

**The impact of the corporatization of housing rental stock
on the living conditions of tenants in eThekweni
Municipality: A case study of Flamingo Court, Umbilo,
Durban**

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Declaration

I Nonhlanhla Patricia Zanele Mabaso declare that this research report is my own work. It is submitted to the University of KwaZulu Natal, Durban in partial fulfilment of the requirements for the degree of Master of Social Science (Social Policy).

It has not been submitted before for any degree or examination at this or any other university.

Nonhlanhla P Z Mabaso

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Abstract

South Africa is a developing country which has a segregated and apartheid past. In 1994, the new democratic government was established. The democratic governments' constitution states that all South Africans should have a basic right of access to adequate housing. The government has a challenge to deliver housing especially to the disadvantaged groups -- Indians, Coloureds and Blacks. The housing in the urban areas has been for the elite group (whites) who were privileged with the majority being marginalised. The government sought to rectify this by implementing policies which would allow the under-privileged to have houses in the urban areas and also security of tenure. The eThekweni municipality has implemented various forms of housing delivery and this study focuses on the Discount Benefit Scheme which was replaced by the Enhanced Extended Discount Benefit Scheme. The scheme was anticipated to permit families that had been given state-funded and managed housing stock before 1994, the chance to take entitlement of the units in which they had lived (www.urbanlandmark.org.za/SERI). The researcher is interested in viewing this project as part of government trying to help the poor people by giving them full ownership of housing.

This is part of a neoliberal policy agenda. Part of this agenda includes the corporatization of housing. This is a process of transforming state assets, government agencies, or municipal organizations into corporations. It is also linked with privatization which is referred to as the act of transferring ownership of a specified property or business operation from a government organization to a privately owned entity, as well as the transition of ownership from a publicly traded, or owned, company to a privately owned company. The study will attempt to examine the effects of corporatization on the living conditions of former tenants, and now owners of apartments in the previously council owned block of flats. The findings of the study indicate that corporatization of housing is not for the poor people and suggests that government needs to review DBS projects.

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List of Abbreviations

ANC	African National Congress
BNG	Breaking New Ground
CRU	Community Residential Unit
DBS	Discount Benefit Scheme
DCC	Durban City Council
DMA	Durban Metropolitan Area
EEDBS	Enhanced Extended Discount Benefit Scheme
FLISP	Finance Linked Individual Subsidy Programme
GDP	Gross Domestic Product
GEAR	Growth Employment and Redistribution
IDC	Industrial Development Corporation
IMF	International Monetary Fund
KZN	KwaZulu Natal
LGTA	Local Government Transition Act
NP	National Party
PACSA	Pietermaritzburg Agency for Community Social Action
RDP	Reconstruction and Development Programme
SAPS	South African Police Services
UK	United Kingdom
UNICEF	United Nations Children's Fund
WB	World Bank

Chapter One

Introduction

1.1 Introduction

South Africa has been disfigured by its colonial and apartheid segregation policies and laws. The discovery of diamonds and gold spurred wealth and immigration and intensified the subjugation of the indigenous inhabitants as well as the conflicts between the Dutch and the British. General Louis Botha, the first Prime Minister of the Union, introduced the policy of formal racial segregation, leading to the further erosion and the Black majority's political rights and the aggravation of the plight of African communities. Under the apartheid system of government, for example, white magistrates or Bantu administrators were given increased control of local African communities. Apartheid called for the separate “development” of the different racial groups in South Africa, and made laws which forced the different racial groups to live and develop separately thus exacerbating inequality. The provision of housing in South Africa was described as one of the country's biggest challenges.

Since 1994, over one million houses have been built and services have been extended to millions of people. The government estimates that an additional two or three million units still need to be provided. The backlog is exacerbated by high unemployment and rapid urban immigration which has left millions of people unable to afford basic necessities. The HIV/AIDS pandemic is adding to the development problem. Even where people are housed, conflicts continue over access to basic services and housing payments resulting in water and electricity cut offs for non-payment of rates and eviction for non-payment of mortgages and rates (Narsiah, 2010; 2012).

During the 1990s South Africa moved from apartheid to neoliberalism. The basis of a neoliberal macro-economic policy was laid in 1996 under Growth, Employment and Redistribution (GEAR) to promote economic growth. The GEAR strategy adopted a neoliberal approach with an emphasis on a reduced role of the state in the economy. Neoliberal ways of thinking have corporatized services at the expense of people in order to serve the interests of a small elite of economically powerful people.

Neoliberalism is a policy model of social studies and economics that transfers control of the economic sector to the private sector from the public sector. Neoliberal policies aim for a laissez-faire approach to economic development. Neoliberalism supports fiscal austerity, deregulation, free trade, and privatisation (www.investopedia.com/neoliberalism). Privatisation is linked with corporatization as it promotes outsourcing as an operating strategy and cost cutting. Privatisation is the transfer of government-owned services into private hands. Corporatization is changing the structure of a government body so that it operates on business lines, with a mandate to trade profitably and an obligation to account to the government for its financial performance.

This study explores neoliberalism and its influence on housing in South Africa. This study will use the example of the corporatization of housing in Flamingo Court to investigate the impact that neoliberalism has on the lives of people, particularly the poor.

1.2 Historical Background

During the post-apartheid period the new democratic government sought a new housing policy that would particularly empower the urban poor who lived mainly in public rented accommodation. This strategy was directed particularly at those living in flats or tenements. The main aim was to design a policy that would help the urban poor proceed from perpetual renting towards full ownership of individual units or houses. In Durban, the municipality sought to corporatize housing. The main focus of this research, therefore, is on such types of initiatives within the eThekweni Municipality also known as the Durban Metropolitan Area (DMA).

Under the now defunct Native Urban Areas Act and the Group Areas Act, Africans were by law not allowed to own any property within so called “white South Africa” (Berrisford, 2008). The Group Areas Act, entrenched physical separation between races, especially in urban areas. The Population Registration Act, also demanded that people be registered according to their race. People would then be treated differently according to their population/race group. Africans were meant to enter the cities only

to work, and their accommodation was by law, temporary (hence the rental arrangement in townships, hostels and local municipality owned flats). The Native Urban Areas Act of 1936 stipulated only four types of places where urban workers could stay temporarily. These were hostels, locations, compounds and servants quarters. The thinking was that once the African worker lost employment then she or he had to return “his/her” (Bantustan) homeland such as Transkei, Ciskei, KwaZulu etc (Christopher, 2001).

The post-apartheid era starting in 1994 sought to change all of this by allowing Africans not only permanent residence in urban areas, but also ownership of their dwelling units through sectional title deeds (corporatization). This was known as the “Discounted Benefit Scheme” which converted rental accommodation to Sectional Title. What initially looked like a noble and empowering idea on the surface was fraught with challenges such as affordability and compliance with by-laws to name a few. Here it must be noted that under the rental arrangement the rentals were fairly low (they did not include rates (levies), paying for services such as public utilities e.g. libraries, streetlights and road and sewerage maintenance).

In Durban, during the 1990s, the Discounted Benefit Scheme transformed rental accommodation, which was state owned into privately owned accommodation. Those who had rented accommodation from the Durban City Council, as it was known previously, were encouraged to buy their dwellings and were given title deeds to indicate ownership. People were given these flats initially on welfare decree, and charged a nominal rent. As the number of poor people increased and costs of maintenance increased equivalently with the absence of regular upkeep, the municipality realised that this would be a considerable drain in their funds.

These dwellings therefore were no longer the responsibility of the municipality. Tenants of the council now became members of body corporates. These body corporates were now responsible for setting levies for services rendered. For a while this arrangement was seemingly working, however, over the past few years economic hardship has placed tenants under pressure.

There are clear signs that tenants are struggling to pay their monthly levies. High electricity, water, food and fuel costs have had a major impact and many people are struggling to make ends meet. Retrenchments are also becoming more common as companies struggle in the current economic climate. This has added to the hardship. The primary aim of this study is to investigate the impact of the body corporatization process on those who were previously tenants of the Council. A case-study of Flamingo Court, which is situated in Umbilo Road, in Durban will be used to understand how the corporatization of housing has impacted on the lives of the residents.

1.3 Research problems

The main research imperative of this study is to answer the question: how has the corporatization of council housing rental stock impacted on the living conditions of residents in Flamingo Court? Is the current housing delivery system appropriate for lower income earners and is it affordable?

1.4 Research Objectives

The objectives of this study are to:

- determine the impact of the corporatization of housing within the eThekweni municipality, on the lives of residents.
- determine whether affordability of accommodation has changed since corporatization of Flamingo Court.
- determine whether living standards have improved or declined since the corporatization of Flamingo Court.
- determine the strategies that tenants in Flamingo Court use to pay their rates and levies.
- investigate alternative models of social housing ownership in eThekweni municipality.

1.5 Research problems and objectives: Broader issues to be investigated

Flamingo Court in Umbilo, Durban is a 13-floors building with 200 unit flats that was part of the city's outmoded rental stock for poor persons (www.iol.co.za). This used to be a council-owned building before the eThekweni Municipality sold the flats in the

building to residents. When the building was built in 1968, it was home to some of Durban's poorest people (for low-income whites only). The building was owned by the municipality and offered as low-cost rental accommodation to indigent persons, single parents and low-income earners. Between 1998/2002, the municipality converted the property into a sectional title scheme.

The Flamingo Court was transformed to sectional title in 2000 under the national housing programme (DBS). The rental flats were sold to sitting residents at a discount price between R600-R800. Residents who occupy a flat were able to buy their own flats. In malice of extremely funded rents, some still strived to pay. They were not communicated proprietorship could be very expensive than their rent payment. Some were already struggling to pay- and that they could be evicted. There was no complete estimate prepared on long-term looking after and fixes. Collapsing building which required new drainpipes, elevator and renovating. Apart from this, another disaster was the requirement for installation of separate water meters per flat and the block's communal electricity supply account to be parted from the rates as occupants denied to take accountability for a common statement.

The municipality did not undertake enough consultation with residents regarding the levy charges, which many tenants are unable to afford, it appeared to be improper rush, encouraging tenants to purchase their flats. The Council also failed to inform residents that water to the units were to be individually metered. In a way, the city abrogated its responsibility and dumped the flats onto the poor tenants. Realities such as depreciation, inflation and costs of upkeep were not fully explained to the tenants.

The Sectional Title Act entailed the formation of a body corporate to gather levies from proprietors. There was no stipulation for debt relief or interbreeding subsidization. The act stipulates that non-payers to be prosecuted at their own expense. If the amount overdue exceed a certain limit, their house might be affirmed executable and marketed for recovering the money owing.

In terms of section 37(1)(a) of the Sectional Titles Act of 1986 ("the Act") the body corporate is entailed to institute an administrative money adequate, to the view of the body corporate, for covering the expenditures (Paddocks, 2009). A body corporate's

expenditures take account of the fixing, maintenance, charge, supervision and running of the communal estate, levy fee and other municipality fees for electricity and water, and other amenities to the building, any payments of assurance, and adequate for the release of any job or completion of any other task of the body corporate. Taxes increase to raise monies required to pay for all expenditures and generally make up the substance of the money credited to the body corporate's managerial fund (Paddocks, 2008).

1.6 Structure of dissertation

This study consists of five chapters. Chapter one covers the historical background of the study, content of the research and identifies the problem. Chapter two covers both the literature review and the theoretical framework that will guide the study. It also presents the development of neoliberal theory. Chapter three outlines the research methodology used in this study. Chapter four provides the results and analyses of data from the study area (Flamingo Court). Chapter five provides a summary of findings, recommendations and conclusion.

Chapter Two

Literature Review and Theoretical Framework

2.1 Introduction

This chapter reviews the way in which neoliberalism can be apprehended, what its origins are and how it impacts on society. According to Harrison (2003), the dominant local response is neoliberalism, and is based on the premise that globalisation is inherently positive and that the role of local governments is to ensure the conditions that support global capitalism. This is a view, considered by scholars such as (Bond, 2003 and Narsiah, 2010). Harrison also argues that a neoliberal paradigm is closely linked to a competitive city approach. This is an approach that promotes a profit based management system, service delivery and unreasonable cost recovery mechanisms. Local governments in South Africa are forced to take optimal advantage of global capitalism by ensuring that they support the objectives of big investors. Narsiah and Harrison both agree that neoliberal approaches to service delivery are dangerous, and at times disastrous, for meeting the needs of the poor.

The purpose of a literature review is to sharpen and deepen the theoretical framework of the research, that is, to study different theories related to the topic. The researcher is familiarized with the latest developments in the area of research, as well as in related areas. The researcher should become acquainted with problems, hypotheses and results obtained by previous research in order not to duplicate efforts but to widen and deepen them. This chapter discusses the neoliberal approach.

2.2 The neoliberal approach

In the 1970s, the neoliberal approach has been broadly applied in different countries around the world, including unindustrialized and industrialised countries with the assistance of the International Financial Institutions (IFI). Neoliberalism, as a global approach to growth, dominated the global development literature and practice from the 1970s. It developed mostly to improve growth, create free markets, substitute Keynesianism that proved to be weak, and eradicate the intervention of the state in the economy that resulted in poor economic performance in several countries (Harrison, 2005).

Neoliberalism is a 'small-state' economic ideology based on promoting 'rational self-interest' through policies such as privatisation, deregulation, and tax cuts. It is the distinctive Smiths' position reiterated a period later by Friedrich von Hayek, taken additional by Milton Friedman and Chicago School, and granted political impulse by the Chilean experimentation of the early 1970s and selection of Margaret Thatcher in the UK and Ronald Reagan in the USA (Narsiah, 2010, 375-376). The following chapter discusses the adoption of neoliberalism, privatization and corporatization.

2.3 The adoption of neoliberalism, privatisation and corporatization

In the early 1980s, neoliberal policy-makers sought to apply Chicago School monetarist prescriptions that abandoned Keynesian interest-rate fine tuning in favor of money supply targeting. The job of the IMF had stretched from observing and managing the stabilization of global finance to backing governments to recover from economic flaws or financial instability in the 1980s.

