

THE PRIVATISATION OF PUBLIC HOUSING IN SOUTH AFRICA:

Incremental upgrading processes in Mangaung

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**THE PRIVATISATION OF PUBLIC HOUSING IN SOUTH AFRICA:
Incremental upgrading processes in Mangaung**

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THESIS DEDICATION

I dedicate thesis work to the memory of Dr Robert Frederick Setlogelo (1888 - 1963), the stalwart that I could never have met anyway in my life by virtue of the age gap between us.

His strides and determination of completing a medical degree at a sunset age of 50 in 1938 in England, far away from his hometown of Thaba Nchu, are to me fascinating and redeeming.

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Praise be to God Almighty

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LIST OF ABBREVIATIONS

BNG	Breaking New Ground
IDT-	Independent Development Trust
NHF-	National Housing Forum
RDP-	Reconstruction and Development Programme
UF-	Urban Foundation
UN-	United Nations
UNCHS-	United Nations Centre for Human Settlements

SUMMARY / OPSOMMING

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Key words: housing privatisation; self-help housing; housing transformation; housing theory; low-income housing

The argument in this dissertation is that housing studies focus mainly on the political-economy paradigms and ignore the role played by other social theories. On the one hand, conventional economic theory, mainly built on new-Liberal principles, suggests that privatisation is required to ensure that markets work better. In the housing field, privatisation is mainly seen as a way to ensure the initiation of a secondary housing market. On the other hand, Neo-Marxist views argue that privatisation leads to a range of negative impacts, such as eventual homelessness and the unaffordable nature of housing bonds. The main problem with these two political and economic viewpoints is that they are blind to other social theories and ignore, to a large degree, the historical context of housing, especially in South Africa. The debates in this study point out that the path-dependency theory (with historical methodology as a sub-approach) in housing policy discourses provides additional understanding of privatisation, especially in the South African context. In contradiction to general observation, housing processes in South Africa may be locked in their own trajectory, and they may not be similar to those in the parent colonial power such as Britain.

This study identifies a policy and research gap in privatisation. It is the first attempt to assess the privatisation of housing in South Africa through empirical evidence since the introduction of the Discount Benefit Scheme two decades ago. The international literature shows that there has been an effort in both developed and developing countries to privatise rental housing stock. This move is related to the overwhelming pro-market policy developments after the Second World War. Neo-Liberal and Neo-Marxist thinkers

put forward various opinions for and against the process. With South Africa having had strong economic and political ties with Britain during apartheid, the South African government also privatised the nearly 500 000 state-owned housing units. Researchers in South Africa also made postulations that were either Neo-Liberal or Neo-Marxist in assessing the future possible impact of housing privatisation, this despite the work of Turner and Tipple on the social context of housing.

The dissertation tests the original argument of the political-economy continuum by interrogating the empirical evidence obtained from the suburb of Rocklands, Bloemfontein. In this environment, tenants improve the state-subsidised core houses through what Tipple terms “transformations”, which are more a response to social needs than to economic imperatives. The empirical analysis looks at the outcomes of housing privatisation relating to the physical effects on housing after transformations, the processes involved in transformations that accentuate self-dependence and resourcefulness and the capacity of tenants to borrow from the market and trade their improved assets in the market.

The main findings from the empirical evidence support a key theoretical assumption that housing debates should look beyond the binary political-economic debate. The findings in the study refute the political-economic assumptions forwarded in the Neo-Liberal and Neo-Marxist theories. However, the findings in the study support Tipple’s contentions on the critical role of the social and historical context of housing. To this effect, the main findings in the study are similar to Tipple’s contentions, namely that privatisation leads to transformations that combat housing stress, that transformations produce economic multipliers in the locality, that transformations occur outside the basis of secure tenure and that income is not the most important variable in housing extensions. The study goes further and suggests the historical context of housing, whereby privatisation is a way of ensuring a foothold in urban South Africa. Such a foothold in urban South Africa is important considering the historical exclusion of black people from urban South Africa. The social context of black housing in South Africa is characterised by a long quest for

urban citizenship and housing rights. These characteristics give rise to a distinct housing environment not observable in the developed countries.

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GRAADKURSUS: Ph.D

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Sleutelwoorde: behuisingsprivatisering; selfhelp-behuising; behuisingstransformasie; behuisingsteorie; lae-inkomste behuising

Hierdie verhandeling argumenteer dat behuisingstudie hoofsaaklik op politiek-ekonomiese paradigmas fokus en die rol wat deur ander sosiale teorieë gespeel word, ignoreer. Aan die een kant doen die konvensionele ekonomiese teorie, wat op neoliberale beginsels gegrond is, aan die hand dat privatisering nodig is om die markte beter te laat werk. In die behuisingsveld word privatisering hoofsaaklik beskou as 'n manier om te verseker dat 'n sekondêre behuisingsmark aan die gang kom. Aan die ander kant argumenteer die neomarxistiese sienings dat privatisering tot 'n verskeidenheid negatiewe invloede lei, soos uiteindelijke dakloosheid en die onbekostigbaarheid van huislenings. Die grootste probleem met hierdie twee politieke en ekonomiese sienings is dat hulle blind is vir ander sosiale teorieë en tot 'n groot mate die historiese konteks van behuising, veral in Suid-Afrika, ignoreer. Die debatte in hierdie studie wys daarop dat die roete-afhanklikheidsteorie (met 'n historiese metodologie as sub-benadering) in behuisingsbeleidsdiskoers 'n bykomende insig in privatisering bied, veral in die Suid-Afrikaanse konteks. In teenstelling met die algemene beskouing is dit moontlik dat behuisingsprosesse in Suid-Afrika in hulle eie trajek vasgevang is en nie soortgelyk is aan prosesse in die oorspronklike koloniale mag nie, soos byvoorbeeld Brittanje.

Hierdie studie identifiseer 'n beleid- en navorsingsgaping in privatisering. Dit behels die eerste poging om die privatisering van behuising in Suid-Afrika deur middel van empiriese getuienis te beoordeel sedert die Afslag-voordeelskema twee dekades gelede bekendgestel is. Die internasionale literatuur dui aan dat daar in sowel ontwikkelde as ontwikkelende lande 'n poging was om huurhuisvoorraad te privatiseer. Hierdie beweging hou verband met die beleidsontwikkelings na die Tweede Wêreldoorlog wat oorweldigend ten gunste van 'n markeconomie was. Neoliberale en neomarxistiese

denkers het verskeie menings vir en teen die proses op die tafel geplaas. Omdat Suid-Afrika gedurende apartheid sterk ekonomiese en politieke bande met Brittanje gehad het, het die Suid-Afrikaanse regering ook die amper 500 000 behuisingseenhede in staatsbesit geprivatiseer. Navorsers in Suid-Afrika het ook vooruitskattings, wat óf neoliberal óf neomarxisties is, gemaak toe hulle die moontlike toekomstige impak van behuisingsprivatisering beoordeel het; dit ten spyte van Turner en Tipple se werk oor die sosiale konteks van behuising.

Hierdie verhandeling toets die oorspronklike argumente van die politiek-ekonomie-kontinuum deur nader in te gaan op die empiriese gegewens wat uit die voorstad Rocklands, Bloemfontein, verkry is. In hierdie omgewing verbeter huurders die staatsgesubsidieerde kernhuise deur wat Tipple “transformasies” noem, wat meer van ’n reaksie op sosiale behoeftes as ekonomiese imperatiewe is. Die empiriese analise kyk na die uitkomstes van behuisingsprivatisering wat met die fisiese gevolge op behuising ná die transformasies verband hou, die prosesse in die transformasies wat selfversorgendheid en vindingrykheid beklemtoon en die vermoë van huurders om by die mark te leen en hulle verbeterde bates op die mark te verhandel.

Die belangrikste bevindings uit die empiriese getuienis ondersteun ’n belangrike teoretiese aanname, naamlik dat behuisingsdebatte verder as die binêre politiek-ekonomiese debat behoort te kyk. Die bevindings in die studie weerlê die politiek-ekonomiese aannames wat in die neoliberale en neomarxistiese teorieë aan die hand gedoen word. Die studie se bevindings ondersteun egter Tipple se betoë oor die deurslaggewende rol van die sosiale en historiese konteks van behuising. Wat dit betref, is die belangrikste bevindings in die studie soortgelyk aan Tipple se betoë, naamlik dat privatisering lei tot transformasies wat behuisingstres teenwerk, dat transformasies ekonomiese vermenigvuldigers in die lokaliteit daarstel, dat transformasies buite die grondslag van vaste eiendomsreg om voorkom en dat inkomste nie die belangrikste veranderlike in behuisingsuitbreidings is nie. Die studie gaan verder en wys op die historiese konteks van behuising waarvolgens privatisering ’n manier is om ’n voet in die deur van stedelike Suid-Afrika te kry. So ’n voet in die deur in stedelike Suid-Afrika is

belangrik in die lig van die historiese uitsluiting van swart mense uit stedelike Suid-Afrika. Die sosiale konteks van swart behuising in Suid-Afrika word gekenmerk deur 'n lang strewe na stedelike burgerskap en behuisingsregte. Hierdie eienskappe lei tot 'n unieke behuisingsomgewing wat nie in ontwikkelde lande voorkom nie.

CHAPTER ONE: SETTING THE SCENE

1.1 Problem statement

State owned and managed housing has been the conventional wisdom in international housing provision between the 1950s and the 1970s in many developed and developing countries (Gibert *et al.*, 1997a). However, the management problems of these housing units and the inherent cost attached to them have resulted in the privatisation of a large number of units world-wide, since the 1970s (Fuerst, 1974; Short, 1982; Birch, 1990; Sim, 1993; Balchin, 1995). Privatisation was directly related to the Neo-Liberal policies of the Conservative Party which won the election in Britain in 1979 and the Republicans coming to power in the United States of America in 1980 (Meehan, 1981). The ascent of the Conservatives to power in 1979 was illustrated in two major phenomena with Neo-Liberalist leanings. In the first place, government reduced public spending, including the supply of public houses. Second, households were encouraged to consider homeownership as a way of gaining financial freedom and independence (Lansley, 1979; Dunleavy, 1982, Bramley and Morgan, 1998; Burrows, 1998; Malpass and Mullins, 2002).

At about the same time, governments in developing countries were still grappling with the supply of adequate housing to low-income families. On the one hand, many of these governments in developing countries were faced with addressing the problem of informal settlements, while they could also not afford the subsidisation of state housing anymore. Against this background, significant numbers of low-income families had begun, by the 1980s, to take charge of their own shelter through improving their state-owned housing units. This phenomenon of improving state-owned housing units has been evaluated by Graham Tipple and his co-workers in various developing countries since the early 1980s (Tipple *et al.*, 1986; Tipple and Willis, 1991; Tipple and Ameen, 1999; Tipple, 2000).

South Africa also had its share of government constructed units under apartheid rule. Over 500 000 government constructed and government owned units were developed in

South Africa up to the late 1970s. However, South Africa also embarked on the privatisation route by making state constructed housing units available for private ownership in 1983. Limited progress was made initially, as houses had to be sold at market prices and the fact that it happened in the middle of political struggles, also played a significant role. It was not until the announcement of the R7 500 Discount Benefit Scheme in 1990 that some progress was made in the privatisation process (Alder and Oelofse, 1996). The policy of privatisation was also continued by the post-apartheid government after 1994 (Huchzemeyer, 2001; Hassen, 2003).

Reflections on housing privatisation seems to be dominated by two political economic frameworks, namely Neo-Marxist and Neo-Liberal thinkers. The anti-privatisation ideologists claimed that the housing privatisation process resulted in a great deal of compromise on low-income households (Linnemann and Megbolugbe, 1994; Parkins, 2004). In developing countries especially, anti-privatisation ideologists reasoned that the state should be at the forefront of supplying housing to the poor (Wilkinson, 1984; Bond, 2000). According to the anti-privatisation view, the majority of low-income households was already experiencing the global recession repercussions of the early 1980s and could not therefore be expected to purchase their rental units. These units were seen as too expensive and unaffordable if they were privatised. Subsequently, privatisation could have led to exploitation by the banks and the perpetual homelessness of the tenants. These ideologists assumed that those who were lucky enough to acquire the units would trade them in, in their closed market and create a landlord cartel. They therefore maintained that the rental of state units remained the best measure of providing shelter to the poor.

