010 FIFA World Cup?

10.2) Are there household's who contemplated use of their house for home-based enterprises, for the 2010 FIFA World Cup, who were prevented by the NCA?

11. What are the directives of the Banking Association to conventional banks with respect to households' access to housing finance?

11.1) What are the directives of the Banking Association to conventional banks with respect to households' access to finance for home-based enterprises?

12. How have the previous high interest rates affected the low, middle (upper and lower) and low income earners with respect to accessing housing finance? (period when South Africa was announced to be the official host of the 2010 FIFA World Cup)

13. How have the current low interest rates at the beginning of last year affected the low, middle (upper and lower) and low income earners with respect to accessing housing finance?

14. Has there been noticeable activity linked to the 2010 FIFA World Cup that has been spurred in Durban North, Manor Gardens and Umbilo. (for e.g. economic activity, renovations/extensions to house, B&B sector etc.

41.1) If so, what kind of activity has been undertaken?

15. From a lender's perspective is it viable for residents to invest in housing in order to generate income from the use of the house, from the 2010 FIFA World Cup?

15.1) Please state why.

16. Do you provide financial support for home-based enterprises? If so, are there types of enterprises you support more than others? Which ones and why?

Interview Schedule Two -Financial Institutions (NTL's)

1. What is your institution's lending criteria for home loans and small business enterprises?
2. What monthly income range matches your lending criteria?
3. Generally what are the characteristics of your clientele?

Employment type	
Level of education	
Area of location	
Gender	
Race	
Income level (monthly)	
Other (specify)	

4. Does your financial assistance differ from the 'big five' banks¹ in South Africa?
 - 4.1) If so, how?
 - 4.2) If not, what are the similarities?
5. How has the current economic recession in South Africa influenced your lending patterns generally for access to housing finance from your institution?
 - 5.1) How has it affected your lending for housing purposes?
6. Have you noticed any distinct trends in lending patterns for housing finance, since the announcement that South Africa is going to host the 2010 FIFA World Cup was made?
 - 6.1) If so, what are they and how do you explain them?
7. Have you noticed any change in the residential property market brought about by the 2010 FIFA World Cup?
 - 7.1) If so, what changes have you noticed?
 - 7.2) In your view, how can these changes be explained?
8. South Africa's property market was said to be thriving in 2004. Will South Africa realise this state of the property market any time soon in the future?
 - 8.1) Why do you predict this?
 - 8.2) In your opinion would it have been favourable to invest in the property market given the future state of the property market?
9. Has the 2010 FIFA World Cup had any influence on policies implemented by your institution regarding
 - a) housing finance,
 - b) small business enterprises?

Please explain how and the reasoning behind this.

10. How has the National Credit Act influenced lending patterns and access to housing finance generally?
 - 10.1) To what extent has this affected household access to housing finance in the period subsequent to the announcement that the South Africa will host the 2010 FIFA World Cup?

¹ The 'big five' banks in South Africa are Nedbank, Absa, Standard Bank, FNB, and Investec.

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41.1) If so, what kind of activity has been undertaken?
15. From a lender's perspective is it viable for residents to invest in housing in order to generate income from the use of the house, from the 2010 FIFA World Cup?
15.1) Please state why.
16. Do you provide financial support for home-based enterprises? If so, are there types of enterprises you support more than others? Which ones and why?
17. Do you require specifications of how the finance provided is going to be used?