Neoliberal macroeconomic policies led the state to attempt privatisation of state-owned corporations, while the private sector has downsized under pressure to increase its global competitiveness. At the level of local government, cities and metropolitan areas increasingly subjected their basic needs, infrastructure, and operations to the principles of cost recovery.

In South Africa, "housing policy was characterised by a uneven collage of inequitable, unsustainable and disconnected interventions" (Rubenstein and Shubane, 1996) and apartheid housing policy is blamed for the wave of illegal subdivisions and/or land invasions, for the increasing housing deficits and for the lack of financial rectitude (Bond, 2000a, b; De Loor, 1992; Dewar, 1992; Parnell, 1992). When the racist apartheid system was finally overthrown in 1994, the new ANC government embraced neoliberalism and set about implementation through strategies such as privatisation.

During the late 1980s, (Hentz, 2000) suggests that privatisation was used as a (successful) exit strategy by the former National Party government. Hentz argues that the privatisation policy adopted by the apartheid state during the 1980s was a political tactic used to satisfy a political constituency. The neoliberal approach adopted by the National Party could be termed a tactical privatisation, using (Feigenbaum et al., 1998)

typology (Hentz, 2000). Under apartheid in the 1980's privatisation essentially meant that provision of low cost housing would be done by the private sector. Old townships and hostels were built by the government and the private sector was driven by a profit motive. The 1976 uprising contributed a lot to this radical change of policy.

In the 1990s, local governments adopted the corporatization of housing. Corporatization refers to government ownership models that grant legal and financial autonomy to public enterprises that operate with some independence from the state. The main objective of corporatization is to create arm's-length enterprises with enterprises with independent managers who are expected to account for costs and revenues as though they were operating a stand-alone company. It can serve to enhance the borrowing status and credit ratings of agencies, less encumbered by complex intra-governmental finances (McDonald, 2014).

The catastrophe in local government was a main force leading to the national political evolution process that began in 1990. The deliberation about the future of local government began near the end of the national negotiating process, in discussions within the Local Government Negotiating Forum. National and provincial government are constitutionally legalised to decentralise authorities and functions to local government. Numerous national departments are in the progression of decentralizing functions to local government, like housing, safety and security, health and transport. The Local Government Negotiating Forum composed the Agreement on Finance and Services and also discussed the Local Government Transition Act (LGTA) of 1993. The LGTA did not provide a plan for a new local government system, but simply sketched a process for transformation (Green Paper on Local Government, 1997). This chapter discusses the neoliberalism in post 1994.

2.4 Neoliberalism post-1994

In 1994, the Reconstruction and Development Programme (RDP) was adopted. The RDP was meant to ensure the provision of basic services (housing, land reform, water and electricity provision) through increases in government subsidies. The RDP was abandoned and replaced with the Growth, Employment and Redistribution plan (GEAR), the World Bank-sanctioned macro-economic strategy, which fits squarely within a neoliberal framework of 'development' (Bond, 2002b).

The South African Constitution (Act No.108 of 1996) preserves the right of everyone to have access to suitable shelter and makes it incumbent upon the Government to take judicious legislative and other measures within its available resources to accomplish the progressive realization of this right. In reaction to this Constitutional imperative, In terms of the Housing Act, 1997 (Act No. 107 of 1997) the government introduced a variation of programmes which offer poor households access to adequate shelter. The objective is to offer poor families with houses as well as basic services such as water and sanitation on a fair basis (www.policyresearch.limpopo.gov.za).

The housing backlog in South Africa is estimated at about 2.7 million households (DOH, 1994). At the local level, the Human Settlements Unit works to effect Plan Three of the eThekweni Municipality Integrated Development Plan; creating a quality living environment. It is said that about 1.8 million South African households in the middle-to-lower income groups live in rented accommodation as opposed to about 5.2 million households that own property (Social Housing Foundation, 2001). Since 2005, eThekweni has delivered 88 477 houses; 2307 Family units; and 2781 rental units through social housing institutions. The city has also transferred ownership of former rental stock-21 232 units have been transferred. They still provide 7240 flats for rental (Tissington, 2011). The sale of rental stock through the Enhanced Extended Discount Benefit Scheme continues, with 153 units transferred in 2016/17 against a target of 200 unit (http://www.durban.gov.za/City_Services/housing/Pages/Delivery-Statistics.aspx).

Access to appropriate, affordable housing is a fundamental human right, which is essential for individual, family, and community wellbeing. The growing realisation on the part of housing strategists is that a significant demand for rental housing exists, and that the current form of the housing policy, which focuses primarily on home-ownership, is not meeting the demands, or the pockets, of many of the urban poor.

According to (Tomlinson, 1994), 42% (17.1 million) of the South African population lived below the 1990 poverty datum line of R800 (\$178) a month for a family of five, and over 5 million of these were in the urban areas. Stats SA released new data that poverty is on the rise in South Africa. Poverty levels in SA rose in 2015, more than half of South African were poor in 2015 which 55.5% (30.4 million) living in poverty in 2015.

The South African economy in the last 5 years, notably between 2011 and 2015, has been driven by a combination of international and domestic factors i.e. low and weak economic growth, continuing high unemployment levels, lower commodity prices, higher consumer prices, lower investment levels, greater household dependency on credit, and policy uncertainty. Children, black Africans, females, people from rural areas, those living in the Eastern Cape and Limpopo, and those with little or no education are the main victims in the ongoing struggle against poverty (Stats SA, 2017).

There have been several policy and constitutional developments in order to give results to the new approach to housing since 1994. That is Reconstruction and Development Programme (RDP) of 1994; the Growth, Employment and Redistribution (GEAR) Strategy of 1996; the Accelerated and Shared Growth Initiative – South Africa (ASGI-SA) of 2005, and the Housing Act, 1997 (Act No. 107 of 1997). The New Housing Policy and Strategy for South Africa: White Paper, 1994 and the Comprehensive Plan for the Development of Sustainable Human Settlements, 2004 are the two fundamental documents which provide content to the National Department's obligation (National Department of Human Settlement, 2010). Section 3 (5) of the housing Act No. 107 of 1997, introduced the Discount Benefit Scheme as a subsidy mechanism to transfer free standing houses to qualifying inhabitants.

Changes in state formation, has seen the process of globalization and the emergence of a “new political economy”. Globalization implies the integration of national economies, political systems, cultures, and identities into the world capitalist system. The Bretton Wood institutions such as the World Bank and the International Monetary Fund have used both covert influence and overt pressure on the economically vulnerable Third World nations to adopt such policy reforms in favour of globalization (Martin, 1993; McGowan, 1994). These reforms have been labelled ‘neoliberal’. Bond (2003) criticizes post 1994 urban policies, including housing and water policies, for shifting from structured racism to a neoliberal bias that, according to him, codified an equally oppressive structured process that can be termed “class apartheid”.

The South African housing context is disfigured by its colonial and apartheid planning legacy of high levels of unemployment and lack of social stability, linked to poverty

among urban and rural communities (National Department of Housing, 2004:2). South Africa is one of the countries with high levels of inequality. The adoption of the neoliberal GEAR framework by post-apartheid government, has perpetuated great divides between population groups' access to basic urban amenities: water, electricity, shelter etc.

As stated by Narsiah (2010), a standout amongst those lynchpins about neoliberal arrangement is privatisation. Privatisation is one of those key techniques that offer impact to neoliberal theory administer by the market. Privatisation orthodoxly alludes to reduced state support for aggregate utilization and the transferal of proprietorship of state properties to the private sector. (Beesley and Littlechild 1983, Kay and Thompson 1986, Savas 1987, Vickers and Yarrow 1988, Narsiah 2010). Privatisation may be likewise utilized to define a transferal in the creation of goods and services from the public sphere to the private sphere; deregulation; commercialization; the substitution of private goods for public goods; sub-contracting; furthermore corporatization continuously the majority frequently connected with those expression (Beesley and Littlechild 1983; Kay and Thompson 1986).

Neoliberalism is linked with the “political construction of markets...deliberate extension of competitive logics and privatised management into hitherto relatively socialized spheres”, (Luke, 1997). Research makes it clear that urban spatial inequalities are perpetuating apartheid's urban hierarchies (Staff, 1998; Watson, 2002) as well as continuing the polarization and fragmentation of space (Turok, 2001; Harrison, 2003). Despite the constitution's declared right of all citizens to access decent shelter and basic services, the neoliberal prescription of cost reflective pricing to manage full cost recovery for the municipal services has led to extensive service cut-offs for disadvantaged households. Harrison (2003) argues that a neoliberal paradigm is closely linked to a competitive city approach. This is an approach that promotes profit based management system, service delivery and unreasonable cost recovery mechanisms. Local governments are forced to take optimal advantage of global capitalism by ensuring that they support the objectives of big investors. Job loss has been the most damaging aspect SA's embrace of the neoliberal economic approach. South Africa has adopted neoliberal policies in its economic development process. Neoliberalism advocates for a market driven service approach, and this means that

the poor can access basic services through the market approach. According to Harrison (2003), neoliberal model promotes profit based management system. The New Political Economy is based on theories of enablement that include principles of both market development and liberalization (Pugh, 2001; 416). Neoliberalisation generated a shift in the racial composition of the elite by facilitating the emergence of Black capitalists and the growth of the Black middle class; this has led to the collapse of industrial employment, the casualization of wage labor, and growing levels of permanent structural unemployment. Over fifty percent of the population lives below the poverty line and the unemployment rate also increased. The basic economic macroeconomic policy of the South African government is GEAR and the basic social development policy is the RDP.

2.5 The Reconstruction and Development Programme Policy

The first post-apartheid policy framework, the Reconstruction and Development Programme (RDP) was the political manifesto that provided the overarching policy framework for the subsequent development of wide ranging socio-economic policies. The Reconstruction and Development Programme (RDP) is a policy framework for integrated and coherent socio-economic progress. It seeks to mobilise all our people and our country's resources toward the final eradication of apartheid. Its goal is to build a democratic, non-racial and non-sexist future and it represents a vision for the fundamental transformation of South Africa by:

- developing strong and stable democratic institutions
- ensuring representivity and participation
- ensuring that our country becomes a fully democratic, non-racial and non-sexist society
- creating a sustainable and environmentally friendly growth and development path.

The six basic principles of the RDP were: an integrated and sustainable programme; a people-driven process; peace and security for all; nation-building; link reconstruction and development; democratisation of South Africa. One of the objectives of the RDP was to rebuild a Public Service that would provide an excellent quality of service. The Public Service was the servant of the people, and must be accessible, transparent, accountable, efficient and free of corruption. The Government's central goal for the

RDP was to meet the social and economic needs of the people and to create a strong, dynamic and balanced economy which would alleviate the poverty, low wages and extreme inequalities in wages and wealth generated by the apartheid system, meet basic needs, and thus ensure that every South African has a decent living standard and economic security (Government Gazette, 1994).

2.5.1 The Growth, Employment and Redistribution Policy

In 1996, the RDP was substituted by the neoliberal macro-economic policy, Growth, Employment and Redistribution (GEAR) framework. GEAR shifted the focus from issues of equity to redistribution through the market (www.sahistory.org.za). The GEAR macroeconomic strategy aims to grow the economy by reducing restrictions on direct foreign investment and promotes privatisation of state assets. The GEAR policy was a combination of the standard IMF and World Bank stabilisation and structural adjustment policies. The GEAR strategy has been referred to as 'homegrown structural adjustment' programme. The GEAR strategy proposed stimulating growth through an export-oriented economy (Narsiah, 2002).

The GEAR policy was criticised by the Congress of South Africa's Trade Unions (COSATU) for its neoliberal approach. The government privatised and restructure state-owned enterprises including Eskom (for electricity), Transnet (freight transportation), Telkom (communications) and Denel. COSATU and others have opposed privatisation of state-owned enterprises because it affects socioeconomic interests of the poor and the working class. The goal of the privatised companies will be maximisation of profits for shareholders, not provision of services to the poor which results job losses and increased costs for services (Knights, 2001).

The policy encompassed most of the social objectives of the RDP but was also aimed at reducing fiscal deficits, lowering inflation, maintaining exchange rate stability, decreasing barriers to trade and liberalizing capital flows.

The Land reform, agricultural development, protection of the environment, programmes in arts and culture, technology enhancement, crime prevention, national defence, urban infrastructure and housing, water and sanitation and primary health services are just some of the areas in which detailed analysis and extensive public discussion have led to major policy revision.

2.6 Corporatization around the world

2.6.1 The Experience of Housing in New Zealand

During the 1980s New Zealand introduced a process of corporatization and privatisation into the social service sector. New Zealand's social housing initiative originally targeted a socially and economically homogenous post-war demographic, at a time when housing quality and supply was inadequate to meet the needs of a growing generation. As Lefebvre and Enders (1976) remarked: "Space has been shaped and moulded from historical and natural elements, but this has been a political process". Social policy was the hallmark of decades of Labour Party control, until the interventionist orthodoxy was challenged in the 1980s by sweeping New Public Management reforms (Hartley, 2015). During the reform period, "corporatization" of the housing strategy – namely, a focus on business objectives- resulted in chronic underinvestment in maintenance and the ultimate deterioration of HNZC stock (Badcock, 2004). In the 1990s, the ruling National Party embarked on a privatisation strategy to sell many state owned properties and lease retained houses at market rates to means-tested tenants, with welfare subsidies to offset the price difference. There is persistent imbalance in home ownership rates. A consequence of the lack of income is household crowding which increases the risk of infectious diseases. Between 1988 and 1993 New Zealand went into recession with high unemployment and children living in poverty. UNICEF reported New Zealand's youth suicide rate to be the third highest in the world (Choudry, 2015).