On the other hand, pro-privatisation ideologists argued that the disposal of the rental properties would lead to positive state fiscus and financially independent owners (Merret and Gray, 1982; Killick, 1989). The state would be able to allocate funds in other social interventions, such as education and health, while the tenants were able to be saved from the perpetuity of tenancy. According to the pro-privatisation paradigm home ownership is essential to ensure that households experience their units as economic assets and a

subsequent development of a secondary market (Emdon, 1993). In developing countries especially, the ideologists argued that the acquisition of private property would introduce new owners to the discipline of credit and that it would lead to the creation of a secondary housing market (Zanetta, 2004).

Against the above background, the following key questions will guide the research:

- Are the Neo-Marxist assumptions that privatisation will lead to landlordism; an increased financial burden on the poor; and increased housing speculation which will displace the poor; valid in the case study area?
- Are the Neo-Liberal assumptions of the importance of ownership; the development of a secondary market; and the experience of a house as an economic asset; valid in the case study area?
- To what degree do the privatisation processes and outcomes confirm or disagree with the seminal work by Tipple (Tipple *et al.*, 1986; Tipple and Willis, 1991; Tipple and Ameen, 1999; Tipple, 2000) and how should these aspects be understood?

Although the above questions have been asked at a conceptual level, no thorough research has been conducted on the impact of housing privatisation in South African townships. Some preliminary work includes that of Masihleho (1979) and Mather and Parnell (1990). In respect of the above background and questions, I argue that a theoretical gap exists in housing privatisation in South Africa and this gap is elucidated by the following three main points:

- Much of the debate on housing supply and consumption has been based on the binary state-market continuum, without consideration of the influence of other profound variables, such as the socio-cultural aspects or other social theories of privatisation.
- Tipple's work on the ability of low-income families to improvise on core state housing has never been taken seriously by both research and policy interventions in the South African context.

- There is a general absence of empirical research on the outcomes and consequences of housing privatisation in South Africa, despite some conceptual work in this respect.

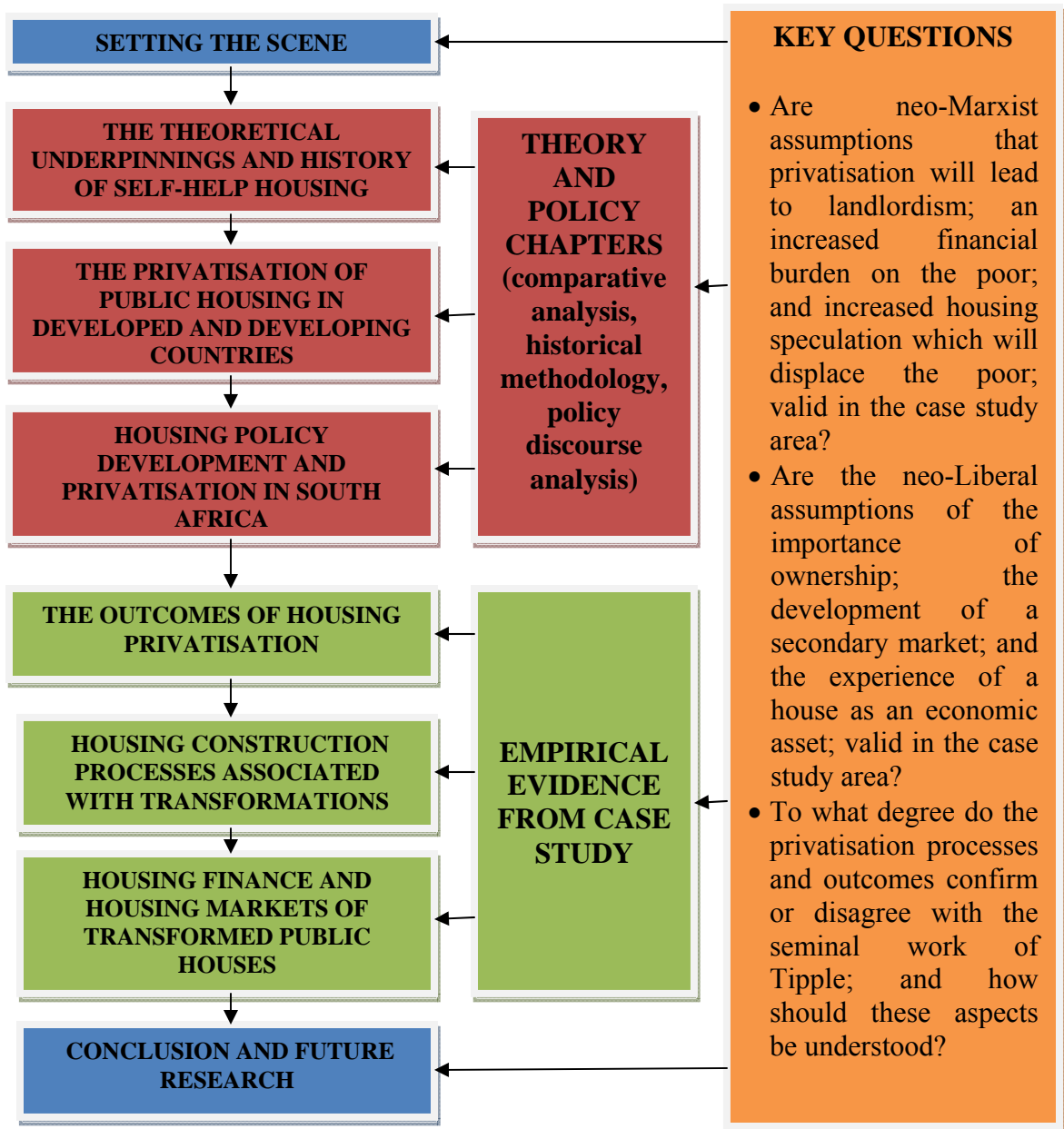
1.2 Aims and objectives of the study

Against this background, the aim of the dissertation is to revisit conventional wisdom about housing privatisation in the South African ‘former black townships’. The aim will be achieved by analysing the processes and outcomes of housing privatisation in the former black township of Mangaung in Bloemfontein. The following specific objectives are set (also refer to Figure 1):

- To assess the context of self-help housing in developed and developing countries;
- To provide an international and national literature overview of user-initiated transformation processes (self-help housing) in the housing environment;
- To assess the housing privatisation process in developed and developing countries by means of historical methodology;
- To assess the history and current policy context of the post-apartheid housing policy in South Africa;
- To assess user-initiated transformations in a South African case study;
- To assess the building processes utilised in user-initiated transformations processes;
- To assess the financial impact of user-initiated transformations processes; and
- To make conclusions on the impact of the housing privatisation process in SA and to discuss the relevance of the current SA policy to enable households to do self-provision or self-promotion.

Two main arguments will be made in the dissertation. In the first place, it will be argued that such binary assessments of housing privatisation within mainly political economic frameworks have serious shortcomings and that other theoretical frameworks might help to improve current understanding. Secondly, I shall also argue that some contributions can be made to the theoretical understanding of the work of Tiple regarding self-provision of shelter.

Figure 1: A diagrammatic representation of the study



1.3 Conceptualisation

Throughout the study, the following terms will be mentioned frequently, and the majority of key terms explained further, below:

- Housing
- Public housing/ State subsidised housing/ Council housing stock
- Transformations
- Owner building
- Self-help housing
- Housing privatisation
- Rental housing stock
- Low-income housing
- Self-building
- Self-promotion

It is necessary to expand on the meaning of the abovementioned concepts within the context of how they are defined in the literature and how they derive meaning in this study.

Housing is defined as a variety of processes through which habitable, stable and sustainable public and private residential environments are created for viable households, as noted in Napier (2001). In this study, housing shall be used in the same context with an emphasis on housing in public environments. The emphasis of the study is on the change that occurred in *public housing stock* that was robustly constructed in township areas since the 1950s. The public housing stock is used in the same context as noted in Calderwood, (1953) and Morris (1981), where specifically, public housing was meant for black South Africans, the racial group mainly afflicted with shelter problems.

The process of changing the shape and size of the public houses is referred to as *transformations*, as noted in Tipple (2000). However, Tipple (2000) also allows for the use of the word “*transformations*” to refer to a product borne out of a transformed public housing unit. For the

purposes of this study, transformations shall likewise be used to refer to the process of altering former public housing units, as well as the product resulting from the transformation process.

Owner building may refer to any process where the household fully engages in providing their own means of shelter outside state support, such as used in Pooley (1992). As noted earlier, *transformations* is a lofty word introduced in Tipple (2000) and other relevant articles to define owner building which is used to change and reshape former public houses. This study shall refer to owner building when defining family efforts of providing own shelter, especially in the developed world countries such as Britain, Canada and Australia in Chapters Two and Three.

The dominant feature of the political landscape worldwide during the 1980s has been a shift to the right. The emphasis on market mechanisms and the private sector has had a profound effect on the thinking of both governments and donor agencies (Devas and Rakodi, 1993). The concept of privatising state goods and services in favour of private agents has long dominated the agenda of the Conservative government in Britain, particularly towards the end of the 1970s. *Housing Privatisation* is defined as a process of housing where the state limits its influence as regulator and cuts public spending in favour of a more rigorous private market. The new neo-classical economics led its proponents to believe that the transfer of former public stock into the hands of individuals would lead to more of a sense of responsibility; higher productivity and self-worth on the part of the new owners (see Killick, 1989). Devas and Rakodi (1993) purport that the emphasis on market mechanisms and the private sector have also had a profound effect on the thinking of donor agencies. In this study, housing privatisation shall also refer to public housing stock off-loaded onto tenants, both in the developing and developed countries as a matter of state policy.

The reference of state subsidised housing in townships that had been supplied since the 1950s as black housing appears commonly in the literature (Morris, 1981; Soni, 1992). In other instances, state subsidised housing may simply be referred to as council housing or public housing (Horita, 2000; Lansely, 1979). Other authors such as Napier (2001) chose to stick to the term *core housing*, probably because his study evaluated the consolidation paths of houses that may be termed informal. In some instances, as preferred in this study, houses supplied by the state may

be referred to as *rental housing stock* by virtue of temporary tenure arrangements popularly attached to these houses through the years (see also Dewar, 1982a). In this study, I prefer to use the term ‘rental housing stock’ to emphasise that these state subsidised houses were mainly built in South Africa with a view to perpetual rental by the tenants.

The terms low-cost and low-income housing in Tipple (2000) are used interchangeably to refer to public housing structures against their structural values and the economic context of their occupants, respectively. I have chosen, in this study, to stick to the term *low-income housing* as a way of depicting the general economic circumstances in townships. Amongst other things, the purpose of apartheid was to contain blacks without allowing them progress of movement up the income ladder in the townships. Nevertheless, the use of the word “*low-income*” would not necessarily restrict their getting out of the low-cost housing mentality per se. low-income housing will therefore be relevant in emphasising the subject, rather than the perceived object as the main agent of change in the process under discussion (see also Marais and Krige, 2001).

Self-help housing is seen as a house provisioning process that happens with or without state assistance, but the household is seen as the main initiator of the process (Mathey, 1992; Wakeman, 1998; Ruonavaara, 1999). In this study, *Self-help housing* will be dealt with from the perspective of self-help proponents such as Ward (1979) and differentiated from owner building which does not involve state support. Self-help as opposed to owner building provides for further interpretations that measure the effort of self-reliance such as *self-promotion* and *self-building* which are fully explained in Chapter Two.

1.4 Delimitation of the study area

In this study, Mangaung refers to the former black township linked to the secondary city of Bloemfontein situated in central South Africa (see Figure 2 below).

Figure 2: *The location of Mangaung in Bloemfontein, 2012*



Schoeman (1987) explains that Bloemfontein was established as a military garrison in the mid-1850s and slowly picked up a segregated shape of the white north and the black south, such as other cities in South Africa. The white suburbs in the north comprise mostly middle-income private housing, while the south comprises mainly state subsidised low-income housing. The state policy of low-income housing played itself out in the south throughout the 1900s (see Chapter Four). The city of Bloemfontein has approximately 400 000 inhabitants, of whom approximately 280 000 reside in Mangaung. Overall, approximately 6 000 state rental housing units had been constructed by 1968.

By 1968, all land expansion was stopped and the urbanisation of black people was channelled to Thaba Nchu (1968 - 1978) and thereafter, in 1979, to Botshabelo (Krige, 1996). The mid-1980s saw the first expansion of the township (since 1968), albeit for middle-income black people (Marais and Krige, 1997). By 1990, massive land invasions had begun to take place as people

infiltrated open land adjacent to Mangaung Township (Marais and Krige, 1999), while poor people accessed land in and around Bloemfontein for the first time since 1968. At the same time, the privatisation processes, initially effected through the Great Sale and later through the Discount Benefit Scheme, also occurred in Mangaung. Figure 3 below identifies the study area in Rocklands, Bloemfontein.

Figure 3: *The location of rental housing in Rocklands, Mangaung, 2012*



The area shown in Figure 3 above comprises more than 6 000 public rental houses that were built between 1950 and 1968 (Nienaber, 2007). The study area is situated in the south-east of the city which typifies township environments in most South African areas that are far-flung from city centres. The sample used comprises 390 households and covers an acceptable 6.5% of the population of state-owned housing units in Rocklands, Mangaung.

1.5 Theoretical assumptions and paradigms

The international literature often notes that research on low-income housing policy is strongly influenced by political-economic assumptions and paradigms (Pugh, 1996; Kemeny and Lowe, 1998; Dodson, 2007). The two most prominent paradigms of Neo-Liberalism and neo-Marxism have been used extensively in comparative housing research, in both developed and developing countries. South Africa seems to be no exception in this respect (Venter, 2010). Although research on housing privatisation in South Africa is limited, critical reflections thereon have been mainly from a Neo-Marxist perspective (Wilkinson, 1984; Bond, 2000). However, these criticisms have come mostly from a conceptual point of view and the amount of empirical research available has been limited.

Considering this one-dimensional political economic approach (either Neo-Marxist or Neo-Liberal) to housing research, Venter (2010) has noted that housing research in South Africa could benefit considerably from turning towards social theory instead of political economic frameworks. Venter (2010) further argues that since the mid 1990s discourse analysis has been recognised as an increasingly important analytical tool in academic housing research. In this respect, policy theorists such as Kemeny (2001) have advocated that housing studies should be brought closer to theoretical developments in the social science disciplines. Contemporary researchers are now employing critical or post-structural theories of discourse analysis to housing studies, as opposed to previous positivist theories (Kemeny, 2001; Hastings, 2000; Marston, 2002; Jacobs, 2006).

The most important contribution linking comparative research to housing emanates from the work by Kemeny and Lowe (1998). They built linkages from earlier work done by Kemeny (1992) on the three main approaches to comparative research; namely the particularistic, convergent and divergent approaches. Firstly, the particularistic theory focuses exclusively on the uniqueness of each country and housing policy research by the World Bank and the European Union, the latter which is strongly inclined to being particularistic in nature. Secondly, the convergence theory assumes that countries with economic and political similarities can apply similar housing systems. Thirdly, the divergent theory attempts to differentiate between patterns and typologies of housing systems and draws on the theoretical foundations of the social sciences

to produce conceptualised explanations. Lawson (2006) argues that these approaches are used interchangeably to clarify not only the logic, but also the nature of causality in housing and urban analysis and phenomena. Comparative analysis as a methodological tool has been widely employed in South African housing studies (for differences and similarities studies see Gilbert 2000; Omenya, 2005 in Venter, 2010). The majority of these studies is, however, based on political economic theoretical explanations, and is lacking in sociological theories to explain the similarities and differences of housing paradigms. There are however, other new comparative methods that show that South Africa has a tendency to become locked into a particular pattern of policy development (Gilbert, 2002; Pottie, 2003; Tomlinson, 1998 in Venter, 2010). However, there remains little interaction between debates on comparative methods in the social sciences with contemporary housing studies (Kemeny in Hoekstra, 2005).

The other approach developed in later years to enrich the divergence approach and strengthen the critique of convergence theses is the path dependency model which relates strongly to historical methodology (Mahoney and Rueschemeyer, 2003). Jacobs (2006) defines historical methodology as entailing an analysis of a chronology of events and phases that happened in a certain period of time (see also Ball *et al.*, 1988). It provides a variety of possibilities for more conceptual analysis. There are three approaches applicable: firstly, the identification of patterns; secondly, the interaction between wider social discourses; and thirdly, the impact of policy in a country. Venter (2010) concludes that through historical analysis, it is possible to differentiate between policies which have a far-reaching impact and those that have a limited effect.

Against the above background, the study uses an eclectic approach. In the first place, historical methodology is commonly used in Chapter Two, Chapter Three and Chapter Four. The historical context which shapes privatisation cannot be ignored. Furthermore, an understanding of chronological policy developments is also important. Chapter Three and Chapter Four also fall back on policy discourse analysis within the framework of historical methodology. Much of the research is also embedded in comparative research; for example, comparing developed countries with developing countries and comparing South Africa with other countries. Finally, the empirical evidence that was gathered has been quantitative in manner and cannot be loosened from general positivistic approaches to research.

1.6 Methodology and research procedure

The methodology to collect the necessary data in this study comprises a number of methodological procedures. The five main segments of the methodology consisted of desktop literature research, a survey of the study area, a deeds search, photo captions and expert interviews. Firstly, in the literature research, a diversity of literature (books, journals, theses, media, conference papers, films, and the internet) was consulted to build up a picture of the emergence of public housing policy and its subsequent development from rental to ownership. It needs to be noted that the backbone of the literature research is built up from work done by Graham Tipple and co-workers on the ability of low-income households to provide adequate shelter for themselves (Tipple, 2000). The views of Tipple on transformations appear frequently throughout the study.

Secondly, a quantitative survey of 390 households was conducted in the study area through systematic random sampling with the assistance of two fieldworkers. The survey relied on personal interviews with the person viewed as the household head. The questionnaire was designed in two parts: firstly, it looked at the biography of the household, covering details such as family composition and the family life cycle; the levels of poverty; and factors contributing to extension or non-extension of the house. The second part of the questionnaire focused, amongst other things, on the financial management of the family unit; links to financial sources; the arrangement of building works; and the relevance of local authority regulations (see Annexure A for the questionnaire).

Thirdly, a deeds search was conducted on the 390 households surveyed in the study area. The question of tenure is considered to be a critical factor in encouraging household heads to transform, but it may not necessarily be the only factor applicable (Tipple and Ameen, 1991). Therefore, the deeds search would assist in analysing whether household heads transformed before or after purchasing their rental units.

Fourthly, transformations are brought about through a physical change of the original core house (see Chapter Five). I considered it necessary to take pictures that could tell the difference between the past and the present. The picture captions have been taken in a manner that shows a

change, not only of the individual houses, but of the surroundings as well. The photographs could also be useful in elaborating on further research work that may happen in the future, so as to reflect what was observed in the past.

Finally, there were instances where knowledge sought around the subject matter could not be found in the literature or in answers from respondents. I then took the initiative to consult frequently with experts on specific matters, such as government officials, academics, building contractors, property developers and any other useful sources.

1.7 The research agenda

The research is structured as follows:

Chapter Two (The theoretical underpinnings and history of self-help housing) assesses the history of the housing privatisation processes and practices, as well as the theoretical underpinnings related to self-help housing in developed and developing countries by means of a comparative analysis. It commences with an assessment of self-help housing and housing consolidation (incremental housing) in the developed world. This is followed by an assessment of self-help housing and transformation (modification of state subsidised rental housing) in the developing world. Finally, the chapter concludes with a comparison of how self-help housing processes relate to one another in developed and developing countries.

Chapter Three (The privatisation of public housing estates in developed and developing countries) discusses housing privatisation by first looking at how state policy in developed countries favoured mass housing provision, followed by private ownership in later years. Furthermore, the housing policy approach in developing countries will be assessed against how it followed the road travelled in developed countries. Finally, a brief revisit is made on how self-help housing efforts are closely associated with housing privatisation in developing countries. Historical methodology and comparative analysis are central to this chapter.

Chapter Four (Housing policy development and privatisation in South Africa) focuses on the assessment of self-help housing, the housing privatisation process and its impact, specifically

for South Africa. The chapter uses historical methodology and policy discourse analysis to discuss the history of black housing and policy developments.

Chapter Five (The outcomes of housing privatisation) assesses the resulting impact of incremental housing processes on the original core structures and to some extent, on the neighbourhood as a whole. It begins with a brief re-visit of the literature overview of the empirical evidence of the morphology of state housing transformations for developing countries. Secondly, the chapter considers aspects that impact on housing transformations in the study area of Mangaung, and makes comparative deductions against the realities found in developing countries. Thirdly, the chapter considers the effects of the transformations process in the housing environment.

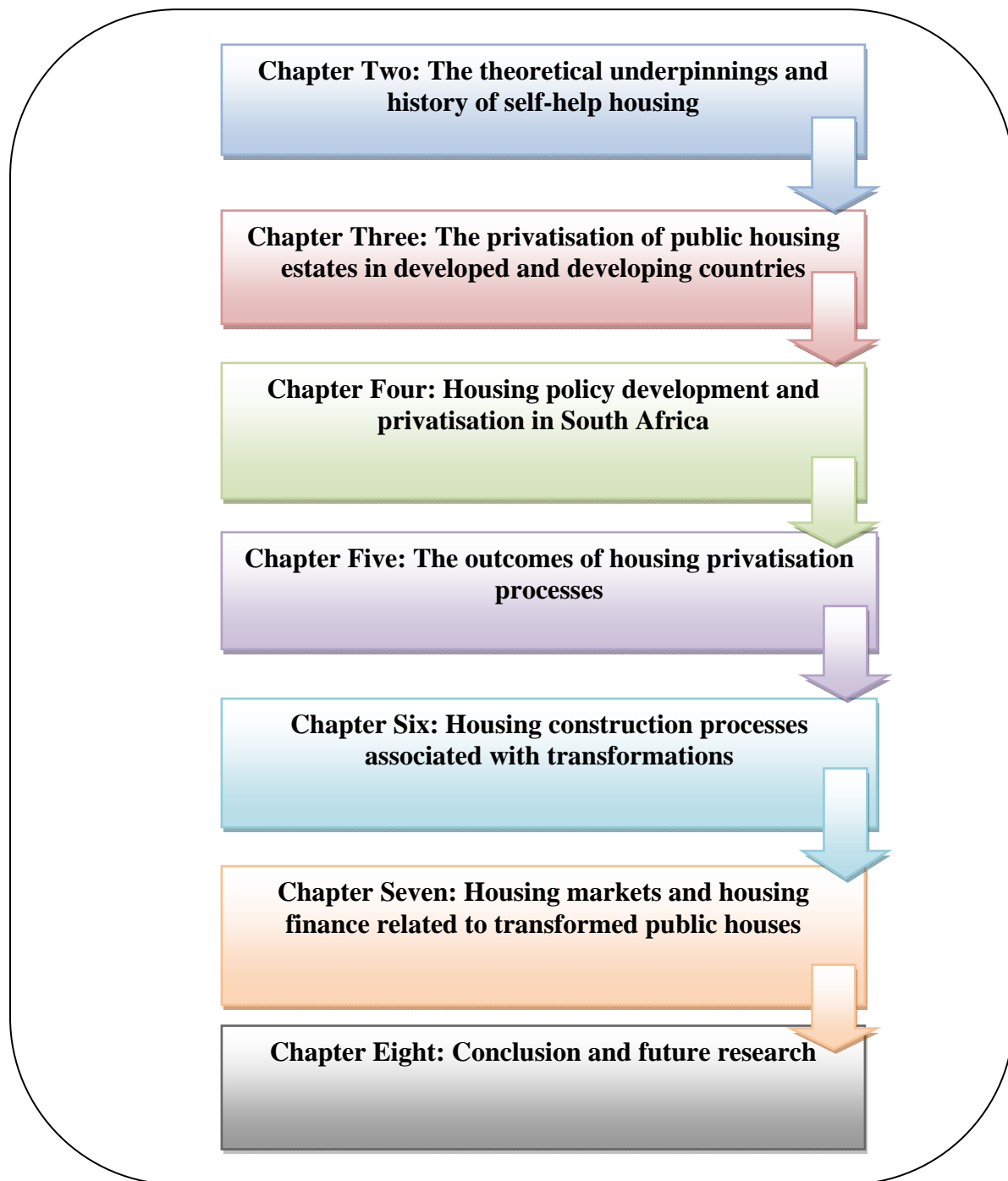
In **Chapter Six (Housing construction processes associated with transformations)** the focus is on the analysis of the processes that give rise to a transformed rental core house. It begins with assessing the role of sweat equity in developing countries in comparison to the study area. Secondly, it looks at the difficulties involved in the process of owner-building in the study area. Thirdly, an assessment is made of the level of satisfaction of households in terms of contracting work out. Lastly, the chapter looks briefly at the work of a contractor within the study area.