2.6.2 The Experience of Housing in Lusaka, Zambia

The Zambian, post-colonial housing has honoured individual proprietorship through freehold residency. The increase of urbanisation caused large amounts of housing scarcities and past elite colonial housing market (Mashamba, 1997; Schlyter, 1998; Myers, 2006). The President's verdict sited all Zambian council housing up available

to be purchased. The Matero inhabitants who might have enough money to, bought their homes during deal costs. Inhabitants did not have inclination as to whether or not they wanted to purchase hence proprietorship was presumed an a priori optimistic progress for all and no alternatives were offered. A significant number of inhabitants with rental amount outstanding could not settle these arrears to purchase those properties, also few found purchasers who eagerly paid sufficient to update the amount overdue and also a percentage turnover for the broker. The state rental stock has been retailed to sitting tenants for the past two decades and occupants would have their own title. From 1996, the President officially hand out several declarations in which city councils were to offer sitting occupants of 20 or more years the opening to purchase their family unit for tremendously low amounts to an offer to “empower” Zambians through home proprietorship (Times of Zambia, 1996).

The underlying of EEDBS is to “secure individual ownership” through individual freehold tenure. Although the houses were sold for almost nothing, this did not incorporate the transferral of the title to the new proprietor. An extra and greatly amount of money required to be paid to become the titleholder. The challenges that they experienced is that, they are concerned about security and this included of age, well off and poor families. Accumulated amount overdue reduce the buying of a home through the state’s subsidy unbearable for a large number. Some have been homeless numerous times in the previous and struggling economically after they losing their jobs in fabric factories, and some have little regular income which meant that they were incapable to resolve the unpaid debts which had accumulated due to non-installment.

Many residents made illegal additions to their homes. In Matero illegal extensions speak strongly to the absence of the state: while legally the state can discipline this illegal building, in practice residents effectively do what they like because the state has few powers of surveillance or reprisal. There is widespread illegal reconnection of residents’ electricity at night. Inhabitants are worried about payment of services and food, not about rental, they are bothered about how to meet their everyday needs, not about being thrown from homes.

2.6.3 Housing in the United Kingdom

During the era of the Keynes/Beveridge consensus nearly all rented dwellings were provided by local government in the 1940s, John Maynard Keynes argued for the virtues of full employment and state stimulation of the economy; while Beveridge task was to put together a coherent plan for postwar social reconstruction. This changed during the era of the Thatcher/Blair consensus in 1979-1990. Home-ownership became a key element of Mrs Thatcher's housing policy. She encouraged council tenants to be able to buy their council homes at a discounted price. This led to a fall in social renters, and an exponential rise in home-ownership.

At the end of the Second World War, the UK had a major housing crisis. House building had almost ceased during the war, many houses were damaged by bombing. An estimated three-quarter of a million new houses were needed. However, the government prioritised the building of new homes.

The most common example in the UK is the large-scale voluntary stock scheme through which a local authority could transfer its management and maintenance services to a non-profit making private sector body. Similar to Hong Kong's Tenants Purchase Scheme, the Right to Buy Scheme in the UK also enabled the sale of rental housing to sitting tenants at attractive prices. Local authorities in the UK are also required to award management and maintenance contracts through compulsory competitive tendering or best value practice. Bidders for these contracts have included private companies, who compete for jobs with local authorities.

2.7 Factors that affects the tenants

Information from the Stats SA's work force review affirmed a developing tendency to the casualization of work in 2006. The study exposed that the numeral of casual non-agricultural workers had enlarged from 1.8m in 2000 to 2.4m in 2006. Inclusive of informal agriculture, informal workers composed 31% of the labour force in 2006, and contributed as much as 10% (R51.7bn) to the gross domestic product (Stats SA). The CEO of the labour consultancy Andrew Levy and Associates, acknowledged that the increasing need for casual workers had observed an astonishing expansion (300%) in the numeral of labour brokerages since 2000. While there had been 1 076 labour agents in 2000 there were 3 114 in 2006. The realism is that 9% of the workforce is

involved in impermanent work. The significances of the housing shortage and high rents establishes itself in overcrowding rather than in homelessness, i.e. adult children being unable to form own household but having to live with their parents as they are not working.

In 2015, South Africa's economy raised by 1.3%, down from 1.5% in 2014 and 2.2% in 2013, according to preliminary estimates of real gross domestic product (GDP) published by Stats SA. The main contributors to slowdown in 2015 was agriculture. Severe drought conditions saw the industry contracting by 8.4%, the largest annual collapse in agriculture production since 1995 (Stats SA).

The impact of apartheid era education policies is clearly reflected in the diverse unemployment rates across the various race groups, with whites having an average unemployment rate of close to 5%, compared to the national average of around 25%, whilst that of blacks/Africans is approximately 30% (IDC, 2013).

According to the Stats SA, South Africa's unemployment rate came in at 27.7% in 3rd quarters and remaining the highest rate in 13 years. The number of unemployed rose by 33 000 to 6.21 million and number of employed advanced by 92 000 to 16.19 million. Between 2011 and 2015, grants and salaries/wages/commission were the main source of income for households headed by older persons, accounting for over half of the distribution share. Over 3.1 million of persons age 60 years and older were recipients of an old-age grant in 2015 compare to 2.7 million in 2011 (Stats SA, 2017).

Factors that are also influenced by politics indirectly include things such as rising inflation due to global food and oil prices which decreases the monthly disposable income. This all leads to a rising household debt-to-disposable-income ratio. Economic factors such as the employment rate and inflation figures have the impact.

2.8 The Theoretical Framework

The Washington Consensus became an important part of neoliberal policies followed by the IMF and World Bank. The key component of the Washington Consensus is the flexibility of the labour market. Until the 1980s, South Africa was settler colonial state

managing racial Fordist economy defined by state support for industrial and agricultural production, racialized welfare states, and split labour markets.

Since the 1990s, neoliberal restructuring has been coupled with political negotiations to overturn or restructure colonial domination. The South African state was democratized, but the neoliberalisation of racial capitalism has placed important limits on decolonisation. In South Africa, neoliberalisation and (de)colonisation have generated social formations marked by: extreme inequality, racialized marginalisation, advanced securitisation, and constant crises. Wealth and income are increasingly concentrated in the hands of transnational class of billionaire capitalists (Clarno, 2017).

2.8.1 Neoliberalism and Capitalism

Capitalism is founded upon class division between proletariat, or working class, on the one hand and bourgeoisie or capitalist class on the other (Giddens, 2003). State capitalism occurs when state owned industries plays a key role within the market economy. The government plays a key role in planning; private firms plays a key role in planning and government influences monetary policy and exchange rate policy. Capitalism only became capable of revolutionising the world when it took control of production as well as exchange.

Capitalism represents a specific stage in social development. Some of the characteristics, which are inherent in the capitalist set of social relations of production, include the accumulation of profit, surplus value and the process of commodity exchange. Capital is not only the sum of material products, but the sum of commodities of exchange value. One such commodity is the labour power of the worker. Capitalists' goal is to accumulate more capital. According to Harvey, Capitalism is a rational doctrine based on a clear understanding of man and society in which economics, politics, and morality are found to be harmony with one another. The demand for adequate shelter is clearly high on the list of priorities from standpoint of the working class. The agglomeration and concentration of production caused an instant quantitative problem for housing workers in the right locations – a problem which the capitalist primarily required to solve by production of company housing but which afterward was left to the market system. The cost of shelter is an important item in the

cost of work power; the more workers have the ability to squeeze home wage request, the more capital ends up worried about the cost of the lodging, hence housing is thus treated as a goods (Harvey, 1978).

The government has adopted a policy of individual homeownership for the affluent workers as a means to ensure stability. This had the added advantage of opening up the housing sector as a means for rapid accumulation through commodity production. Housing market does not function on its own but within the economy. It is therefore influenced by changes in the economy. The economic growth leads to changes in the level of employment and income affect the performance of housing market.

In 2015 South African economy raised by 1.3%, down from 1.5% in 2014 and 2.2% in 2013, according to preliminary estimates of real gross domestic product (GDP) issued by Stats SA. Agriculture was the leading contributors to slowdown in 2015. Severe drought circumstances saw the industry contracting by 8.4%, the largest annual decrease in agriculture production since 1995 (Stats SA, 2015).

2.8.2 Corporatization model for the delivery of services

The objective of corporatization is to raise the organisational flexibility and financial feasibility of a precise service by providing it an existence that is lawfully detached from that of government (Bakker and Cameron, 2002). The process of corporatization is often the first step in the privatisation practise by virtue of commercialising a state department to become more adequately economically viable to lure private sector investments. The state owned companies were established directly as corporations but the era of corporatization refer to a type of organisational innovation that is transforming governmental bureaus into private sector organisations.

According to Smith (2006), most countries around the world are achieving currency with corporatization as an institutional model that assures effectiveness gains that are similar to those of privatisation of service delivery, while also authorizing greater state participation that can mitigate the negative social risks inherent in privatisation. Countries that have adopted corporatization as the ideal for the provision of essential services are struggling, within corporatized model is constrained by lack of human

resource capacity, inadequate financial resources at times, lack of political will and demand structure in which most are extremely poor (Smith, 2006).

Corporatization attempts to explicitly separate political considerations (support of favored groups who vote or provide campaign funds for candidates) from economic considerations (involving the financial sustainability of the SOE and performance improvements). The motivation for corporatization springs from the New Public Management paradigm that views SOEs as intrinsically inefficient (Box, 1999; Bozec and Breton, 2003). The government wants a public service to be provided – the service “in house” i.e. by hiring public employees which are paid a fixed wage; the service by a state-owned firm which is run independently by public manager, who can ex post obtain some (monetary) incentives according to firm’s performance. According to Smith (2004), although distinct from privatisation in that corporatized utilities remain fully owned and operated by the state, with local authorities setting key financial targets as well as service-level agreements, corporatization does incorporate many private- sector principles such as performance-based management and full cost recovery. Corporatized utilities can also outsource part of their functions as operating strategy (McDonald and Smith 2004).

2.9 Conclusion

This chapter provided the background to government policies and most especially to the neoliberal policy adopted by the post-apartheid government. It is apparent that there was a movement from the development-oriented RDP to the neoliberal macro-economic policy GEAR framework, which is has been seen as fiscally conservative. The major housing policy developments in post-apartheid South Africa are protected in many different policy documents. Neoliberalism forms the basis of self-help housing policies internationally.

According to Harvey (2005), Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices.

Chapter Three

Research Methodology

3.1 Introduction

Research methods make fieldwork possible, systematically guide the data collection process and allow for the generation and verification of data. Therefore, the methods employed during research become a powerful mechanism through which the goals of the research project can be met. This chapter discusses how the research will be conducted. The study focuses on a housing scheme in the eThekweni municipality. The research method is a strategy of enquiry, which moves from the underlying assumptions to research design, and data collection (Myers, 2009).

This chapter describes the research approach which guides the study. This chapter describes the research approach, the study area, the processes and methods used for data collection, sampling, ethical consideration and data analysis.

3.2 Research Approach

According to Creswell (2014), research approaches are plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. The selection of a research approach is also based on the nature of the research problem or issue being addressed, the researchers' personal experiences, and the audiences for the study. There is qualitative research, quantitative research and mixed methods research. Qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. Quantitative research is an approach for testing objective theories by examining the relationship among variables. Mixed methods research is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks (Creswell, 2014).

This study uses a mixed methods approach, because it verifies that the results taken from more than one frame of reference complements each other and enriches the final outcome of the study (Auerbach and Silverstain 2003: 22-28; Creswell 2003). It encompasses philosophical rules, the usage of qualitative and quantitative

approaches, and the mixing of both approaches in a study (Creswell and Plano Clark, 2007). It allows for the inclusion of issues and strategies surrounding methods of data collection (questionnaires, interviews, observations), methods of research (experiments, ethnography), and related philosophical issues (ontology, epistemology, axiology).

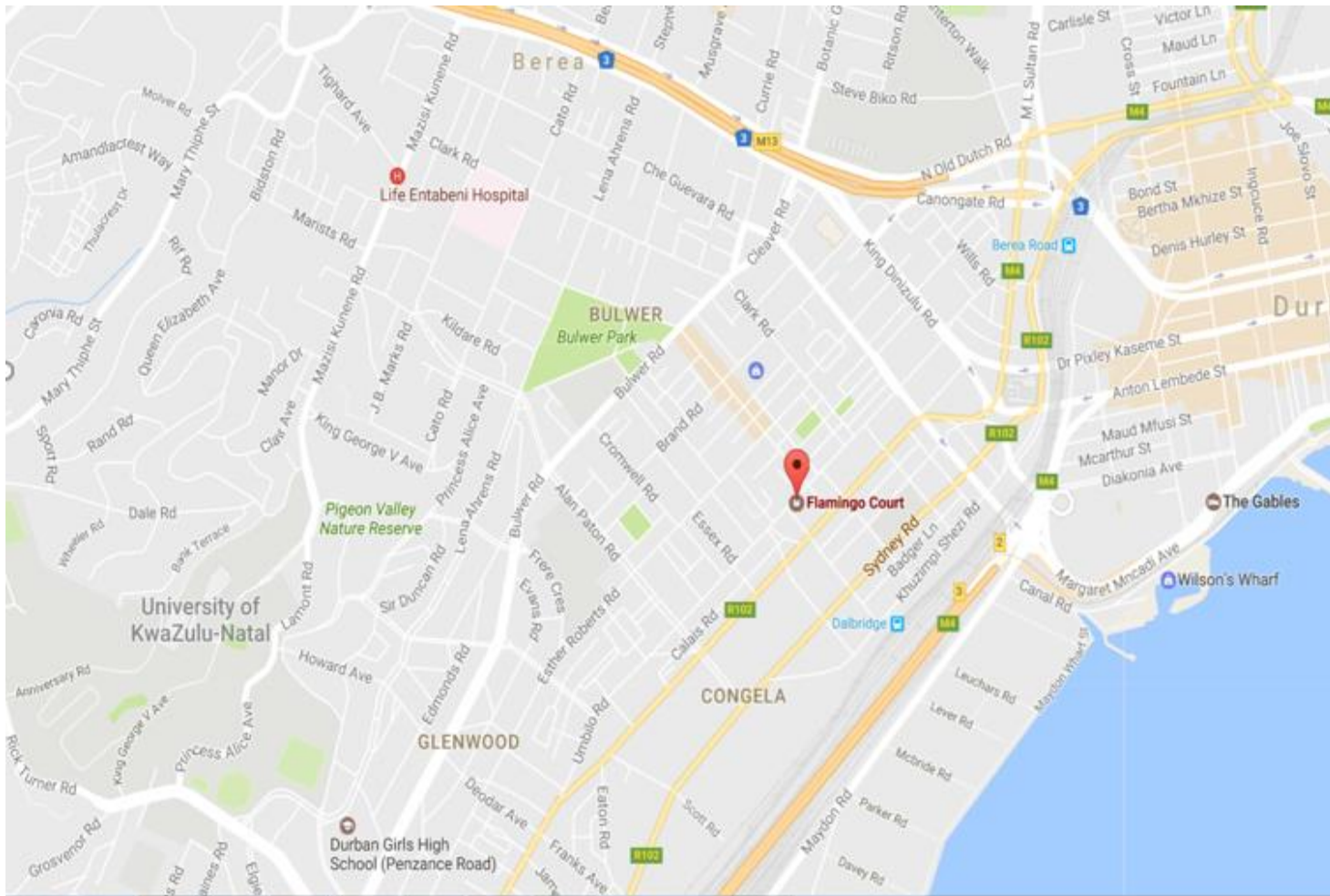
In order to collect the primary data, the mixed research methods are used. By using both approaches is good as it permits the researcher to integrate the strengths of each of the two methods. According to Mouton (1996), using mixed methods with different approaches complements each other. Collecting data by using mixed methods is apt to increase the reliability of the observation (Mouton, 1996).