Chapter Seven (Housing markets and housing finance related to transformed public houses) discusses the processes of housing finance and markets and evaluates the tendencies of transformers to engage in various economic activities related to transformations. It begins by looking at the end users in the low-income housing market in the study area. Secondly, it analyses how low-income households in transformed state houses have relied more on household or informal resources than on credit to achieve their goals of bigger and more inhabitable houses. Thirdly, it assesses the secondary housing market in the study area. Fourthly, it interrogates innovative methods of capital accumulation related to the transformed houses in the study area.

In the final chapter, **Chapter Eight (Conclusion and future research)**, an attempt is made to conceptualise the main findings of the research in an integrated and coherent manner, in order to provide a framework that can be used in future policy interventions relating to public housing

privatisation. A range of future research possibilities is also identified. Figure 4 below shows the flow of the chapters.

Figure 4: *Schematic presentation of the flow of the research*



CHAPTER TWO: THE THEORETICAL UNDERPINNINGS AND HISTORY OF SELF-HELP HOUSING

2.1 Introduction

Self-help housing is not uncommon in human settlements, both in developing and developed countries. As already mentioned, housing consolidation processes related to housing privatisation are closely associated with the concept of self-help housing, albeit self-help housing is not always related to housing privatisation. The aim of this chapter is to assess the theoretical underpinnings and history of self-help housing in developed and developing countries. A significant body of literature exists on self-help housing in developed (see Kolodny, 1986; Ruonavaara, 1999; Dingle, 1999; Schulist and Harris, 2002) and developing countries (see Turner, 1969; 1976; Payne, 1984; Sinah, 1991; Tipple, 2000). However, an appropriate comparison of self-help housing between these two categories of countries is somewhat limited (see Holland, 1988 as one of the few exceptions in this respect).

Considering this aim, the chapter is structured as follows. It begins with an assessment of self-help housing and housing consolidations (incremental housing) in the developed world. This is followed by an assessment of self-help housing in the developing world. The last section considers the relationship between self-help housing and the transformation of public housing.

2.2 Self-help housing in developed countries

Holland (1988) argues that the abundance of research work on the problems of (and solutions to) shelter for the poor in the developing economies creates a blur and removes focus from the basic understanding of low-income housing in the developed world. Despite the availability of significant history on the emergence of self provided shelter from the late 1800s and early 1900s in America, Europe and Australasia, these efforts have not been well documented in the English speaking world (Holland, 1988; Schulist

and Harris, 2002). In this respect Clapham *et al.* (1992) cautions that individual self-provision has been largely ignored by housing researchers and policymakers in Britain, and has hence been inadequately understood. This section provides an overview of the evolution of self-help housing in the developed world.

2.2.1 The beginnings of self-help housing

Various studies show that self-provision of shelter was a norm in the early 1900s in urban areas in many developed countries (Kelly, 1970; Hardy and Ward, 1984; Harris, 1999). Available evidence shows that self-help in some cases favoured the poor in the city outskirts and in other cases isolated the poor in inner cities, mainly because of dominant landlordism (see Pooley, 1992). This dual outcome was mainly the result of the state leaving shelter provision at the hands of landlords and private builders. Duncan and Rowe (1993) explain this domination by landlords and private builders further when they note that though explanations for self-help housing are haphazard and non-exclusive, self-provision refers to a housing provision form where the household itself acts as promoter and developer. Within this context, the household finds finance, buys land, manages the production of the product and eventually owns the finished product. The commitment of a poor household to acquire a piece of cheap land in the outskirts of town came as a result of pressure to own housing as opposed to renting housing stock in the inner city.

There are also instances where self-help housing is, to some extent, embraced by the state machinery and is referred to as aided self-help housing (see Dingle, 1999; Harris, 1999). Holland (1988) cites that the best known and most successful example of aided owner-building is the Stockholm City Council Project of 1927. On the other hand, unaided self-help housing can be seen in the struggles of squatter settlers in Greece who are illegally subdividing plots (see Leontidou, 1990). It is in such cases where the incorporation of sweat equity (in self-building) and neighbourhood networking (in self-promotion) become key factors in home ownership.

However, poor households have not always benefitted from initial self-help housing efforts. Pooley (1992) correctly observes that the local authorities and mortgage financiers favoured up-market housing in the 1920s and 1930s. Consequently, the poor were trapped in exorbitant rentals in the inner city slums. Self-help housing in the developed world therefore highlights the failure of direct state housing supply and mortgage housing to cater for the needs of the poor.

2.2.2 Reasons for the development of self-help housing

Literature on self-help housing in developed countries reveals a number of reasons for the development of self-help housing processes in developed countries. The first main reason was that cheap land provided the opportunity for some dwellers in inner city slums to escape the clutches of downtown stress and filth and relocate to the periphery of the inner cities. Essentially these former slum dwellers were responsible for the construction of their own housing units on the urban periphery. This self-help process is explained in detail by Hardy and Ward (1984) when they showcase self-help housing development in England between 1890 - 1930. The English city dwellers opposed the soaked grey of the city slums and opted for plot lands lifestyle in the green countryside in South Essex, England. Plots of land were bought cheaply, not only by the poor but the affording elite, and they put up makeshift houses at their own pace and using their bare hands. A significant percentage of plot lands developed before 1914 but the majority cropped up in the 1920s and 1930s. Harris (1991) estimates that by 1905 self-building had become a significant factor in residential construction, especially at the bottom end of the market in Canada. Homes built through self-help were more peripheral on the city outskirts and mainly occupied by immigrants who had come to the city in search of better prospects. Kelly (1970) makes the same observation for Sydney, Australia, as rapid land subdivision around the outskirts of the city took root around 1880.

The second main reason for the development of self-help housing in developed countries lies in the demand for housing. Holland (1988) traces the development of owner building in various countries especially Scandinavia, Germany, Australia and the United States

and concludes that self-help housing was in fact a response to the acute housing shortage and high rents observed in various periods stretching from the 1840s.

Thirdly, even in a time of economic crisis, it seems cheaper to build one's own dwelling (through sweat equity) than to purchase (Grindley, 1972; Harms, 1982). Moreover, the income of working class families has always been too small to enable a household to seek mortgage financing from financial institutions. The household will rather opt to acquire freely available resources such as land, and perform further costs saving by building on their own.

2.2.3 The role of the state in respect of self-help housing

Reflections on the role of the state in respect of self-help housing in the developed world are mixed and vary between support, opposition and a neutral stance. There are examples of good cooperation between government and self-help initiatives through Non Governmental Organisations (NGOs). Harris (1991) and Henderson (1998) show that for both Canada and Germany in the 1920s respectively, the state was able to offer cheap land, and good advice. Henderson (1998) notes further that land reform in Germany was appealing in the same period because the availability of land was a fertile ground for self-help housing. The housing co-operatives developed a strong alliance with the state and were a major force in the construction of settlements. In this regard, Ernst May, the leader of the Silesian Homestead Authority is well known for his contribution of encouraging the German federal government to support individuals or co-operatives to set up detached owner-built housing (Henderson, 1998).

In France, Wakeman (1998) notes that a self-help movement called the Beaver movement, worked tirelessly to build homes on individual lots through the mechanism of shared construction expertise after the Second World War. Financing was obtained through property and mortgage loan societies and through forming co-operatives that were eligible for state financing. As in the case of Germany, land was advanced by municipalities at no or little cost. There is also evidence of the support of self-help by the state in Canada (see Schulist and Harris, 2002).

In addition to effective cooperation between government and NGOs there are also examples of direct state support by means of subsidies. In the 1920s and 1930s, Finland made available state-subsidised housing finance to builders for housing production. Municipalities served as security for additional bank loans and administered the distribution of state loans (Ruonovaara, 1999). Financing of co-operatives were also common in Germany (Henderson, 1998) and France (Wakeman, 1998). In fact, Schulist and Harris (2002) indicate that aided self-help housing became theoretically and practically evident in the 1940s as a result of governments trying to support returning war veterans to acquire or build a home on the urban fringe of cities such as in Canada.

However, despite some cases of the state supporting self-help, there are also examples of state opposition to self-help initiatives. State opposition to self-help started to mount in the post-Second World War period. It was in Britain in particular, where the government agitated for massive state housing supply (see Clapham *et al.*, 1992). Also in France, the state grudgingly accepted progress made by the self-help movement in providing single family dwellings. The half-hearted acceptance by France was because the state received funding for reconstruction from the US, which preferred a dominant role for building societies at the time (see Meehan, 1981).

The third dimension of state relation to self-help housing is the type of neutrality that state agencies in some countries adopted. In Australia, Dingle (1999) paints a picture that is biased towards state support on self-help housing despite limited intent to support it. Although governments ignored owner builders, some of their policies inadvertently aided them, for example access to building materials through stimulation of imports like clay brick, cement and roofing tiles (Dingle, 1999). The state may not be against self-help housing *per se* but will raise concerns about standards expected in terms of formal planning. A concern commonly raised against self-help housing was that building took longer and temporary structures had to be put on site, which brought owner builders in conflict with municipal authorities. The municipalities are the implementers of state policies on settlement planning and expect builders to have authorisation before they build. Romanos (1969) relates this conflict between the self-builders and local authorities

in the case of Athens, Greece, where there is a lack of clarity as to state support or objection to owner building. Further, Harris (1999) acknowledges that self-help housing has in effect never been taken seriously by the state except at the time when it suits them. Self-help housing therefore exists either in serviced or unserviced land depending on the inclinations of middle men or land speculators to bring services legally or illegally nearby. Schulist and Harris (2002) states succinctly that the tendency of owner building in the guise of “site and service schemes” has never taken root in the developed world, while planners and policymakers have largely ignored it. More often, the state turns a blind eye to owner building because the building of settlements precedes their planning.

The above discussions reveal that owner building has not been an issue central to many government policies in housing in developed countries since the early 1900s. State policies and private capital have passively worked hand in hand to support it, or in extreme circumstances, to overlook it (see Leontidou, 1990). Despite this level of uncertainty where the state has either partially supported or neglected self-help housing, the literature review shows that self-help housing has indeed existed and thrived within this controversy during the last century.

2.2.4 Processes in self-help housing

Self-help housing is an action that eventually leads to a product in the form of an adequate shelter, and therefore these actions are viewed in literature as cumulative processes that finally give birth to an entity. Processes in self-help housing hinge around the issues such as (1) the partakers in self-help housing projects (the type of household and its economic/financial capacity), (2) the degree of owner building in the area compared to other forms such as speculative or public housing, (3) the key reasons that prompt families to engage in self-help, and (4) access to resources that enable households to build a home for themselves (see Grindley, 1972; Holland, 1988). The rest of this section assesses the said processes that form the core of self-help housing.

2.2.4.1 Household types

Studies in self-help housing have shown that in the case of developed countries, it is not necessarily the working class who are self-providers. In countries where self-provision is significant, the majority of partakers are middle income families in their 30s and 40s and with no more than five members (Duncan and Rowe, 1993; Clapham *et al.*, 1992). Households with the highest level of housing need and with low incomes are rarely represented but not totally absent. However, Rowe (1989) argues that the poor still have capacity to engage in self-provision. Clapham *et al.* (1992) further argues that capital requirements for self-building are huge and those who survive the process are households that can save. The middle income families engage in self-help mainly to have a more luxurious home than would otherwise have been possible.

2.2.4.2 Propensity to build in the local area

Literature shows that owner building; especially self-building as opposed to self-promotion is likely to occur in areas where there is a propensity towards self-employment and self-reliance such as urban fringes and rural hinterlands. Clapham *et al.* (1992) note, for instance, that Canada and Italy are countries with a higher proportion of skilled builders and there will be more self-building in these two countries than in Norway and France where the majority are self-promoters. However, in the main, most countries exhibit forms of self-promotion rather than self-building, probably because of what Clapham *et al.* (1992) call the cumulative specialisation in society in the modern age. The ratio of self-promoted versus self-built homes differs from one country to another depending on local tendencies and cultures. For example, Leontidou (1990) gives a picture that in Salonica, Greece, where modernity thrives alongside informality, more than 71% of the built up area comprises self-built homes. Duncan and Rowe (1993) give a value of 30% for self-built housing in Italy and France compared to only 6% in Britain in the 1980s. Quite clearly, owner building is dominated by self-building in countries where there is a tendency for self-reliance, whereas it whittles down to self-promotion in countries with communities of low self-reliance.

2.2.4.3 Factors influencing families to engage in self-help housing

Research indicates a number of reasons why families considered self-help rather than other forms of housing provision in the context of developed countries. First, Rowe (1989) argues that sweat equity is the principal characteristic of self-building. In this regard, self-help offers the household the opportunity for cost reduction. The household privatises labour and managerial time and is able to make significant savings. According to Dingle (1999) cost savings can amount to 10% if the household is self-managing/promoting, and if sweat equity is added then 30% or more costs can be saved. Another reason could be that self-help housing may be the only way of owning a house, and finally graduating from the baggage of rental payments. However, Schulist and Harris (2002) caution that methods of borrowing finance can defeat the goal of owner building. Borrowers could actually become tenants until the last mortgage payment. Thirdly, as noted by Ruonovaara (1996), in the case of Finland the concept of home ideology since the 1930s has largely contributed to self-reliance and the quest to own a detached family house. This process involves a commitment towards self-provision as the nearest achievable option. In context, it remains convincing that the choice of self-help housing, especially self-building, is mainly driven by the quest for cost cuts in the building process.

2.2.4.4 Access to resources

Land and capital are the two key ingredients involved in housing provision. The acquisition of land, as a prime resource, occurs within the ambit of the law in developed countries, and matters of illegal occupation or building are rare (Hardy and Ward, 1984; Leontidou; 1990). Romanos (1969) and Leontidou (1990) agree that owner building in Greece constitute a structured social system in post-war Athens, mainly because landowners, middle men and builders form the basis of the owner building process. Peripheral land is bought cheaply by squatters using standard title deeds, and they sell subdivided portions to middle men, who either sell to individuals or builders. Land acquisition in southern Europe is an easy process and owner building could happen far easier than in Britain where the land chiefly is in the hands of the state. Duncan and Rowe (1993) agree that owner building is more likely in cities or areas where land is

either cheap or free. Owner building is significant in north-western Scotland where there are low land rents, and in Norway where around 40% of owner builders got their land freely through inheritance or family networks. Convenient access to land is therefore related to a higher propensity of self-help housing.

Housing production requires large capital outlays that are financed through long term mortgage bonds in the capital market. Ward (1985) notes that even in cases where the state is the promoter, the question of affordability becomes central to state policy. As noted in Section 2.1.4.1 above, the literature review shows that the households that engage in self-help housing vary in character, but are mostly middle class with a sprinkling of ordinary wage earners. Therefore, finance becomes a major barrier for those who have not decided to build, but for those who have decided to do so, finance becomes but one of the ingredients towards building a house (Tipple, 2000). Dingle (1999) singles out the Australians as a nation with high levels of financial self-reliance; despite mortgage lenders discriminating against owner builders, at least 20% built straight from their own pockets. Evidence shows that the majority of owner builders would have made some savings or borrowed from friends or relatives. However, there is a strong showing that throughout the 1900s, the state has made the effort of partnering with private capital to boost owner building. In instances of aided owner building in Finland after the Second World War, the state established the “Own Home Fund” which required the household to make repayments over 27 years at an interest rate of 4.5% compared to the 10% offered by banks (Ruonovaara, 1999). Therefore, convenient acquisition of finance, long term savings, and state support make it easier for a household to afford self-help.

2.2.5 Self-help and incremental housing

An important note was made in the introduction to this chapter that housing consolidation processes related to housing privatisation are closely associated with the concept of self-help housing. However, Napier (2001) notes that unfortunately much of theoretical research in housing consolidation or housing adjustment processes are focused in cases of the developing world (also see Strassmann, 1982; Ward, 1982; Hamdi, 1991; van Lindert,

1992). There are exceptional cases where researchers have delved deeper into consolidation processes though without as much rigour as applied in cases of the developing world (see Seek, 1983; Leontidou, 1990). Clark and Onaka (1983) argue that the gap in housing consolidation research in the developed world is as a result of inadequate data on housing adjustments. This is generally because the developed world is characterised by less urban poverty, more surplus housing and even high quality stock that does not guarantee any adjustments.

2.2.6 Synthesis

In summary, the arguments above highlight a number of themes applicable in the theory and development of self-help housing in developed countries. Firstly, except for Britain and one or two other countries, state housing is not that common across the developed world. The degree of self-help housing over a period of more than 100 years is actually remarkable and more prominent than what is commonly accepted in this respect. Secondly, self-help housing simply refers to a process of shelter provision in which the household, and not the state nor financial agencies, becomes the agent to acquire the necessary resources and gets partially or fully involved in shelter production. Self-help housing is generally typified by three main elements that include freedom of choice, cost reduction and self reliance. Thirdly, the failure of the state and private sector to provide shelter to the poor earlier in the century led to households deciding to provide their own housing.

Fourthly, the availability of cheap peripheral land, acute housing demand and cheaper self-help efforts were the main reasons that led to the emergence of self-help housing throughout the late 1800s and the better part of the 1900s. The resource of land has proved critical in opening up further processes towards self-help housing. The acute housing demand only became an issue earlier in the century, and over time families would engage in self-help efforts mainly because it allowed them freedom to achieve a desired product. Over and above the self-help efforts, the developed world is characterised by high quality stock that does not guarantee any adjustments. Furthermore, it was convincingly argued that the state has always played a role in the

development of self-help housing – directly or indirectly. Sixth, it should be accepted that self-help coincides with a level of informality (even in the developed world) which is sometimes opposed to building regulations. Seventh, self-help housing does not necessarily equate to self-construction although self-construction might form a significant part of self-help. Lastly, sweat equity is the principal characteristic of self building in the developed world. Households consider that it is cheaper to build for oneself especially if more sweat equity is added in the process. The examples of the developed countries teach us that partakers are mainly middle-income families who otherwise wish to increase their chances for a more luxurious home. However, these affording households still consider it important to cut costs in favour of a larger home.

The majority of the above arguments reflected on political and economic reasons and attributes of self-help housing. However, it should also be acknowledged that self-help as has been applied in the developed world is highly dependent on the cultural setting and the degree to which self-help has been entrenched in such a culture. This point is extremely important in terms of the main argument of this thesis highlighted in Chapter One. It suggests that one cannot only use political-economic paradigms in order to assess self-help housing or as I shall argue later housing privatisation processes.

2.3 Self-help housing in developing countries

Urbanisation in cities of developing countries is characterised by overcrowding, informal shelter, squalor and abject poverty. At the same time many state authorities in these cities regard informal housing as a curse. The state commonly responds through slum clearances and relocation to desktop designed, inadequate and user-unfriendly public housing units on the city periphery (Ward, 1985). Ward (1985) loathes this approach of slum clearances and warns that governments must recognise the ability of the poor to feed, clothe and house themselves in co-operation with their neighbours. The writings on owner building in cities of the developing world largely hinge on negative state attitude towards permitting owner building in low-income areas of these cities, usually referred to as squatter settlements (see Laquian, 1983b; Skinner and Rodell, 1983; Mathey, 1992). The theory of owner building in developing countries is hence biased towards viewing

owner building as having a causal relationship with squatter settlement upgrading. This sets self-help housing in developing countries apart from the context of self-help housing in the developed world. Only a few studies focused on owner building in the context of a “protest of tenants” towards the inadequacy of public housing units, and the efforts of these tenants or owner occupiers to transform their space through self-help (see Tipple, 2000 as one of these exceptions). This section analyses the scope of self-help housing in the developing countries; firstly through assessing the emergence of owner building in developing countries, secondly by assessing the influence of theoretical contributors to self-help housing, thirdly through evaluating the role of the state and other agencies in inhibiting or encouraging it, and finally by evaluating the linkages of owner building processes and transformations in state-subsidised housing.

2.3.1 The context of self-help housing

The section on self-help processes and methods in developed countries used some variables such as household structure, geography, reasons for owner-building, and access to resources, in assessing the nature and scale of self-help housing. Similar variables will be used to evaluate the nature and scale of self-help housing in the developing countries.

Firstly, it is worthwhile to evaluate the type of partakers that engage in owner-building in the developing world, especially that there is much ambiguity on the type of partakers for the developed world. As noted earlier, partakers in self-help initiatives in developed countries were mainly middle income families. In contrast, it is mainly low-income families in developing countries who engage in owner building of significance (see Gough, 1998; Kardash, 1999). Dewar (1982b) notes that the state agencies in developing countries have failed to provide adequate shelter to the majority of poor families who cannot afford mortgage financing. As mentioned previously, the poor households break out of the shelter entrapment by taking charge of their own housing. Therefore, the type of partakers in owner building in developing countries comprises the majority of poor households that are trapped in informal environments before the gradual upgrade of these neighbourhoods through subsequent state interventions (see Harms, 1982; Gough, 1998).

Essentially, the poor is left to fend for itself as a result of the failure of the state and private capital to provide the most basic shelter resources.

Secondly, unlike the situation in developed countries, sweat equity (cost savings at 15% or more) is not a major driver prompting households to start self-provided housing in developing economies. Kool *et al.* (1989) correctly notes that in the developing countries housing problems have unfortunately been left to the poor to try and solve by themselves, and so basic shelter with no intention to save is a norm.

Thirdly, the network between rural hinterland (where there is a propensity to self reliance) and the urban areas, allows for the continuity of building skills and self-reliance in urban settings of the developing countries. Smart (1993) and Gough (1998) argue that households in developing countries are more likely to engage in self-building than self-promotion because of innate skill and propensity to manual work as experienced in rural areas.

Fourthly, because the basic resource in shelter development (for example land) is acquired mostly outside the remits of legal systems, it automatically makes owner building to be commonly viewed as an illegal process. However, there are instances where land could be bought formally and used for owner building. In some instances, like in the developed world, the land could be got for free or inherited (see Mathey, 1992). However, in many instances the majority of squatters would have paid something before occupying the land. These payments for land show the existence of some property markets in these areas that are mostly contrived due to despair and dire need and which most of the time function outside the ambit of the formal economy.

Fifthly, there is at least some relation between the squatters or owner builders and the state authorities. Squatters in the developing countries are often seen as potential political supporters who are eventually included in the city or town map when any political threat ensues (see Gough, 1998). Turner (1969) concludes that for the poor, the principal vehicle of social and economic improvement is the ownership of land on which

to live and little by little, build a permanent structure. Recognition of squatters as part of the townsfolk takes a while, but eventually happens.