3.3 Study Area

The site of the study is in Flamingo Court, Umbilo, Durban. The distance from Umbilo to the city centre of Durban is 9.1km, which is 11 minutes driving time. It falls within the eThekweni Metropolitan Municipality, Ward 33, in the Province of KwaZulu Natal, South Africa. This flat complex is next to King Edward VIII Hospital which is the second largest government hospital in South Africa providing regional and tertiary services to the whole of KZN and Eastern Cape. King Edward VIII Hospital is a teaching hospital for the University of KwaZulu-Natal Nelson R Mandela School of Medicine with specialities which makes it tranquil and affordable for patients with chronic illness.

The Study Area: Flamingo Court, Umbilo, Durban, South Africa

Figure (a)



Source:

<https://www.google.co.za/maps/place/Flamingo+Court/@29.8643084,31.0061785,15z/data=!4m5!3m4!1s0x0:0xb6e44e148e03a450!8m2!3d-29.8641471!4d31.002446>

3.3.1 The Constitution

The Constitution of the Republic of South Africa (1996) states that, “everyone has the right to have access to adequate housing”. This provision is further articulated in the Housing Act, 1997 (Act 107 of 1997), which provides the necessary legislative and Regulatory framework for the management of housing programmes by Municipalities to meet the housing provision obligations in their jurisdiction.

According to the Constitution (sections 152 and 153), local government is responsible for the development process in municipalities, including municipal planning. The constitutional mandate relates to municipalities' management, budgeting and planning functions of its objectives and provides a clear indication of the intended purposes of municipal integrated development planning namely, to:

- ensure sustainable provision of services;
- promote social and economic development;
- promote a safe and healthy environment;
- give priority to the basic needs of communities; and
- encourage involvement of communities.

3.3.2 The Sectional Title

One of the mechanisms through which the corporatization of housing is facilitated, is through sectional title. Section 37 of the Sectional Titles Act (Section 1 of the new Act) puts out roles of the body corporate. Some of these pertaining to the insurance aspect are set out below and include:

- to assure the building or buildings and keep it or them insured to the replacement value thereof against fire and such other hazards as may be stipulated;
- to assure against such other risks as the proprietors may by special resolution determine;
- subject to the provisions of section 48 and to the rights of the holder of any sectional mortgage bond, forthwith to apply any insurance money received by it in respect of break to the building(s), in upgrading and reinstating the building or buildings in so far as this may be effected;
- to pay the premiums on any policy of insurance effected by it

It is vital to comprehend that in terms of section 35 of the Sectional Titles Act, Management and Conduct regulations shall provide for the control, organisation, administration, use and enjoyment of the sections and the communal property.

These rules are set by regulation and may be substituted, added to, revised or repealed from time to time by unanimous resolution of the body corporate (Addison, 2015).

3.3.3 What is the Body Corporate?

The Body Corporate is a legal entity created on transfer of the first unit. The Body Corporate must perform the functions entrusted to it by or under these Acts and the rules, such functions include:

Functions of a Body Corporate, is:

“37(1)(a) to establish for administrative expenses a fund sufficient in the opinion of the body corporate for the repair, upkeep, control, management and administration of the common property (including reasonable provision for future maintenance and repairs), for the payment of rates and taxes and other local authority charges for the supply of electric current, gas, water, fuel and sanitary and other services to the building or buildings and land, and any premiums of insurance, and for the discharge of any duty or fulfilment of any other obligation of the body corporate;”

3.3.4 The eThekweni municipality housing

In the eThekweni Municipality, there are various forms of subsidized housing opportunities:

3.3.4.1 Rental accommodation in eThekweni– eThekweni council stock comprises of about 7460 leasing houses in Chatsworth, Isipingo, Landsdowne, Umkomaas, Wentworth, Merebank, Hillary, Lamontville, Newlands, Sydenham, Marianridge, Wiggins, Phoenix, Verulam, Tongaat Westbrook and Umbilo. In 1998 tenants were urged to take benefit of the EEDBS to buy their house at low prices (www.ethekwini.org.za).

3.3.4.2 Social housing: The municipality assists the creation of subsidised rental stock by housing institutions. This is designed at households earning between R1500 and R7500per month, who do not qualify for either free housing, or prefer a more flexible tenure arrangement.

3.3.4.3 Community Residential Units (CRU): These cater affordable rental lodging for those households who gets a total income between R800 and R3500 per month.

Much CRUs are sited in former hostels, which have been improved and renovated to protect family units with private sanitation and cooking facilities.

3.3.4.4 Ownership: All beneficiaries of ownership must meet a certain criteria (18 years old, Married, have dependants). The applicant must be the South African civilian or be in an ownership of a Permanent Resident Permit. The applicant should be first time property owner and not benefited from Government before.

3.3.4.5 Breaking New Ground (Low-income housing): The eThekweni intended to build 8500 new, fully subsidized houses for households whose total income was less than R3500 per month between 2014/2015. The houses are assigned to people from informal settlements, those living in overcrowded backyards, and to special cases including the disabled, child-headed households and military veterans.

3.3.4.6 Gap Housing: For applicants who gets a total household income above R3500 per month, but below R15000 per month, aid is available in the form of the Finance Linked Individual Subsidy Programme (FLISP). This subsidy is based on a single scale – the lower the total household income, the greater the subsidy. This subsidy provided a once-off down payment which was to be used as a deposit to secure a mortgage/bond from a commercial bank. The joint subsidy and bond had to be used on a property valued not exceeding R300 000.

3.3.4.7 Enhanced Extended Discount Benefit Scheme: The Discount Benefit Scheme was introduced to assist persons to acquire state financed rental housing; existing sales debtors to settle the balance on purchase prices of properties acquired from public sector or to repay publicity financed credit that had been used for housing purposes (Department of Human Settlement-KZN).

The old Discount Benefit Scheme (DBS) which was discovered to have glitches with enactment was replaced the Enhanced Extended Discount Benefit Scheme (EEDBS). The Enhanced Extended Benefit Scheme was envisioned to encourage and facilitate

the transferal of pre-1994 housing stock to qualifying inhabitants. It assists persons to get state-financed rental housing and allows existing sales debtors to pay the balance on purchase prices of properties acquired from the public sector or to settle publicly financed credit that was used for housing purposes. The Programme applies to state-financed properties first occupied before 1 July 1993, and stands or units contracted for by 30 June 1993, and allocated to individuals before 15 March 1994 (when the NHSS was applied). The EEDBS was aimed to permit families that had been provided with state-funded and managed housing stock in the pre-1994 era the chance to take proprietorship of the units in which they had lived.

The Programme is available to various people, as defined in the policy framework, incorporating those who (in terms of the framework) have a direct housing arrangement with the state or have an unpaid debt with the municipality or the provincial department. This Programme is also existing to de facto occupants, where the registered occupant cannot be found and the individual and/or household occupying the housing unit is not the registered beneficiary/tenant but can verify that they have either a contract with the authorised owner/tenant, or can prove that they have consistently taken on the responsibilities of a tenant and acted accordingly. It applies to housing stock which includes free standing, semi-detached, terraced (row) and duplex houses as well as high rise/low rise flats and communal housing. The subsidy quantum differs between income categories of households and the Individual Subsidy mechanism is used. Procedures are put in place for those who are not eligible for the EEDBS, and for dispute resolution between occupiers during the regularisation process (www.urbanlandmark.org.za).

3.4 The Population

It is important to stipulate the characteristics of the population and identify the selection process for individuals, where each individual in the population has an equal probability of being selected. Less desirable is a nonprobability sample, in which respondents are selected based on their convenience and availability (Babbie, 1990). Through randomization, a representative sample from a population stipulates the ability to generalize among a population.

3.5 Data Collection

The qualitative data can assume forms such as interviews, observations, documents, and records. The qualitative data can be instrument data, observational checklists, or numeric records, such as census data. The data collection proceeds in two distinct phases with rigorous quantitative sampling in the first phase and with purposeful sampling in the second, qualitative phase. One challenge in this strategy is to plan adequately in terms of what quantitative results to follow up on and what participants to gather qualitative data from in the second phase. The key idea is that the qualitative data collection builds directly on the quantitative results. Quantitative data often contains random sampling, and in qualitative data collection, purposeful sampling is used so that individuals are elected because they have undergone the central phenomenon. It is also important to discuss the specific forms of data to be collected (Creswell, 2009).

3.5.1 Sampling

Sampling is essential in conducting research, instead of using the whole population within the study area, a representative group is chosen. The study participants were tenants and the size of the sample was 40% of the whole population (80 households out of 200 units, 6 households in each level out of 13 storeys). The random sampling method was used to select respondents. The sample for this study would help in identifying factors affecting different households. Out of seventy (70) questionnaires, the researcher managed to get twenty-one (21) which was 30% of participants. As the researcher was trying to get information, she discovered that most tenants have left their flats and now they were occupied by tenants paying rent and they didn't even knew the owner (the occupant were sharing the flat which cause overcrowding). Some they had left their children to keep the flat and had tenants' squadron that were paying rent in order to survive.

3.5.2 Primary Data Source

Primary data would often provide relevant data to a particular situation, it becomes reliable if accompanied by critically assessed policy documents (Lindsay, 2004:76). This includes visiting occupants of the study area and interviewing them, on a one-on one basis. Structured questionnaires were used to collect data. The key informant interview was a member of the Body Corporate.

3.5.3 Questionnaires

Questionnaires are the most structured way of obtaining information. Questionnaires are useful in keeping information for study subjects' written responses to pre-defined questions and they are more formal than interviews and result in short answers (Graustein, 2014).

Questionnaires were administered to the tenants of the case study. Closed and open-ended questions were used to obtain the qualitative information. A sample of the survey questionnaire is attached in annexure. The structured questionnaire was to be distributed to 80 tenants which comprised 40% of the total tenants. They were selected randomly. The researcher managed to get 21 tenants who participated.

3.5.4 Observation

The researcher also used the observational approach as a source for collecting data in this study. Unusual aspects could be noticed through observation. There are two types of observation, i.e. simple observation and participant observation. The researcher used simple observation, by taking field notes on the behaviour and activities of individuals at the research site. The site investigation and visual evaluation of the building and the environment was done and photographs were taken and permission was granted. According to (Grinnell and Unrau, 2008), observation schedules are used for direct observation of people in their natural environments. Validity and reliability are of great concern in structured observation. Both these concepts are influenced not only by the way in which the observation scheduled is structured, but also by methods of data recording as well as who records it. Strange aspects can be remarked during observation and is helpful in exploring topics that might be unpleasant for participants to discuss.

3.5.5 Interviews

According to (Herbert and Irene Rubin, 1995:43) qualitative interviewing design is characterized by being "flexible, iterative, and continuous, rather than prepared in advance and locked in stone". The logic for using interviews was that the investigator seeks to understand the way individuals experience and make sense of their own world. The researcher was conducting face-to face interviews with participants on several occasions, one-on-one person. In-depth interview is a qualitative data

collection methods that permits the researcher to ask the participants questions with the purpose of learning more about their views, opinions and beliefs about a specific phenomenon.

Some respondents were selected for the in-depth interviews (a group of 4) in order to gain more information from the study areas' inhabitants. Another in-depth interview was conducted with the Body Corporate.

3.5.6 Secondary Source of Data

Secondary data was used as a starting point to understand the main issues in housing. Policy analysis requires that policy documents and legislation be an integral part of data collection. Data from government policy documents and legislation on the provision of housing upgrading in eThekweni municipality, was collected from national government sources such as department websites, court case and newspaper articles.

3.6 Research Ethics

The researcher needs to anticipate the ethical issues that may arise during their studies (Hesser-Bieber and Leavey, 2006). Research does involve collecting data from people, about people (Punch, 2005). Prior to conducting the study, the researcher gained local permission from the participants, gatekeepers and body corporate where she applied for Ethical Clearance which is the University of KwaZulu-Natal Research Ethics Policy; the proposal was submitted. Ethical research involves getting the informed consent of those you are going to interview, question, observe or take materials from (See Appendix 1). The researcher developed an informed consent form for participants to sign prior participating in the research. The form acknowledges that participants' rights will be protected during data collection. Researchers need to protect their research participants; develop trust with them; promote the integrity of research; guard against misconduct and impropriety that might reflect on their organizations or institutions; and cope with new, challenging problems (Israel and Hay, 2006).

3.7 Reliability vs Validity

Reliability is concerned with consistency of a measure while validity refers to whether the findings of the study are true and certain. A test is valid if it is able to comprehend and understand all functions being carried out. The information for this research was

obtained from key people who are involved. The researcher needs to establish the validity of the scores from quantitative measures and to discuss the validity of the qualitative findings. The accuracy of the overall findings may be compromised because the researcher does not consider and weigh all of the options for following up on the quantitative results. Reliability occurs when an instrument measures the same thing more than once and results in the same outcomes. To increase the reliability measures, (Neuman and Kreuger, 2003: 179-180) suggest that increase the number of items or observations, eliminate items that is unclear.