Finally, Harris (1998) corrects a misrepresentation about John Turner being the first proponent of aided self-help housing in developing countries. He correctly notes that the term “aided self-help” was coined around 1945 by Jacob Crane who headed the United States Housing and Home Finance Agency (that was conducting self-help work in Peru at the time), as opposed to popular belief that it cropped up in the 1960s through John Turner. Therefore, the popularisation of self effort in housing provision in South America brought the emergence self-help housing as a workable alternative to scarce state-provided housing. In effect, Puerto Rico became the first country in the developing world where aided self-help was made central housing policy (Harris, 1998). Despite this contention by Harris (1998), Turner is probably the most prominent theorist in respect of self-help housing and more detailed discussion of his main ideas is therefore required.

2.3.2 John Turner’s philosophy on “freedom to build”

John Turner remains the author who has been quoted the most in academic work on low-income housing (Harris, 1999). Therefore a discussion on self-help without reference to Turner’s work is incomplete. Turner’s principal contribution to self-help theory is his notion that decentralised housing processes are more efficient than complex and centralised housing systems (see Turner, 1972). In his wealth of writings, Turner implored policy-makers to see squatter settlements as solutions and not as problems. Despite various arguments against Turner’s views (see for example Burgess, 1978; 1982), most authors applaud his contribution towards the understanding of self-help efforts in housing (see Harris, 2001). Dewar (1982b) also agrees that Turner’s views led to three major perceptions that assisted his theories to be laudable, namely: (1) the value of housing is seen in terms of its utility to the user (the term housing should be seen as a verb and not a noun), (2) people can provide housing cheaper than the central body can provide for them, (3) and centralised technologies are incapable of utilising renewable or locally plentiful resources and consequently are dependent on externally provided resources. In his book, *Housing by People* published in 1976, Turner makes a keystone

observation that “the performance of housing is what it does for people and not described by housing standards; monetary or market values cannot be placed on social processes” (see Turner, 1976: 64-65; Dewar, 1982b). What could be inferred from Turner’s statement is that the use value of a house increases with an increase in participation of the occupant in delivering the house through processes, and not through occupying a ready-made house as a product.

As already mentioned, amongst Turner’s harshest and persistent critics was Rod Burgess, who through various writings spanning two decades analysed Turner’s views with scepticism from a Neo-Marxist perspective. Burgess articulated that a house produced within the self-help framework cannot evade the clutches of commoditisation. He contended that self-help housing uses manual labour that gets converted into monetary value once the occupant decides to sell the house (see Burgess, 1978). In general, he saw self-help housing as an entrapment for the poor to be perpetually producing commodities that are subject to capitalist formations and are eventually dictated to by capitalism. He recommended that the state has the constitutional obligation to house the poor, and this obligation should not be distorted by anarchism or glamorous words such as “user value” (see Harris, 2001). For the purpose of this thesis, Turner’s views are critical to consider when analysing both the question of sweat equity in developed economies and that of failure of state housing supply in developing economies.

2.3.3 The role of the state and other aid agencies in self-help housing

Similar to the case in developed countries, the state influenced self-help housing both positively and negatively. Skinner and Rodell (1983) make the observation that the state and Aid Agencies have assisted in transforming the understanding of self-help housing from a technological sense before the Second World War to a decision making sense today. Nevertheless, many authors argue that self-help housing policy has never been made central to any housing policy of countries where there was such a need (Leontidou, 1990; Schulist and Harris, 2002). In the main, evidence shows that the role of the state and World Agencies in either inhibiting or assisting self-help housing has been ambiguous (see Gilbert, 1981; 2000; Pugh, 1997a). A number of reasons can be cited in

this regard but the role of the state is a major contributing reason. Below follows a range of reasons which show both a positive and negative contribution of the state to self-help housing.

The first inhibiting factor is access to land. The role of the state in preventing the poor's access to land has been instrumental and based mainly on political expediency. In studying land acquisition in urban Colombia and Venezuela, Gilbert (1981) observed that the state (because of political implications) generally devoted resources of land and infrastructure to benefit higher income groups more than the poor. The poor only receive a benefit when some major political threat is posed. Since there is limited state housing in these South American countries, the poor rely on the pirate urbanisation market (or the informal market similar to that in developed countries cited earlier in Greece by Leontidou, 1990) which allows them to buy a piece of land without necessarily invading. In this case in Greece, the state abdicates its social responsibility of housing the poor or at least subsidising them.

A second inhibiting reason in respect of self-help housing has been the fact that state authorities in the developing world adopted high standards in the 1950s and 1960s, and these proved too high for the state to provide adequate housing (Skinner and Rodell, 1983). These standards came as a package in the post-Second World War drive by former colonial authorities to rebuild their former colonies in the 1950s. It therefore became impossible for locals to improvise on their building skills using local materials and informal masonry methods.

The combined failure of the state and the private sector to assist poor households with housing finance is the third inhibiting reason. Gilbert (2000) cites that the failure of the state to work with the private sector in creating adequate mortgage systems has inhibited the progress of owner building. Mortgage funding only favours the middle income groups and some labour groups at the expense of the poor. Mortgage lenders consider smaller loans to be unprofitable, and also fail to analyse self-employed income, thereby discriminating against low-income owner builders.

In contrast to these inhibiting factors, some examples exist of the state playing a positive role in self-help. Turner proposed that instead of condemning and threatening the existing autonomous systems, governments should respect and guide them where necessary (Kool *et al.*, 1989). There are four instances in which evidence supports the willingness of the state to sanction self-help efforts. Firstly, there are examples where governments such as Colombia assisted the growth of well developed financial and housing loan systems such as in Bogota (Gilbert, 2000). These were done in the form of housing co-operatives with loans of lower interest rates than the private sector could offer.

Secondly, in terms of land resources, the state in Venezuela allowed the proliferation of illegal sub-dividers who created a market for land (Gilbert, 2000). The sub-dividers allowed for a 10% down payment over the next three to four years after the purchasing of the plot. Harris (1998) cites the example of Puerto Rico in the 1940s, where the authorities helped low-income families acquire their own home via a land and utilities scheme. The example could not be seen as an innovation of Puerto Rico *per se*, because the scheme was driven by United States Agencies who were pursuing their own agenda of foreign policy. Suffice it to say, state assistance in owner building was not a common phenomenon in developing countries at the time and Puerto Rico became the litmus test for state-assisted self-help.

Thirdly, the state can choose to be ignorant on what is really taking place. Gough (1998) notes that the self-help housing market flourishes where the state has chosen to turn a blind eye and allowed for the pirate land and house market to thrive.

Fourthly, the intricacies brought about by international agencies also played a significant role. The World Bank, for instance, began to consider housing as more of a productive investment than a social expenditure in their policies since the 1970s. This approach by the World Bank meant that poor families had to ensure commitment to savings and keep up to date with loan repayments. However, Zanetta (2004) warns that the World Bank's

strategies and interventions in the last 50 years have been slow and uneven. The next section expands further on the specific role of the World Bank in self-help housing.

2.3.4 The World Bank and self-help housing

To conclude on the impact of state policy in self-help housing, it is prudent to take a closer look at the intricacies that involved the role of the World Bank in self-help housing in the last half century. There is little doubt that the World Bank pursued quite an amount of housing research and housing policy modifications for the developing countries in the last 50 years (see World Bank Reports 1960 to 2000 in Zanetta, 2004).

The intricate relationship between the World Bank and the states of the developing world shows a lack of consistency. The World Bank was launched in 1944 on a neo-classical paradigm to bring about stability and peace through economic development and capital injection (Zanetta, 2004). The 1940s and 1950s were characterised by emphasis in the development of economic infrastructure, with the assumption that the provision of such infrastructure will have a trickledown effect to improve the lot of the poor. The policy in the 1960s focused on boosting agriculture as a key sector of developing economies. However, the rate of urbanisation prompted the Bank to focus on urban projects (including affordable housing) in the 1970s. Overall, the Bank still recognised poverty alleviation as a priority and was advocating for the markets to intervene in this regard throughout the 1980s and 1990s. In the new millennium, the Bank is advancing the ideals of reformed state institutions that can work better with the markets to improve the lives of the poor. Zanetta (2004) is critical of the constantly changing paradigms of the World Bank and insists that they were more about geo-political domination in which the poor were the worst affected. However, other authors acknowledge that the Bank finally got it right by matching localised public systems with reformed markets to arrest poverty, including housing (see Dewar, 1982b).

As mentioned earlier, John Turner intercepted in the first period in the 1960s by advocating that the state should listen to the needs of the poor concerning housing and that the poor carry relevant answers for their plight in shelter issues. Dewar (1982b) and

Pugh (1997b) also highlight that Turner's views were incorporated into the Bank's strategy of directed subsidies from the 1970s onward. However, it should be noted that the Bank to a large degree economised Turner's ideas and that the original rationale for self-help by Turner became an economic rationale. What was originally developed as a liberal response to state dominance in the housing environment was fundamentally used to forward a Neo-Liberal housing policy framework. It is however, well known that the governments of many developing countries continued to destroy owner-built structures and replaced them with unsuitable mass public housing estates for the low-income groups in the last 50 years (see Mukhija, 2003). In its quest to supply mass housing, the state chose to ignore or discourage self-help housing by individual families. However, the Bank's lending programmes always put strict emphasis to programme adherence, a matter that proved difficult to undermine for the developing states. The anarchist views of Turner on the importance of self-help efforts, and the Bank's paradigm of ensuring less state involvement, assisted to boost the role of self-help housing in the livelihoods of the poor (see Dewar, 1982b). It may therefore be concluded that the Bank and the anarchists, with the assistance of low-income households, acted inadvertently to ensure that self-help housing is recognised as an alternative to effective housing consumption compared to public housing systems.

2.3.5 Synthesis

In summary, the arguments above highlight a number of themes applicable in the theory and development of self-help housing in developing countries. Firstly, much as in the case of the developed countries, the failure of the state and private capital to provide housing for the poor has led to the emergence of self-help housing. Secondly, there is an economic bias towards the tendency of households to engage in self-help housing in the developed world. However, this tendency in the developing world is manifest in a basic social need and sweat equity does not become a driving force for families to provide their own shelter. Thirdly, there is a subtle indication according to John Turner that households who owner build in the developing world do not necessarily trade their houses in the market, but work towards increasing their shelters' user value. This emphasis on the user value is essential to the main argument of this thesis in providing a

framework to reason that the political economy paradigm misses socio-cultural aspects involved in housing processes. Fourthly, the role of the state in self-help housing in developing countries is as ambiguous as it appears in developed countries. Lastly, the housing development policy of the World Bank borrowed a social ideal espoused by Turner and economised it to provide Neo-Liberal housing supply agenda in the developing world.

2.4 Self-help housing and public housing transformation

Despite the fact that the majority of self-help housing is related to informal settlements in developing countries, a second form of self-help housing has occurred through the transformation of original public sector constructed homes delivered mainly from the 1950s onwards.

2.4.1 Contextualising public housing transformation

The seminal work of Tipple (2000) teaches policy makers that owner building in urban conurbations of developing cities occurs within the public housing supply system (also see Napier, 2001). Owner building is accentuated as low-income families “destroy” the cumbersome public structures and replace them with suitable self-designed structures. Dasgputa (1990) and Tipple (2000) agree that public housing transformation is a bottom-up approach that seeks to rectify some of the organic and physical deficiencies associated with direct construction of public housing estates. They further agree that public housing transformations are a manifestation of responses of the households to the changing lifestyles in many developing countries. Self-initiated transformation of the neighbourhood establishes that housing is an on-going process of development emanating from the changing needs and lifestyle of residents. Writers agree that in the nature and scale of public housing transformations, the following factors have been evident (see Dix, 1983; Arimah, 1999; Kardash, 1999):

- The majority of partakers in housing transformations are normally the stable low-income households in their middle age or older with a number of children;
- Significant percentages of households normally begin transformation of state houses long before tenure rights are accorded;

- In the process of accumulating resources to improve their structures, households have a clear idea of what housing product best fits their needs;
- Own funds or personal savings constitute the single most dominant contribution in carrying out transformations; and
- In low-income environments, transformations are chiefly prompted by housing stress reasons.