According to (Babbie, 2007: 146), validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration. Certainly, through triangulation we can gain qualitative and quantitative data in order to validate our findings.

3.8 Data Analysis

Data analysis proceeds hand-in-hand with data collection and write-up of findings. While interviews are proceeding, the researcher maybe analysing an interview collected earlier. The impact of this process is to aggregate data into a small number of themes, something like five to seven themes (Creswell, 2013). The researcher analyses the two databases separately and used the findings from the initial exploratory database to build into quantitative measures. A qualitative case study can produce different cases that become the focus on important variables in the second quantitative phase. This study employed content analysis to analyse the one on one interviews and literature reviews.

3.9 Conclusion

In this chapter the researcher provided the research instruments and methodology employed in collecting data. The researcher discussed various data collection procedures and ended with ethical concerns. The results and analysis of the study, will be discussed on the following chapter.

Chapter Four

Results and Analysis

4.1 Introduction

The previous chapter looked at how data was collected in order to answer the research questions. The purpose of this chapter is to look at the impact of the corporatization of housing rental stock in eThekweni Municipality on residents of Flamingo Court. The analyses in this study focused on the neoliberal principles of deregulation, privatisation and the role of government. This chapter focuses on the findings of the study. Findings will be analysed as the researcher collected data through surveys and interviews with the tenants of Flamingo Court. It will discuss the challenges that both the tenants and municipality are experiencing.

4.2 Background of the study area

The researcher visited the research site of the case study - Flamingo court on a number of occasions to collect data. Flamingo court consists of thirteen (13) floors. Each floor has sixteen (16) flat units up until the 12th floor. The 13th floor has 8 blocks of units. When I first visited the area, I first introduced myself to the security guard who then took me to the supervisor of the building. The supervisor was welcoming and was willing to assist me with any requirements since I had shown him the letter which granted me permission to do research.

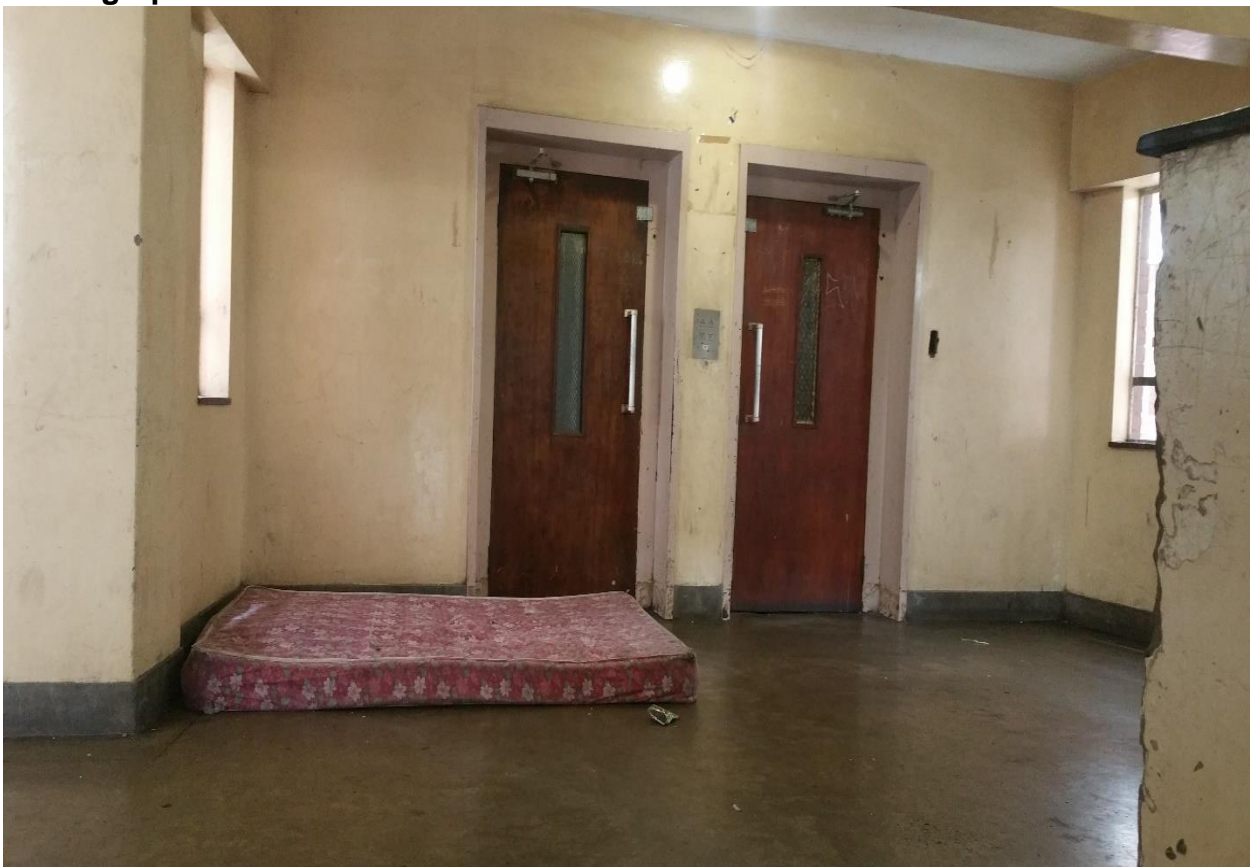
The supervisor of the building cautioned me about my safety when scouting the building. First thing that I noticed was that the flat was very dirty from the floors to the walls. There was also a foul smell and the area was unhygienic. I then asked if there were any cleaners employed to clean the area. Surprisingly there are three cleaners (two female and one male). The first floor where the supervisors' office is, has two old lifts which do not work properly sometimes only one lift works, and the other one is faulty. Tenants prefer to use the stairway when they are going up. In some of the corridors, you find old furniture (old bed, old rusted fridge) left by tenants. It was a

concern, why they are not removed from the corridors because children playing around could be injured or these children could lock themselves inside one of the refrigerators.

The supervisor also told the researcher that it might be difficult to get all information required from tenants as many have leased their flats, to secure them from being auctioned or evicted. The initial strategy to interview seven tenants from each floor was not viable. The researcher then decided to use a snowballing technique by requesting interviewees to refer her to others who were available.

4.3 Survey Results

Photograph 1: The old mattress outside the two lifts



Photograph 2: Old fridge at the corridor



Photograph 1 shows the old mattress from the picture above, children were jumping on it, with springs exposed and it had a very bad odour. Photograph 2 was the old rusted refrigerator from another corridor where children were also playing. They opened it and went inside. This was so dangerous and the researcher was concerned about their safety as they were just playing games and enjoying themselves.

Photograph 3: Kids playing ball in front of the lifts



Photograph 3 shows children playing football in the corridors, next to the lifts. They just kicked the ball anyhow, and you could find yourself knocked by the ball.

Photograph 4: Bottles of alcohol



Photograph 4 shows bottles of alcohol left in corridors. Tenants sit in groups in the corridors and buy alcoholic beverages and play loud music. When they are drunk they urinate in corridors and leave bottles of beer laying around.

When the researcher was still busy collecting data, as she was using staircases to go another level up, she went past two young boys that were busy smoking cocaine but could not take pictures as she was terrified and could not believe that such an activity can happen during the day light without any fear.

The living standard of Flamingo Court was well maintained by the eThekweni municipality (prior to 1995) and when it was sold to the occupying tenants at a discount price which they were selling them up to R700 (This was when they were still paying rent to Martin West). Since the municipality started to convert flats as part of the

Discount Benefit Scheme, the flats have been deteriorating slowly. These flats were rented by both blacks and whites. The flats are close to town and close to public transport routes. The City of Durban Community Services Housing Department reported to Committee, the sale of state-financed flats in housing projects (former DCC housing projects) be prepared for sale in terms of the Sectional Title Act No.95 of 1986. Most of the tenants moved into Flamingo Court between 1991/1994.

4.3.1 Gender and Age category

Table 1

AGE CATEGORY	Between 20-35	Between 36-55	Between 56-65	Between 66-Above	TOTAL
MALE	-	19%	-	5%	24%
FEMALE	5%	14%	24%	33%	76%
TOTAL	5%	33%	24%	38%	100%

Of the respondents who participated, 24% were males and 76% were females. Approximately 19% of males who participated were adults in the age group 36-55 years old. Only 5% of the male interviewees was above 66 years old (pensioners).

Similar patterns were observed in the female group only 5%, for adult's age 20-35 years old. Only 14% of females between the age group 36-55, responded. In addition, only 24% of females in the 56-65 year age group, participated; some of them were to turn 66 years in the coming months. Female pensioners above the age group of 66 years an average of 33% which is contributing to the majority. Collectively, the adult age group of 66-above that depends on government social grant (Old Age Pension) contributed the majority of 38%.

4.3.2 Number of dependents

Table 2

ANSWER		1 - 2	3 - 4	5 – 6	6 and more
YES		24%	29%	5%	14%
NO					
NO COMMENT	29%				

The table above illustrates the number of dependents in each unit, 29% did not want to comment on the question, they did not want to disclose and the researcher decided to skip the question. Five respondents (24%), indicated that they had 1-2 dependents; 6 respondents (29%), indicated that they had 3-4 dependents; 1 respondent (5%) has 5-6 dependents and then 3 respondents (14%), indicated that they had more than 6 dependents. From the above table it can be concluded that there were tenants who have more than 6 dependents in a household and they have to pay levy, services and buy food.

4.3.3 Owner's Occupation

Table 3

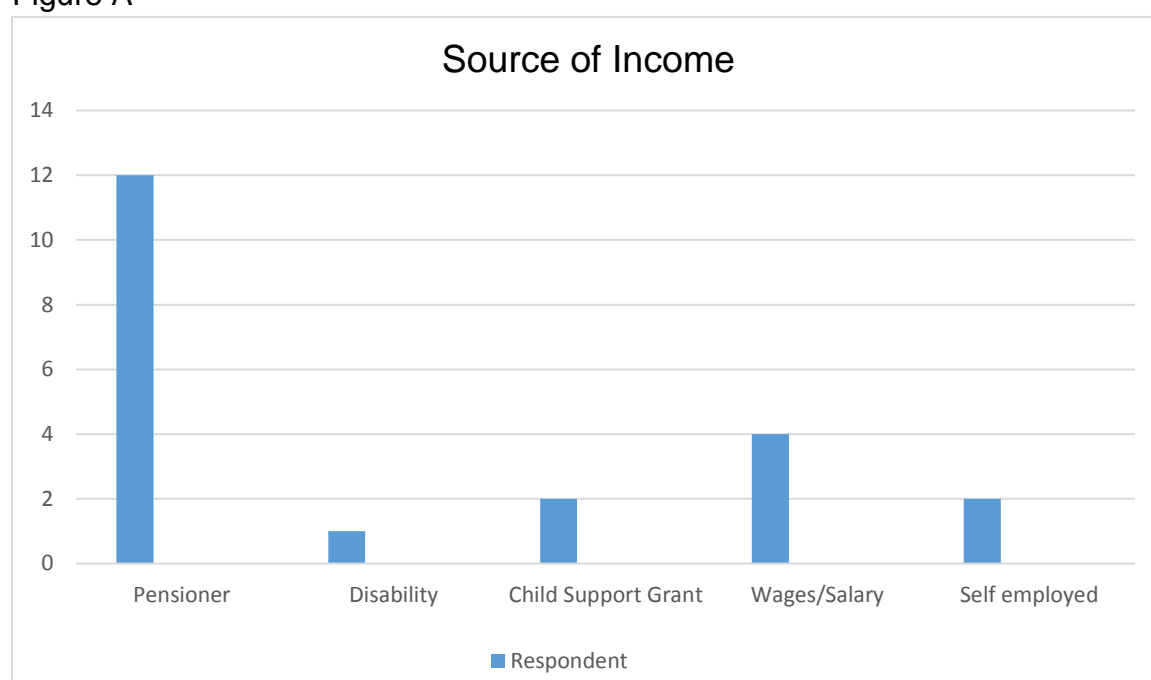
Permanently employed	Temporary employed	Self employed	Pensioner	Unemployed
19%	10%	10%	57%	4%

Table 3 indicates the occupation of the tenants. The majority (57%) of tenants were pensioners who get a government grant (Old Age Pension) of around R1510 every month. Few of them also mentioned that they receive a Child Support Grant (R380) or a Foster Child Grant of about R800. The other tenants were permanently employed (19%) as artisans and labourers. They earn about R4000 per month, where they have to deduct money also for bus/taxi fare in order to reach work. The other 10% of tenants were employed before, and were then retrenched and are only working on a contract basis; they earn about R2000 per month. The 10% of self-employed tenants did not disclose what they do exactly. Only 4% of the tenants were unemployed, i.e. they did not receive any form of income.

For the pensioners who only received an Old Age Pension of R1510, life is particularly difficult. They struggle to pay the levies and they are now in arrears of up to R100 000; one of the respondent gave the researcher his statements where he was owing R96 459.89 (See Appendix 4).