2.4.2 Housing transformations and self-help housing

This section seeks to use similar variables as applied to owner building theory to evaluate possible linkages of self-help housing processes and housing transformations; these variables include the theory, type of households, state role, resources, degree of owner building and reasons to engage in self-help and housing transformations. It is noted that housing transformations may be seen as a manifestation of self-help housing in urban core structures (see Tipple, 2000; Napier, 2001). The theory of self-help housing in developed and developing countries and housing transformations share a common thread that is based on the failure of the state and private capital to supply affordable shelter. Exorbitant inner city rentals and state failure to supply housing to low-income households dominates the theory of self-help housing in developed countries. In the case of developing countries, the fact that the state allocates resources in a skewed manner towards the middle income, gives rise to informal housing supply processes for the poor. By the same token, the state still fails the low-income groups in urban conurbations by foisting desktop designed structures upon them.

The partakers in housing transformations are considered to be the stable low-income households in their 30s or 40s with two or more children. This group bears similar traits to the group observed for self-help housing in developing countries. These two groups engage in self-help housing as a result of despair rather than the zest that is so observable in the self-help processes of developed countries.

The role of the state in all three cases (self-help in developed and developing countries, and public housing transformations) appears to be ambiguous. There is initial ignorance that is later followed by active participation based on political expediency.

Resources remain critical in ensuring that the processes run to completion through the delivery of a complete and usable structure. It again proves difficult to easily access resources through formal means in the developing countries, whether it be for the purposes of self-help or the transformations themselves.

The degree of owner building in the developed countries highlights the levels of zest and passion for households to cut costs. In this process, the innate skill of building and self-reliance is more pronounced than in the cases of developing countries and transformation cases. Households in transformation cases are therefore forced to seek for specialists elsewhere, their counterparts in the developed world seek for more sweat equity by mainly engaging in self-building. Therefore, sweat equity may not necessarily be the major driver to engage in owner building in developing countries, but rather it may be a natural package of securing shelter.

In summary, the methods and processes used to extend core houses in urban cities of the developing countries are similar to those used in informal environments in developing countries. This reality applies for the majority of variables indicated above especially partakers, resources and the state role or regulation. The processes applied in the developed countries are unique and bear limited relevance to cases of the developing countries, whether be it ordinary self-help or housing transformations.

2.5 Conclusion

This chapter compared self-help housing in developed and developing countries. In addition, the theoretical background of self-help housing related to the transformation of public sector housing was also provided. Self-help housing in developing and developed countries emerged from various backgrounds and has been shaped differently by some variables such as resources and the role of the state (see Table 1 below). Although

political economic reasons and state policies in this respect (including policies by international agencies) have played a prominent role in respect of self-help housing, there is enough evidence to suggest that other factors (cultural, housing stress, inflexibility of state housing, different forms of tenure or the lack of ownership) have also promoted or inhibited self-help housing. These social and cultural aspects provide a platform from which I shall argue in more depth that current interpretations in housing studies over-emphasise the role of political economic interpretations at the expense of other social interpretations.

Table 1: *A comparison of housing transformations and self-help housing in developed world, developing world and in relation to public housing transformations*

Concepts	Developed countries	Developing Countries	Public housing transformations
THEORY	Self-help becomes an alternative due to state failure and exorbitant high rentals of landlords	Owner building in developing countries is biased towards viewing owner building as having a causal relationship with squatter settlement upgrading	Owner building is accentuated as low-income families “destroy” the cumbersome public structures and replace them with suitable self-designed structures.
PARTAKERS	Mostly middle income nucleus families	Poor households in informal environments	Stable low-income groups
ROLE OF THE STATE	Self-help housing has in effect never been taken seriously by the state except at the time when it suits them	The role of the state and world agencies in either inhibiting or assisting self-help housing has been ambiguous but to a large degree public housing was supported through state mechanisms to prevent self-help	The state accords tenure rights to inhabitants eventually, though transformations may begin earlier
RESOURCES	The state has made the effort of partnering with private capital to boost owner building; land is obtained for free, inherited or bought cheaply	Own funds and borrowing from friends; land received for free, invaded or obtained outside of state formalities	Own funds and borrowing from friends: land availed as part of core structure
DEGREE OF OWNER BUILDING	Both self-building and self-promotion; the former is more dominant and brings some informality with it	Self-building is dominant as a result of high informality and available local resources	The majority are self-promoters because of high specialisation involved in wiring and other works
REASONS FOR DEVELOPMENT	Failure of the state to allocate resources; the quest to cut costs (sweat equity); home ideology concept of 1930s; high inner-city rentals	The failure of the state to allocate basic shelter resources to the poor, and the popularisation of self-reliance methods by aid agencies in Latin America	Housing stress, and financial reasons
KEY SIMILARITIES	<ul style="list-style-type: none"> • The role of the state: the state is ambiguous in all the three typologies • Resources: own funds are not dominant in developed countries • Reasons for development: the failure of the state to allocate resources in developed and developing countries 		

Having provided a conceptual overview of self-help housing in this chapter, the next chapter looks at the privatisation of public housing estates in developed and developing countries.

CHAPTER THREE: THE PRIVATISATION OF PUBLIC HOUSING IN THE DEVELOPED AND DEVELOPING COUNTRIES

3.1 Introduction

In Chapter Two the history, theoretical underpinnings and the relationship between privatisation and self-help housing were outlined. In this chapter, the concept of privatisation of state housing is introduced and assessed. Housing policy paradigms are mostly rooted, but not exclusively so, into two contrasting political-economic paradigms, namely a state-driven (for some Neo-Marxist or socialist) approach versus a more private sector (for some Neo-Liberal) or enabling approach (see Castells, 1977; Donnison and Short, 1982; Ungerson, 1982; Dickens *et al.*, 1985; Ball *et al.*, 1988). However, some of the latest theoretical developments in respect of housing have broadened theoretical debates on housing considerably (see Williams, 1997; Malpass and Rowlands, 2010). Although these political economic frameworks are commonly used to understand privatisation and have value, I shall argue that there are inherent limitations to using only political economic frameworks.

Against the above background, this chapter seeks to expand on the concept of housing privatisation by first looking at how state policy in developed countries (using Britain as an example) favoured mass housing provision followed by private ownership in later years. Secondly, the housing policy approach in the developing countries is assessed with specific reference to privatisation. Next, the chapter turns to a brief assessment of processes of housing privatisation in developing countries. Finally, a brief revisit is made on how self-help housing efforts are closely associated with housing privatisation in developing countries.

3.2. The evolution of housing policy in the developed countries: the case of Britain

Although tenure arrangements have changed commonly between state and private ownership in many countries of the world, the British experience in this respect is highly valuable to South Africa for two reasons. Firstly, South Africa was a previous British colony and until 1960 it was part of the Commonwealth Countries (though it was again admitted in the post-1994 period). Secondly, during the period of Apartheid, Britain was to some degree a friend of the Apartheid government and the privatisation ideas related to Neo-Liberalism were also applied in South Africa, a process which culminated in the early 1980s.

3.2.1 The early beginnings of housing policy

There is archaeological evidence that purposeful sheltering dates as far back as 360 000 years ago and the housing types of the earliest periods have been repeated in later years (Birch, 1990). From varying periods up to the industrial age, housing took a different form with the move towards separating home and work. By the time the Industrial Age was in full force, the wealthy found comfort in spacious Victorian houses, whereas the poor found some protection in crowded slums such as multi-family tenements or poorly serviced wood-row houses. Simpson and Lloyd (1977) observe that the housing of the working class was perhaps the most intractable social problem of the last century. Since middle class housing was not a problem and could take care of itself, attention was given to resolving the plight of the working class who could not afford decent housing at the height of the Industrial Revolution in the 1850s (Birch, 1990).

The Industrial Revolution changed the fabric of English life and there was a growing population concentration in the expanding towns and cities (Short, 1982). The poor housing conditions reflected the low wages and the high rents, and owner occupation was still for the small minority (see Chapter Two). By the last quarter of the 1800s public opinion was beginning to accept the need for some form of state intervention (Sim, 1993). The philanthropic bodies were shown to have failed and private enterprise could not provide good accommodation in the right place. The Housing Act of the Working

Class, 1885, was therefore passed to enable the central government to give loans to local authority housing schemes.

3.2.2 Local authorities become conduits of housing supply from the early 1900s

The beginning of the 1900s saw the first wave of state efforts to provide low-income housing through local authorities. In 1902, Ebenezer Howard, a self-taught housing enthusiast, suggested in his *Garden City* book that every family should have “a six-roomed” cottage with a good garden (Macguire, 1962). Balchin (1995) notes that the *Garden City* suggestion was a good start; seeing that jerry-building and slum landlordism of the previous century had left a bad mark of tardy housing and congested city environments. Jerry-building was a concept used by masons who acquired unplanned plot lands in the countryside and put up buildings for sale (also see Chapter Two). Garden cities were to grow not from the centre, but with the establishment of satellite nodes connected by transport linkages (Sim, 1993). The type of houses put up in the Garden City became popular in the years which followed, both among owner occupiers and among housing authorities putting up their new housing estates. The garden city idea hence laid a foundation for future housing and settlement prototypes.

In line with the Garden City philosophy, the first council housing in Britain was laid out between 1904 and 1914 (Sim, 1993). However, the size of these council houses was limited to three or four rooms, a standard lower than recommended in the Garden City concept. Despite the role of the Garden City in addressing the problems associated with poor housing, Bendixson (1974) opines that the modern idea of public housing gained impetus during the First World War. The pressure to provide public housing came from increasing levels of overcrowding as more and more conscripts were declared unfit in the First World War. Subsequently poor health conditions were common. Around this period, most people lived in rented housing (mostly private rentals and not state rental housing) and only 10% or so of families were owner occupiers (Short, 1982). Estimates suggest that by the end of the war in 1918, there was a deficit of 600 000 dwellings (see Sim, 1993).

3.2.3 The period between the First World War and the Second World War

The period between the First World War and the Second World War is typified by the insistence of both the Conservative and Labour party governments in supporting public housing programmes. However, this trend which favoured public housing was annihilated by economic conditions that favoured a private sector boom in the 1930s and early 1940s. The Conservative Party ruled intermittently from 1914–1929 and their policies were based on a fundamental belief in the efficacy of market forces (Short, 1982). They imposed expenditure cuts for council housing and attempted to intervene in private rent controls with the intention of encouraging owner occupation.

Yet, parallel to the phase on increasing owner-occupation, Sim (1993) shows that in the period after World War I the government amended legislation that ensured more state intervention for bigger houses for war heroes. The Tudor-Walters Report (1918) advocated for 900 square feet, three bed-roomed houses with an internal toilet and hot water. Further, the Addison Act (1919) introduced the principle of state aided housing. However, the Labour Party won the elections in 1929 and the slum clearance dominated the 1930s through the Greenwood Act (1930). According to the Greenwood Act, local authorities were compelled, through massive subsidies from the state, to build upwards. Subsidies were dispensed in terms of a number of people re-housed to the costly inner city (Sim, 1993).

Up to 1938, private sector completions had topped 250 000 for four years in a row and the 1930s was a period of private boom. Despite the Labour Government's policy on mass inner city public housing, private sector housing had become successful in the 1930s, such that later during the Second World War, it was considered the best way to provide post-war housing to the ravaged cities. However, Balchin (1995) opines that owner-occupation became particularly attractive in the 1930s, as a necessary response to lack of choice rather than the reaction of households against renting.

3.2.4 Public housing delivery: 1945 – 1970

Although the period after the Second World War was mainly dominated by mass public housing provision, various governments (irrespective of the party in power) also emphasised private sector and owner-occupation housing. There seem to be three main regime changes which influenced housing processes during this period.

First, the period immediately after the Second World War prioritised public provision of housing over private (Malpass, 2003). The demands for improvements in social welfare in a post-war environment were crystallised in the massive election victory of the Labour Party in 1945, and were also visible in the public sector housing provision (Short, 1982). The long term plans of the Labour Party placed a major emphasis on council housing, and this was shown through the passing of General Needs Housing Act, 1949, which emphasised housing provision for each citizen. Malpass (2003) also notes that the Labour Party was fundamentally a socialist party committed to nationalisation and emphasised public authorities as the only agent that could deliver houses efficiently and speedily.