4.3.4 Source of income

Figure A



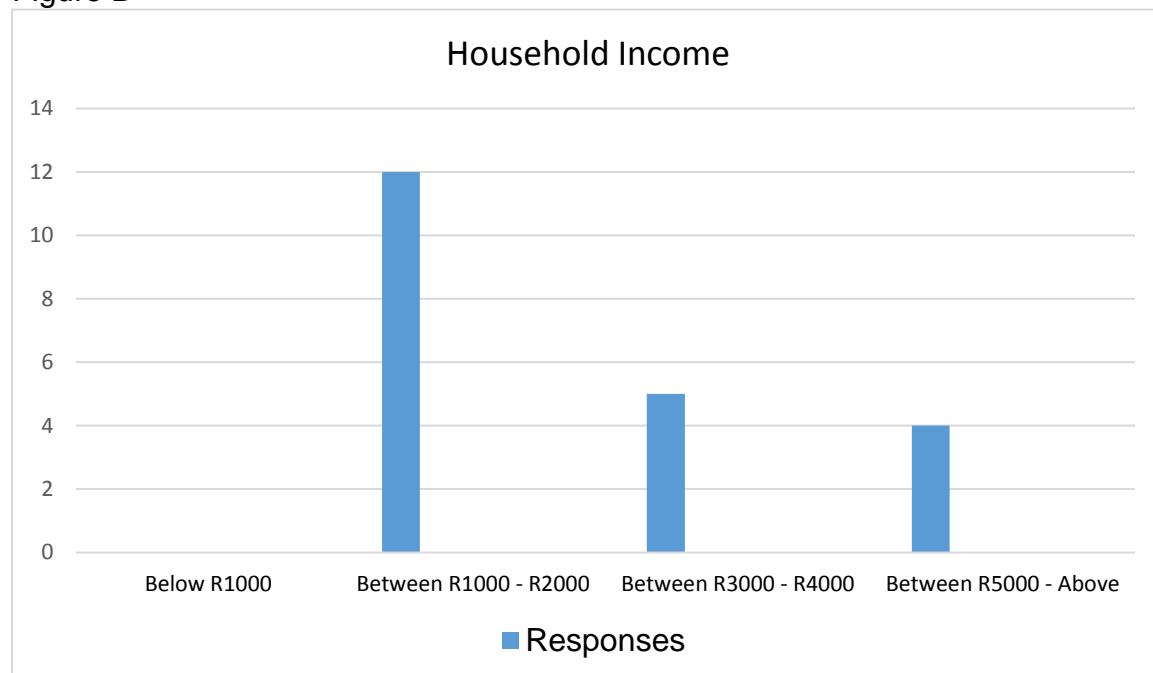
The respondents were then asked their source of income. From the graph above, 12 responded that they were pensioners, so they get Old Age Pension from the government which is less than R2000. This represents 57% of the sample. Of the remaining 43%, 19% of respondents were getting wages/salary, 10% confirmed that they were getting a Child Support Grant of about R300 per child, and only 5% of respondents was getting a Disability Grant. The disabled respondent stated that it's very difficult for him because he uses a wheelchair and he has to pay someone to push him to his flat when the lifts were not working.

The maximum total income for households in the population was R5000. The levies were R1000 and electricity bill was calculated according to the usage amount of a household which was between R600-R2000. The majority survived on government pensions and social grants. It is quite clear that not much is left over for food,

medication and other essentials. According to PACSA, the price of the August basket of basic food items has increased by R318.67 (19.6%) from R1 623.75 in August 2015 to R1 942.42 in August 2016. Maize meal is a core driver of food inflation in the PACSA food basket, contributing around 12%. Along with the overall increase in cost of the PACSA Food Basket, maize meal (25kg) is also experiencing its highest levels y/y, with a 25kg bag costing R233.82; this is 39.6% (R66.35) more than it was a year ago (R167.46) (www.pacsa.org.za/food-barometer). It is apparent that people living in Flamingo Court, are living under very trying conditions.

4.3.5 Total income for the household

Figure B

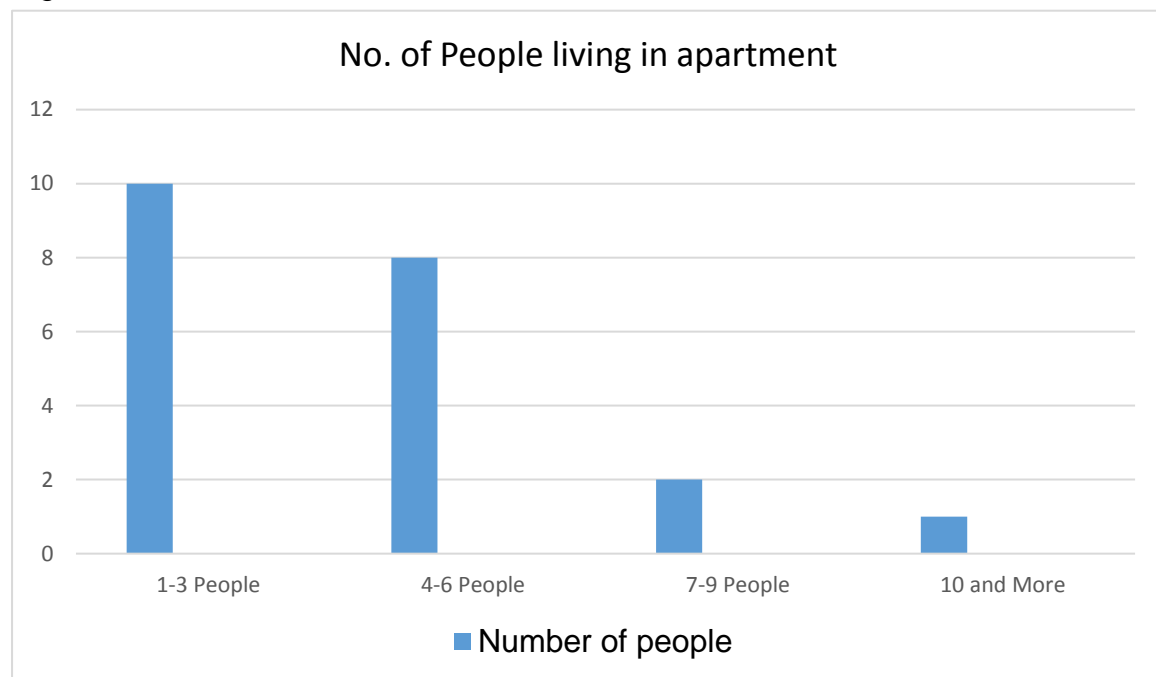


The researcher was very interested when she was asking this question, because in her mind she knew that they were paying a levy of R1000, were being billed for electricity and water according to their usage and had to buy groceries. One of the respondents confirmed that since her husband passed away she was struggling to survive since she was a housewife. She said that she decided to rent a bedroom and they were sharing the bathroom and the kitchen. The occupant pays R1800 for the rent and they split the water and electricity bill.

Another respondent said that she was only getting an old age pension, her daughter left her with 4 children so she also getting a child support grant for the other two children who are still under age, which is less than R700; so the total amount of income it was +/-R2200.

4.3.6 Number of people live in the apartment

Figure C



The question that was asked was how many people live in this apartment?

The researcher posed this question to see how they were living, so that she would understand the overcrowding situation. When I was visiting different apartments, I saw some of them had a screen/curtain dividing the living room and when I asked the reason for this, then they told me that some were sleeping in the living room.

The data for this question is not reliable because from observation it was clear that apartments were accommodating an indeterminate number of people. The maximum number of people living in an apartment was above 10, but some apartments housed as little as 1-3 people.

One of the respondents told the researcher that her neighbour has 16 persons who were sharing the two bedroom flat. 4 people in 1 bedroom and the other 4 in another bedroom, then the living room is also divided and sleeps 8 people.

4.3.7 Current living conditions

Table 4

SATISFIED	UNSATISFIED	PERCENTAGE
YES		5%
	NO	95%

The respondents were then asked if they were satisfied with the current living conditions.

From the 21 participants, 95% respondents indicated that they were not happy with the living conditions. Each of them had their own story to tell, as to why they were not happy. They mentioned that it is not as safe as it used to be, ever since the “foreigners” came. They say that all types of criminal activities are happening in their building. They mentioned that there are prostitutes, drugs, and alcohol which was being sold in the building. Tenants drink alcohol in the corridors and make a noise when they get drunk.

They concluded that the situation has worsened since they moved in. Children play in the corridors and make a huge noise. One of the participants mentioned that these kids cannot be disciplined as their parents were okay with it and they just laugh at you when you try to discipline them, even the security guard does not have a say as parents insult him.

Only 1 respondent said that he was satisfied, and the researcher tried to ask what was he satisfied with, but the answer was not clear. It is clear that the majority were unhappy with living conditions.

4.3.8 Formation of Body corporate

Table 5

ANSWER	INFORMED	NOT INFORMED
YES	57%	
NO		43%
TOTAL POPULATION	57%	43%

The researcher decided to ask the tenants if they were informed about the formation of the body corporate and by asking this question she was interested to have the honest answers from different groups.

As the researcher was busy interviewing tenants, she got different answers as they were being interviewed one on one. Table 5 above illustrates the total population from which the researcher got different responses. Based on their responses, she could confirm that they were consulted. However, they were not properly informed; this was like “selling a pig in a sack” not knowing of the consequences which they could be facing at the end. From the question which was asked, they were to answer yes or no. Looking at the answers they gave, the majority (57%) agreed that they were informed when they were given a chance to buy their flats at a discount price. 43% indicated that they were not told.

It is possible that they were not attending all the meetings which were called by the municipality or maybe they were given false hope and that they would have title of ownership and that they were to fix the building.

4.3.9 Condition after the corporatization

Table 6

SAME	IMPROVED	WORSEN
14%	5%	81%

Table 6 represents what the tenants thought about the conditions after the flats were sold to them. The majority of the respondents (81%) indicated that the conditions of the flats had deteriorated over time, and even now the building was worsened. Only 14% who answered said that it was the same.

Tenants feel betrayed by the government and the municipality. They thought that after the transfer of flats onto their names that things would get better. They said that the conditions were much better than before. They said that people that could not afford to pay the levies, sold their flats and now most tenants that were occupying Flamingo Court were renting, only few owners were left in the building.

The promises that the municipality made before ownership, up until today has not been fulfilled, like repainting of the building.

4.3.10 How was corporatization process sold to you?

This question was posed to see what was promised to tenants and to ascertain if the promises were kept or not. Some tenants did not remember as they said that it had been too long ago. Some of the answers were:

- We were told that we were getting full ownership with our names on titles. They also told us that the flat/building will be repainted and the pipes which were leaking would be fixed.
- We were told that things were going to get better once we bought the flats. According to the tenants, none of this was done and someone said that when she reported that her bathroom was leaking, she was told that she will need to find the plumber to fix the problem and had to pay excess fee.
- We were promised that if we bought the flat, they would take care of everything like security and we won't be paying so much and it's a bargain.

- If you pay the levy, Wakefields will check everything that needs attention like lifts and cleaners.
- We were told that the levy will be R200, but when Wakefields took over they increased the levy to R510.
- We were forced to buy our flats for R800 and they will renovate the building.
- It was the new process of government social grants housing and we will have title of ownership.
- The supervisor called us and try to explain but others were against it, every time when there was a meeting it ended up in a fight.

The answers that tenants gave clearly shows that they were given false promises and now feel betrayed. The researcher concluded that they were harried to purchase their flats.

4.3.11 Levy Payment

Table 7

ANSWER	TOTAL	PERCENTAGE
YES	5	24%
NO	16	76%

The question which was asked was, do you pay a levy?

Table 7 shows the number of tenants who are paying the levy. The biggest problem that the researcher noticed was that some were not providing honest responses. The question was “*How can you pay a levy for such conditions and environment?*” The levy helps to pay for security, which they have said that they are useless, they just sleep and don’t have authority because they were insulted. The levy also helps to maintain the building, so they see no reason to pay because the building was not maintained, even if you were complaining about the burst pipes they don’t do anything, you have to fix it yourself. The other 24% are paying the levies even though it was high, as they see a reason to pay and don’t want to be evicted. The levy charge for the flats are R1000 for everyone. Before the corporatization (early 2000s) they were paying rent to Martin West and it was cheap and the building was in a good condition, they were

paying about R610.86 (including water) in 2003 and paid electricity separately. One of the owners said she decided not to pay the levy as she had a problem with her geyser and when she reported she was told to pay the excess fee of R3500. Other respondent said that you have to pay levy to pay cleaners and they were assisted by their children.

4.3.12 Do you prefer to be moved elsewhere? Why?

Table 8

ANSWER	TOTAL	PERCENTAGE
YES	11	52%
NO	10	48%

The motive behind this question was to get their opinions if they prefer to be moved to other affordable accommodation where they would not have to pay a levy.

The flats are not far from town, which is about 10 minutes' drive. 48% respondents answered 'No'. They provided various reasons as to why they did not want to be moved. One of the participants mentioned that she was too old to be moved to a new area and also she was attending the clinic in King Edward Hospital, as she has arthritis and other ailments. The other reason is that you can't find such a big flat in town for such a price.

The other 52% of respondents answered 'Yes'. These tenants would appreciate it if they can be moved from the flats and also have mentioned different reasons. The tenants were concerned that there was no control and children make a noise and play all over the corridors. They mentioned the high crime rate claiming that the "foreigners" were selling drugs and they drink alcohol on the corridors. They also mentioned the dirt which was thrown all over; tenants often find used sanitary towels on the floor and dirty nappies which was disgusting.

4.3.13. What do you think should be done?

The researcher was trying to find out if the tenants were thinking beyond the problems they had and about possible solutions. Different answers were given. They accused those who bought the flats of trying to make a profit. They didn't care because they don't live there. As long as they were getting paid the rental fee, they were fine. When the municipality sold the flats, Wakefields took over. One respondent said: *"Some 'white man' bought a couple of flats and rented them to the 'Foreigners' and now they came with all kind of crimes. It could be better if the SAPS could come at night in their uniform and raid all the criminals"*.

Another respondent mentioned that the installation of individual water meters should be speeded up as the project had stopped because some pipes were stolen from the building. They feel that they pay too much for electricity and would therefore like to have prepaid meters. They suspected that other tenants were stealing electricity and so their bills sky-rocket.

The answers that counted most were the following:

- Improve the living conditions by upgrading and repainting the building.
- Accommodate people who are old and living with disability.
- Overcrowding should be controlled, together with drugs and prostitution.
- Strict rules and regulations must be applied, i.e. children restricted from playing around and making noise.
- Levy should be made lower for the pensioners.
- Security should be tightened, and the building should have access control.
- Police and Immigration Officers should come to check for criminals.
- The caretaker of the building should be available 24 hours, especially in emergency situation.
- The body corporate administrator should stay within the building.
- Poor management should be corrected.

4.4 Interview findings

4.4.1 Group interview (4 tenants)

The tenants of Flamingo Court were not pleased at all about the corporatization process. They thought that by getting ownership, things would change for the better as they were previously paying rent. One tenant showed the researcher that she was paying rent of R174.15 back in 1997. Some of the tenants who applied for a government subsidy to Martin West in Durban were given a “pink card”, after applying they were called to say that your subsidy was approved. They were given the option to choose if they preferred Chatsworth, uMbilo or Wentworth. The only money that you had to pay was for the connection of electricity which was very little at that time.

Those already renting flats were given first preference to buy the flat and get title deeds. However, those qualifying for subsidy were also eligible to receive title deeds. The condition for those who were already occupying the flats was that they had to be up to date with rental payments.

The challenges that the tenants have was that, they were told that before the title was to be transferred to their names, the municipality would repair the pipes; repaint the building and fix everything that needed attention. These have not been done ever since they got title deeds until today. Maintenance of the lifts has always been the biggest problem if one thing works the other one breaks up until 2009. There is now only one lift working and the other one is permanently not working and sometimes the one that works also breaks and they have to use stairways. Most tenants are in arrears with the levy because they are pensioners and were battling to pay, hence the flats are overcrowded. In addition, other tenants are leasing their flats.

4.4.2 Interview findings (See Appendix 3)

The body corporate administrator appeared to be aware of the situation that the tenants were facing. He was also aware and knew exactly what was expected from him regarding the management and maintenance of the flats. However, it was impossible to do all the duties when there was no money. If people are not

paying the levy, maintenance could not be done. There are people who are really struggling to make ends meet who depend on social grants, but there are also those who are not willing to pay. According to Mr Grundler (the administrator) the unpaid levies have soared to more than R4.5 million and water supply has been interrupted because of unpaid water bills.

The promise that the municipality made, in terms of repainting and fixing the pipes prior to signing over the flats to the resident tenants has contributed to this problem. The municipality did not honour the promises, thus problems started escalating and are now unmanageable. This seems to be a problem for the body corporate administrator as well, as he is supposed to perform his duties but he can't because some are paying levies and some are not. Tenants are blaming the body corporate who are not helping the situation instead of blaming the municipality.

According to a report from the City of Durban, all expenses relating to the common property administration and management of the body corporate must be included in the levy calculation of each body corporate i.e. municipal rates and taxes, insurance, electricity (cost of lighting for corridors and maid quarters), water, lift maintenance, audit fee, managing Agents fees and building maintenance (cleaning and services).

4.5 The Report from the City of Durban

The report which was introduced by the State in 1993 pertaining to the sale of State-financed flats in the council housing project to existing tenants in terms of the Extended Benefit Scheme, stipulates that "The state acknowledges that renting stock will have to be sold in terms of a Sectional Title Scheme and that preparation for sale of Sectional Title units would include the following:

- Legal and survey work;
- Work to meet technical requirements, e.g. separation of services; and
- Necessary restoration of common property.

The development of the Sectional Title Scheme is governed by the Sectional Title Act No. 95 of 1986. Each flat will form a section and the land on which these

flats/sections are situated will form the common property. Any scheme containing multiple units/flats with common facilities would need to make provision for management as well as sharing of expenses related to repairs, maintenance, insurance, rates etc. and also for building up reserves for long term renovations including replacement of equipment. It further stipulates that the Act requires the establishment of a body corporate to manage day to day affairs (communal responsibilities) of the sectional title members. Hence communities will be responsible for the management and administration of the body corporate, and this would be referred to as the Levy. Before the flats can be sold, they will require additional work related to:

- Town planning and design
- Technical requirements and enhancements (Sub-divisions, survey, services)
- Legal requirements
- Community involvement and participation.

For technical requirements, as the flats were not originally planned and constructed for sectional title development, they then require installation of bulk water meters for each sectional title development; provision of adequate fire protection measures per block where non-existent; relocation and upgrading of electricity reticulation where necessary and the appointment of a professional engineer to report on the general condition of the dwelling.

4.5.1 Analysis of the report

It gives the impression that the project was not thought through. A “Court Case” was obtained where an application was directed to the eThekweni municipality and Department of Human Settlement (KZN) to correct the expected consequences of a poorly conceived, poorly executed housing programme at Flamingo Court. As the researcher was visiting the study area, they were still in the process of installing water pipes which was supposed to have been done long ago. The report stated that people would be given options before signing the agreement. The researcher noted that it was not properly explained to the tenants as they had the option of low cost housing, this did not happen because there was no available accommodation. The situation which is faced by the owners now, is that they are in huge debt because of levies and

they can't afford to pay. An intervention by government would have rectified the situation by giving them an alternative, i.e. low income houses.

4.6 Analysis of the results

4.6.1 Policy evaluation

The researcher's aim is to try and view the housing policy that the government has implemented. Policy analysis is described as the dissection, isolation and systematic examining and explaining of policy phenomena or components to determine the effectiveness and efficiency of each part or action. Corporatization can be seen as a step towards privatisation, and is seen as a form of renewed interest in government ownership. The Discount Benefit Scheme promotes home ownership among tenants of state-financed rental stock, it is therefore important to analyse the situations that people find themselves in, to be amended.

4.6.2 Findings

From the available findings, it is clear that the eThekweni municipality had informed the tenants about the Discount Benefit Scheme project, of which they might not have the deep understanding as to whether they have a choice of buying the flats or not. From what the researcher was picking up from the participants there was a meeting called to inform the renting tenants that they had the option to own their flats. Looking at the answers that the researcher received from participants, they confirmed that they were informed prior to selling. The problem which the tenants now have is affordability which has led to all other matters that have been mentioned before. The building has turned into a slum because of the tenants who are renting the flats. When the owner decides to rent the flat at R3000, the occupant also looks for other tenants to share the flats and split the money (some make profit). There is a flat with eighteen (18) people living in a two bed room flat.

The evidence also indicates that the tenants think that the body corporate administrator is misusing the money, as he is living in an "extravagant" place, so he does not care about the tenants, how they feel and what is happening in the building. The researcher tried to get information from the applicant who has taken the municipality to court for not keeping promises. From the owners who participated in

interviews, they have mentioned that they do not know how to get hold of the body corporate administrator and they thought that he has abandoned them.

4.7 Conclusion

This chapter has presented the findings of the study. Data is analysed using the objectives of the study, and it also indicates the challenges and hardship faced by the tenants with corporatization of housing in the eThekweni municipality. It is therefore inappropriate as a sustainable housing delivery mechanism for poor people. The tenants are becoming poorer than before and there is a huge gap of affordability.

The managing agents, namely Flatfinders and Wakefields were appointed to manage the building and these companies are “profit driven”, and has steered to poor maintenance. The eThekweni municipality is no longer dealing with the maintenance costs hence the Administrator has to take over.

There are two types of tenants within the building, i.e. those who are paying their levy and others that do not pay levy which makes it difficult to try and overcome the situation, and for those who are not paying it is because they can't afford to pay as they are pensioners and some with minimal wages.

Chapter Five

Conclusion

5.1 Introduction

The main objective of the study was to ascertain the effect of the corporatization of housing in the eThekweni municipality on the lives of tenants. The study demonstrated the negative influence on residents by a profoundly flawed system.

The eThekweni municipality has corporatized Flamingo Court which was the Sectional title into the “Discount Benefit Scheme” and later “Enhanced Extended Discount Benefit Scheme” as part of housing delivery system. In terms of Section 3(5)b of the Housing Act, No. 107 of 1997, the Discount Benefit Scheme was established as a subsidy mechanism to transfer free standing houses to eligible occupants (Social Housing Foundation). The Minister of Housing is obligated to roll out the housing subsidies from the previous dispensation.

The eThekweni municipality and the Department of Human settlements (KZN) enjoyed the option as to whether include Flamingo Court in the national housing programme, DBS. In the exercise of that option they were obliged to comply with Constitution and the Housing Act No. 107 of 1997. However, they have failed to act in accordance with the Act i.e. tenants’ rights to access to adequate housing. The municipality has to correct the poorly implemented housing programme at Flamingo Court.

5.2 Research objective findings

5.2.1 To determine the impact of the corporatization of housing within the eThekweni municipality, on the lives of residents.

People are becoming poorer than before as most owners of the flats are pensioners or low-income earners. They also have to pay levies and services, with some still paying the loan that they took when they bought the flats. Thus, the increase in revenue or levy perpetuates poverty, and tenants have to alternate months for payments. Debts for water and electricity ballooned and

pensioners found themselves cross subsidising the excessive bills accrued by grossly overcrowded flats.

The Sectional Title Scheme is not for the poor. The municipality has shifted the responsibility by selling these flats at a discount price to the tenants. However, the implications of corporatization was not properly explained to tenants who were eager to grab the opportunity of owning a flat without considering the impact on finances. These owners are trapped with debts of having to pay for the levy (body corporate), electricity and water, and yet they still have to buy food to live. The ideology of apartheid, which kept the races separate and unequal, is being replaced by the ideology of the market. As subscribed by (Harvey, 2000 and Narsiah, 2002) I also subscribe to the view that neoliberalism is capitalism operating on a global scale. Neoliberalism has a negative impact to the poor.

5.2.2 To determine whether affordability of accommodation has changed since corporatization of Flamingo Court.

Most owners of the flats are pensioners. Prior to the corporatization, they were paying R610.86. The evidence shows that the tenants can't afford to pay the levy which has escalated to R1000 per month, keeping in mind that tenants are mainly pensioners who receive R1510 from the government as old-age grants. They are therefore left with R510 from which they still have to pay for electricity and buy food in order to survive. Furthermore some have children who are still at school and are required to pay school fees and household expenses. This study has demonstrated that the corporatization of Flamingo Court has changed the lives of tenants. This study affirmed that corporatization has increased the poverty of tenants.

5.2.3 To determine whether the living standards have improved or declined under corporatization.

Evidence also shows that since Flamingo Court was corporatized, the crime rate is escalating, compromising the safety of tenants. According to the Independent on Saturday newspaper (2010), drugs are easily available, there is a shebeen

and pensioners are robbed in dark passageways because there is no electricity. The hygiene of the building is also embarrassing, which can cause illness to the tenants. The eThekwini municipality was expected to rehabilitate and restore Flamingo Court to bring it into liveable conditions. However, this was not done, although the eThekwini municipality had taken steps to install a separate metered water supply. The project only started last year and stopped; it is yet to be completed. Consequently, some owners have resorted to subletting their flats in an attempt to subsidise their lifestyle. This not only led to overcrowding but also the living standards dropping drastically (The Independent on Saturday. South Africa. March 27, 2010).

5.2.4 To determine the strategies that tenants in Flamingo Court use to pay their rates in levies.

Some tenants that have grown up children to assist them in paying the levies, and others don't pay because they can't afford. Some tenants are subletting their flats. One tenant confirmed that she had to look for someone to rent one bedroom from her two bedroom flat, where she is paying R1700 and they share the common rooms (kitchen, bathroom), so she is getting R1510 pension plus R1700. Others have divided the living room into a bedroom so that they have more people to pay. Others have divided their living area with curtains with the aim of getting more tenants to rent, and this also is causing overcrowding, resulting more people living in a flat which also is unhygienic.

5.2.5 To investigate alternative models of social housing ownership in eThekwini.

The main alternative will be release from EEDBS to RDP houses. Tenants who are willing to relocate to RDP houses can be relocated to those type of houses, but also the problem is that they are not close to town which is problematic. In addition, they have children who go to schools which are close by and transportation can also be hard. Therefore, this option (RDP) may not be feasible this group. I also believe that you only get one chance at assistance, so it will not be possible to get another option for low cost housing, as the government still

has backlog. Another alternative is to have a standard levy fee for pensioners or the unemployed.

5.3 Roles and responsibilities of Government

The government or municipality is responsible for the identification of beneficiaries, to establish the identity and entitlement of a person claiming the EEDBS. The government is responsible for standardisation and upgrading of properties that it owns prior to any form of transfer can be endorsed. A communication strategy must be developed. Occupants should have a meeting to state their needs, desires and issues with the process and should have the final word on the appropriate tenancy option.

As indicated in the interviews conducted with owners, the process of ownership was rushed with no proper consultation prior to signing the title deed.

The eThekweni municipality has encouraged tenants to purchase their flats and they were not given much option. This has led to owners feeling manipulated by eThekweni municipality to purchase flats. The researcher sees that the municipality was trying to wash-off their hands by giving the tenants ownership and also trying to increase statistics of people who have benefited from the government subsidy. The reality is that Flamingo Court was not meant for families who are unemployed or pensioners as the cost of upkeep is very high. The municipality has dissociated themselves from the real estate burdens.

As the researcher was doing the survey of the building which is 13 stories high, the two lifts were not working. The researcher was informed that, only one (1) lift works, but it is on and off. There are old age pensioners who are struggling to walk because of ageism who are also in the top floor which is 13th floor. As I was observing, I witnessed someone who was using the wheelchair and they were carrying him to his apartment on the top floor.

The reality is that the unemployed, low-income earners and pensioners can't afford the costs of upkeep of the flats yet the levy is expected to be paid every month. It is unreasonable to expect someone who is getting a pension or disability grant to pay a

levy of R1000, which is separate from electricity and other household expenses. Most owners feel betrayed by the municipality when they have introduced the scheme which has come with body corporate, agents (Wakefields and Flatfinders) and levy; they are facing hardship as they are in an accelerating debts spiral. The introduction of state agents which are profit driven is a demonstration of neoliberalism.

5.4 Recommendations

It is recommended that the eThekweni municipality or government needs to review the DBS projects as it has caused more problems for the poor rather than giving opportunity of enjoying the benefits of ownership. The pensioners are not supposed to think about debts which are accumulating each and every month. For the payments of the levy, the municipality should distinguish the three different groups, i.e. those who are paying; those who don't want to pay; and those who can't afford to pay. Those who can't afford to pay should be offered alternative free standing houses. However, the problem is that you only qualify for government subsidy once (government may have to waive the rule), and these owners would not be considered for another house and they are trapped in a situation of losing everything and ended up being homeless. If the government can give those who wish to be moved to other places where they do not have to pay levy. If the government can reinstate the full ownership and take responsibility, the building will be back to normal and it will be live again as it has turn into slums.

The government should invest in research by trying to get to the bottom line of these buildings which have now turned into slums such as Flamingo Court which is not the only one.

5.5 Conclusion

The aim of this study is to determine the impact of the corporatization of housing within eThekweni municipality, and try to ascertain the hardship and challenges of the tenants.

The key questions posed were:

a. Is the levy charged by the housing institution or Body corporate affordable for the low-income households?

Some tenants counterclaim that they are forced to overcrowd their flats because they can't afford to pay levies, as some are pensioners and low-income earners; and that they withheld payment because of poor services (i.e. maintenance of lifts, leaking pipes, and hygiene).

Tax relief and assistance can help low-income homeowners. Local governments can assist lower-income homeowners to maintain housing affordability through tax and finance assistance. Tax relief policies tend to benefit elderly homeowners or non-elderly lower-income residents who have lived in their homes for at least a specified minimum number of years. Some states provides tax reductions that are tied to income.

b. Are the poor being abandoned by the municipality?

According to Bond (2000), he considered GEAR to be a neoliberal sell-out by ANC. The majority of Blacks and Indians are low-income earners. Many elderly people who do not have others on whom to rely for support do receive old-age grants, and these grants are in no way sufficient to keep a household out of poverty. The municipality is expecting the pensioners to pay levy and services with their grant. The grant is R1500 and levy is R1000, this excludes electricity and food. Surely this project (DBS) is not meant for poor people who will find themselves in huge debts.

c. Does the municipality consider the income of the poor household?

After interviewing some of the tenants, of which majority of them are not working and their source of income is old age grant, clearly they are not being considered. Even with those who are working still, they have children to maintain and still have to pay levy.

d. Is there another way that can be done to accommodate those who can't afford to pay levy?

If they can be moved to low-cost housing, where they won't need to pay levy and they can pay water that they consumed. The municipality should investigate and reconsider those who are unable to meet the requirements, and this can also help to reduce those buildings which have turned into slums.

In terms of section 37(1)(a) of the Sectional Titles Act of 1986 ("the Act") institute an administrative fund sufficient, in the opinion of the body corporate, to cover its expenses (Paddocks). Levy are not meant for the poor people. Good honest tenants are bearing costs (i.e. for non-payers). Poor tenants opt to sublet room spaces within their flats in order to pay levy.

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Appendices

Appendix One

Informed Consent Letter

Dear Participant,

My name is Nonhlanhla Mabaso (student no. 200200534). I am a Masters candidate studying at the University of KwaZulu-Natal, Howard College Campus. The title of my research is: The impact of the corporatization of housing rental stock on the living conditions of tenants in Flamingo Court, Umbilo, Durban. The aim of the study is to examine the impact of corporatization of housing in the eThekweni municipality has on the lives of former municipal tenants and hardship of tenants. I am interested in interviewing you so as to share your experiences and observations on the subject matter.

Please note that:

- The information that you provide will be used for scholarly research only.
- Your participation is entirely voluntary. You have a choice to participate, not to participate or stop participating in the research. You will not be penalized for taking such an action.
- Your views in this interview will be presented anonymously. Neither your name nor identity will be disclosed in any form in the study.
- The interview will take about 20 minutes.
- The record as well as other items associated with the interview will be held in a password-protected file accessible only to myself and my supervisors. After a period of 5 years, in line with the rules of the university, it will be disposed by shredding and burning.
- If you agree to participate please sign the declaration attached to this statement (a separate sheet will be provided for signatures)

I can be contacted at: School of Social Sciences, University of KwaZulu-Natal, Howard College Campus, Durban. Email: mabasonpz@ukzn.ac.za; Cell: 0823605316.

My supervisor is Dr S Narsiah who is located at the School of Social Sciences, Howard College Campus, Durban of the University of KwaZulu-Natal. Contact details: email narsiahi@ukzn.ac.za Phone number: 0312602470.

The Humanities and Social Sciences Research Ethics Committee contact details are as follows: Ms Phumelele Ximba, University of KwaZulu-Natal, Research Office, Email: ximbap@ukzn.ac.za, Phone number +27312603587.

Thank you for your contribution to this research.

DECLARATION

I..... (*full names of participant*) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire. I understand the intention of the research. I hereby agree to participate.

I consent / do not consent to have this interview recorded (if applicable)

SIGNATURE OF PARTICIPANT

DATE

.....

Appendix Two

Flamingo Court, uMbilo

Tenants Questionnaire

1. What is your gender?

Male	
Female	

2. What age category do you fall within?

Between 20-35	
Between 36-55	
Between 56-65	
Between 66-above	

3. What is your marital status?

Single	
Married	
Widowed	

4. Do you have dependants?

Yes	
No	

5. How many dependants do you have?

1 to 2	
3 to 4	
5 to 6	
6 and more	

6. What is your ethnic group? (Optional)

Black	
White	
Coloured	
Indian	

7. Are you employed?

Yes	
No	

8. What is the owner's occupation?

Permanently employed	
Temporary employed	
Self employed	
Pensioner	

9. Type of work

Professional	
Labourer	
Artisan	
Other	

10. What is the total income for the household?

Below R1000	
Between R1000-R2000	
Between R3000-R4000	
Between R5000-Above	

11. Source of income

Pensioner	
Disability	
Child support grant	
Wages/Salary	

12. When did you first start living in Flamingo Court?

Before 1990	
From 1991-1994	
From 1995-2000	
After 2000	
Specific year	

13. Are you owning the property you currently residing in?

Yes	
No	

14. What facilities does your apartment have?

Kitchen	
Living room	
Bathroom	
Other	

15. How many bed rooms does your apartment have?

Single bedroom	
Double bedroom	
More	

16. How many people live in this apartment?

1-3 people	
4-6 people	
7-9 people	
10 and more	

17. How much are you paying for your levy?

R 500	
R500-R1000	
More (Please specify)	

18. How do you pay your levy?

Monthly	
Yearly	

19. Type of tenure your currently have?

Ownership	
Tenant	
Leasehold	
Other	

20. Have you ever been consulted by the eThekweni Municipal Council regarding the formation of the Body corporate

Yes	
No	

21. If yes, what type of housing choice procedure was presented?

Government subsidy	
Private home loan	
Other	

22. How much did you pay for the apartment?

R 500	
R 1 000	
Other (Please specify)	

23. Do you have pre-paid electricity?

Yes	
No	

24. If your answer is yes, how much do you pay per month for electricity?

Less than R300	
R300-R500	
R500-10000	
Other (please specify)	

24. Do you have separate meter for water?

Yes	
No	

25. Are you satisfied with your current living conditions?

Yes	
No	

26. What is the current condition of the building?

Very Poor	
Poor	
Satisfactory	
Good	

27. Does the building have security?

Yes	
No	

28. Do you think that your housing situation has improved since 1994?

Yes	
No	

29. What do you think about conditions after Body Corporatization?

Improved	
Worsen	
Same	

30. How much 'rent' were you paying before Body Corporatization?

Less than R500	
Between R500-R800	
Between R800-R1000	
Be Specific	

Interview with group of 4 tenants

Name of interviewer: Nonhlanhla Mabaso

Name of interviewee: Group of 4 tenants

1. Are you owning the any of the flats?
2. How long have you been staying in this flat?
3. Are you currently employed?
4. State your opinion on the current state of the building
5. How would you rate the building

Good	Satisfactory	Poor
------	--------------	------

6. Are you happy about the living conditions?
7. How would you rate the building

Good	Satisfactory	Poor	Very Poor
------	--------------	------	-----------

8. If you had a choice to change one of the following options below, what would it be?
 - a. Amount paid for levy/rent
 - b. The management body
 - c. The environment
9. Are you paying the levy?
10. What is your view on the levy you are paying?

Appendix Three

Interview with Body corporate

Name of Interviewer: Nonhlanhla Mabaso

Name of Interviewee: Mr André Grundler

1. Briefly tell us as yourself and how you were appointed?

Attached please find a copy of my CV – if there are specific aspects about me you would like more information on, please feel free to ask. I was appointed as administrator of the Body Corporate of Flamingo Court following on an application to the High Court by an investor owner who owns 20 flats in the scheme.

2. Was the process of state financed flats (Flamingo Court) explained properly to the tenants before it was selling at a discount price?

The municipality is of the view that the process of taking ownership of flats properly explained to then tenants. Beneficiary owners generally deny that they were properly informed. The reality I believe is in the end result – many beneficiary owners are unable to pay the costs associated with keeping their flats and or homes in Flamingo Court.

3. Do you as the body corporate contributing towards maintenance and the upkeep of the flat? If yes how?

The body corporate is responsible for maintenance and upkeep of the common areas, such as lifts, external painting, service provision etc. Owners are responsible for the upkeep and maintenance of the inside of the flats. The funding for the body corporate to meet its maintenance and upkeep obligations is by way of levies paid by owners.

4. Were tenants who were renting and earning low-income or unemployed given the option to be relocated?

Tenants with low income or the unemployed, were included in transfers of flats. To the best of my knowledge, no formal offer of relocation was put to tenants.

5. What do you think about the corporatization or privatization of flats?

I believe that the corporatization or privatization of flats as a vehicle for housing provision to poor people is doomed to failure and will aggravate the desperate need of the poor for sustainable housing ownership.

6. What challenges do you encounter with the tenants?

Owners who are unable to pay, will inevitably resist and resent the lawful processes necessary to recover levies they are unable to pay. As a consequence of substantial non-payment by many owners, the funds for proper service provision and standards within a building such as Flamingo Court are not available, which leads to many owners suffering the consequences of non-payment by their neighbours and themselves resenting the process of restoring the scheme to compliance.

Generally in the environment of Flamingo Court, over-occupation of flats aggravates the challenges of maintaining control, a position which is made worse by owners or tenants who simply have no regard for the law.

7. How are the levies set?

Where an administrator has been appointed to rehabilitate the affairs of a distressed body corporate, the administrator is responsible for preparing a budget of estimated income and expenditure, based on which levies are set. Where a body corporate is self-managed, owners approve the estimated income and expenditure.

8. What happens if the tenants do not pay the levy?

A legal process to collect the unpaid levies must be pursued.

Appendix Four

<p style="text-align: right;">Tel: 031 5637214 Fax: 031 5637217 Email: flatfinders@telkomsa.net</p> <p>Flamingo Court Body Corporate P O Box 50798 MUSGRAVE 4062</p>	<p style="text-align: center;">STATEMENT</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Date</td> <td style="text-align: right;">18/01/17</td> </tr> <tr> <td>Page</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Account Number</td> <td style="text-align: right;">FL0207</td> </tr> </table>	Date	18/01/17	Page	1	Account Number	FL0207
Date	18/01/17						
Page	1						
Account Number	FL0207						
<p>Z P CELE 207 Flamingo Court 857 Umbilo Road Umbilo 4001</p>	<p>Flamingo Court Body Corporate P O Box 50798 MUSGRAVE 4062</p>						

Account	Date	Page			
FL0207	18/01/17	1			
Date	Reference	Description	Debit	Credit	
01/01/17		BROUGHT FORWARD	61 993.96		
01/01/17	L	Levy Due	936.59		
01/01/17	CSOS	CSOS Levy Due	8.73		
31/01/17	INT.0117	Interest Charged	619.94		
01/02/17	L	Levy Due	936.59		
01/02/17	CSOS	CSOS Levy Due	8.73		

Account	Date	Page			
FL0207	18/01/17	1			
Date	Reference	Amount			
01/01/17		61 993.96D			
01/01/17	L	936.59D			
01/01/17	CSOS	8.73D			
31/01/17	INT.0117	619.94D			
01/02/17	L	936.59D			
01/02/17	CSOS	8.73D			

120+ Days	90 Days	60 Days	30 Days	Current	
		61 993.96	1 565.26	945.32	
				Total Due	
				64 504.54	

FNB, Davenport-Br Code 220226
Ac No: 62284587262
Reference: Your Ac Number
© Sage South Africa (Pty) Ltd

Amount Due 64 504.54

Amount Paid:

Comments:

Tel: 031 5637214
 Fax: 031 5637217
 Email:
 flatfinders@telkomsa.net

Flamingo Court Body Corporate
 P O Box 50798
 MUSGRAVE
 4062

STATEMENT

Date 18/11/16

Page 1

Account Number FL1308

M & N E JOZANA
 1308 Flamingo Court
 857 Umbilo Road
 Umbilo
 4001

Flamingo Court Body Corporate
 P O Box 50798
 MUSGRAVE
 4062

Account	Date	Page		
FL1308	18/11/16	1		
Date	Reference	Description	Debit	Credit

01/10/16		BROUGHT FORWARD	91 676.66	
01/10/16	L	Levy Due	976.92	
31/10/16	INT.1016	Interest Charged	916.77	
01/11/16	L	Levy Due	976.92	
30/11/16	INT.1116	Interest Charged	935.70	
01/12/16	L	Levy Due	976.92	

Account	Date	Page
FL1308	18/11/16	1
Date	Reference	Amount

01/10/16		91 676.66D
01/10/16	L	976.92D
31/10/16	INT.1016	916.77D
01/11/16	L	976.92D
30/11/16	INT.1116	935.70D
01/12/16	L	976.92D

120+ Days	90 Days	60 Days	30 Days	Current
		93 570.35	1 912.62	976.92
FNB, Davenport-Br Code 220226 Ac No: 62284587262 Reference: Your Ac Number				Total Due 96 459.89

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Amount Due	96 459.89
Amount Paid:	
Comments:	

Appendix Five



16 November 2016

Ms NPZ Mabaso 200200534
School of Social Sciences
Howard College Campus

Dear Ms Mabaso

Protocol reference number: HSS/1884/016M

Project title: The impact of corporatization of housing rental stock on the living conditions of tenants in eThekweni Municipality: A case study of Flamingo Court, Umbilo, Durban

Full Approval – Expedited Application

In response to your application received 3 November 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)
Humanities & Social Sciences Research Ethics Committee

/pm

cc Supervisor: Dr Sagie Narsiah
cc. Academic Leader Research: Professor Maheshvari Naidu
cc. School Administrator: N Radebe & Mr E Stanley

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