The second phase was introduced with a Conservative election victory in 1951 which saw the Tories remain in power until 1964. Housing was a key issue in the 1951 General Elections and the Conservatives pledged a target of 300 000 houses a year to tackle the shortage through private sector interventions – as opposed to the public sector emphasis by Labour (Short, 1982; Sim, 1993). Sim (1993) gives a picture of the private sector drive that accompanied the Conservatives' policy between 1951 and their exit in 1964. At the same stage owner-occupation was emphasised. In 1951 only 29% of households lived in owner-occupation compared with a proportion of 45% by 1964 (Sim, 1993). The first wave of public sector housing privatisation was introduced through what was called the Chamberlain Doctrine when local authorities were encouraged to sell council houses and provide funds for house purchasing around 1958. Furthermore, owner-occupiers were exempted from some forms of income tax in an effort to encourage private ownership.

Thirdly, the Labour Party came into power in 1964. During this phase, Labour used public housing output to stimulate the economy (Short, 1982) in order to counteract previous Tory gains in respect of ownership. While the initial emphasis on public sector housing continued, Labour's ideological opposition to owner-occupation disappeared. In fact, the Labour Party began to view owner-occupation as normal. This paradox led to the second wave of housing privatisation. The Labour government passed the Leasehold Reform Act, 1967, which gave the tenant the right to receive ownership (Balchin, 1995). Noteworthy is the fact that the historical public housing was in general of better quality and more in demand compared to private sector housing provided at this time (Sim 1993). Further, new housing reports by Labour recommended even larger and better quality public houses.

3.2.5 Owner-occupation is promoted as a norm from the early 1970s

The 1970s started and ended with a Conservative government that encouraged private sector participation and sought to reduce council housing expenditure (Short, 1982). The Conservative Party had gained momentum with a sweeping victory in the local government elections of 1968 by overplaying the dangers of the pound's devaluation earlier in 1967. Three themes dominate housing policies during this period.

Firstly, the link between housing and macro-economic policies became prominent. Labour's intent to spend more and more on public housing brought them in direct conflict with international economic trends and was clearly not viable in the long term. At the same time, the Tories increased rents which placed a burden on normal households who were not owner-occupiers. The oil crises and economic recessions of 1975/76 forced both parties to reconsider their positions.

Secondly, the Tories introduced the Housing Associations in 1973, as the third arm of housing delivery between council housing and the private sector, but were defeated the following year (Short, 1982). This regime change brought about the third wave of housing privatisation.

Thirdly, during its tenure in the mid-1970s, Labour reiterated the benefits of owner-occupation as a basic and natural desire, and that the role of the central government was to release grants. Balchin (1995) reasons that Labour reiterated the importance of owner-occupation because the growing electoral influence of owner-occupiers owned over half of the nation's housing stock. By this time, owner-occupation in England and Wales had outstripped council housing by a margin of 5% (Short, 1982). A shift from dominant public housing supply to private ownership was becoming evident. The economic resuscitation after the 1975/76 recession could only come up with cuts in social spending and redirection of funds to improve industry. The concept of monetarism gained root and gave birth to a belief that housing market forces left to themselves could find the solution. This emphasis on the private market, later termed Thatcherism, after Margaret Thatcher, put the Tories in government for almost two decades from 1979 until 1997.

3.2.6 The dominance of home ownership after 1979

Home ownership as a form of tenure became dominant from 1979 onwards. The main reason behind this particular change emanated from the Tories' belief that the role of the state is rather to facilitate housing consumption than to be involved in direct housing supply (see Kavanagh, 1990). Throughout the 1970s, the right wing of the Conservatives had gained intellectual sustenance from such men as Friedman, Hayek and Joseph, economists who had written lengthily on the benefits of capitalism. The rationale of cutting down on handouts and instilling personal responsibility for effort and reward, gained popularity around this time. The Conservative Party, before winning the General Election in May 1979, had moved into a position of increasingly forthright opposition to the whole concept of public housing (Dunleavy, 1982).

The three main factors that led to the dominance of owner-occupation after 1979 were firstly, the conferment of secure tenure to sitting tenants, secondly, the re-introduction of housing associations in 1980, and thirdly, the withdrawal of local authorities from housing provision.

The first effort of encouraging home ownership against direct public housing supply came through introduction of the Housing Act (1980). According to the Housing Act (1980), the state gave security of tenure to council housing tenants and afforded them basic freedoms such as sub-letting. More significantly, the act conferred a statutory right upon the tenant to buy the public house at a discount of up to 50%. In order to fast-track the process, the act also made provision for higher rents in the private rental sector. However, Short (1982) states that the plan was initially difficult to implement as many local authorities refused to let go of the housing stock. Further, the 1981 recession created a low demand for private housing, and this resulted in a shortfall of two million units by 1985. Despite these hiccups, Balchin (1995) notes that owner-occupation improved from 55% in 1979 to 61% in 1988.

The second effort in encouraging home ownership came through the empowerment of housing associations to deal with low-income housing. Williams (1988) notes the evidence that not all sitting tenants could afford the “right to buy” option. Therefore the government switched attention to rented housing, accepting that there is an upper limit to owner-occupation both in terms of income levels and the choice to rent rather than buy. Social rented sector in many European Union countries had become a norm in the 1950s and 1960s for the less affluent social groups, but much in competition with the rising popularity of owner-occupation (see Priemus and Dieleman, 2002). From the 1970s onward, with the emergence of Neo-Liberal market ideologies, public housing increasingly came to be viewed as a burden on state finances; and most governments started to reassess the place of the public rental sector. In particular, private sector involvement and reformed institutional management systems became key concepts in rental housing provision.

Housing associations therefore played a key role in bridging the gap between private finance and state enablement. Malpass (1999) observes that housing associations were empowered by the Conservative government in 1987 as the most ideal landlord. The state exposed the housing associations to the discipline of the market forces from 1980 onwards, and the sector is coping well and able to raise loans and make repayments.

Malpass and Mullins (2002) agree that the housing association sector will be the second largest after owner-occupation by 2015.

The third effort of encouraging home ownership was the halt of new housing provision through local authorities (see Malpass and Mullins, 2002). The local authorities were now seen as strategic enablers, to mediate between tenants and the revamped housing associations. However, there was great reluctance on the part of local authorities; to them, losing housing stock was about losing autonomy and functions (see Kavanagh, 1990, Priemus and Dieleman, 2002). The low level of construction of new dwellings resulting from the withdrawal of local authorities is seen as one of the factors that will elevate the importance of social housing in policy development in the future.

3.2.7 The impact of housing privatisation in the housing environment

Overall, the consequences of the privatisation of council housing stock for Britain and other European countries are well documented (see Linnemann and Megbolugbe, 1994; Günther, 2000; Horita, 2000; Malpass and Mullins, 2002; Paris and Muir, 2002; Parkins, 2004; Shaoul, 2007). Merret and Gray (1982) note that the impact of housing privatisation could be viewed from both the perspective of the household itself and in terms of social relations.

On the negative side, Parkins (2004) notes that there are three main drawbacks in the privatisation process, viz. tenants are subject to rigorous private sector lending rates and fall back on their payments, private sector repairs are more expensive than in the public domain, and those failing to keep up with the rents of housing associations are prone to eviction. Thatcherism introduced privatisation to the sitting tenant in order to create a social base for its Neo-Liberal policies. However, Linneman and Megbolugbe (1994) observe that the approach was later dominated by the housing association approach which exposed tenants to rent hikes, erosion of tenancy rights and longer housing waiting lists.

In effect, Burrows (1998) writes that the “epidemic” of mortgage indebtedness has been the subject of research and policy debate. The economic recession in the earlier 1990s

meant that many households fell back with mortgage payments as interest rates reached the level of 15.5%. Bramley and Morgan (1998) argue that the majority of home ownership beneficiaries are probably not able to sustain themselves in the tenure. However, the authors applaud some typologies introduced by the presently dominant housing associations, such as the tenure of shared ownership, in which the tenant purchases the portion of the house and rents the remainder from the Association. Linnemann and Megbolugbe (1994) warn that the lack of understanding of the risks around housing associations continue to prick a considerable pain in the housing privatisation processes. The housing associations have in fact replaced the local authorities as the landlords. Further, the associations make use of mortgage loans from the banks and re-lend the finance to the tenant at lower interest rates. However, any credit slumps that hit the commercial banks percolate to the housing associations thereby making tenants vulnerable. Tenants, who may have purchased a discounted council house in the early 1980s from their own pocket, are therefore not exposed to some of these complexities. Other, serious complexities in a shared ownership scheme are that the tenant can improve the whole house including the rented part, and this may result in difficulties when one decides to move (Ghaffer, 2008).

Regarding the negative impact of privatisation on social relations, Munro (2007) further notes that there are instances in which former “right to buy” neighbourhoods are stigmatised. Households that were the original buyers in the early 1980s are now ageing and unable to rehabilitate their houses or even pay service costs. These problems may lead to houses being resold to private landlords, thereby repeating the vicious circle. These neighbourhoods eventually begin to consist of pockets of exclusive medium income and poor elderly households where there is limited sense of community or neighbourliness. It should be noted that this reality is closely related to the ageing population in Europe (see Murray, 2008).

On the other hand, the positive outcomes of public housing privatisation on households in Britain are also succinctly documented (see Merret and Gray, 1982; Karn, 1985; Saunders, 1990; Forrest, 1991; Munro, 2007). In terms of benefits to a household, Merret

and Gray (1982) did a study on the impact of privatisation on households, and observed that owner-occupation provides particular benefits for the household, viz. control, mobility and financial prowess. Households found that they had control over the rehabilitation of their dilapidated properties by amongst others, adding rooms, painting a house or paving the driveway. Further, households are able to move with secure tenure to other areas of similar or better amenities. The financial stability part would mean that households would be redeemed from paying out “dead money” to landlords under the rental scheme and start building wealth through mortgage maturation (also see Forrest, 1991). However, Merret and Gray (1982) also warn that owner-occupation tenure is argued to produce functional social relations which have the effect of helping to sustain capitalism itself. Many of the benefits of owner-occupation depend on wealth and secure income rather than ownership as such. Munro (2007) also argues that there has been a positive discourse associated with owner-occupation in the last 25 years, and that this discourse may have led households to choose owner occupation even if they could not afford it.

Munro (2007) sees the main positive aspect of the privatisation of housing stock in the physical environment or social relations as being the continuation of generations in a single neighbourhood. In cases of new buyers, instances occur where these buyers are sons and daughters of the same neighbourhood, which leads to sustainable communities who share similar values and history.

3.2.8 Synthesis

Literature shows that the privatisation process of public housing stock in Britain since the 1950s was indeed murky. The policies of the Conservative and Labour parties were mostly at opposite ends, with the Tories believing in the efficacy of the market, and Labour insisting on housing as a public good. There are two key points that can be synthesised from the development of housing privatisation policy in Britain. Firstly, the privatisation of the housing stock increased over the years from a mere 10% of home ownership in the early 1900s, to more than 60% in the late 1980s (see Table 2 below).

Table 2: The development of housing policy in Britain from the 18th century to 21st century,

Period	Pre-1900s	Early 1900s to World War 1	World War II and beyond	1950s to early 1970s	1972/4 - 1979	1979 - 1990	1990 onwards
ECONOMIC CONDITIONS AND RULING PARTY	Industrial Revolution and poor housing conditions; Conservative Party.	New industrial development brought by electricity and gasoline engine; Conservative Party.	Market liberalisation followed Depression and Nationalisation. Conservative Party followed by Labour Party in 1929.	Subtle privatisation drive; Conservative Party and Labour Party rule intermittently.	Economic crisis due to high oil prices and unemployment; Conservative Party pushes for Market liberalisation.	Thatcherism becomes a norm; Recession follows in 1981	Cut-back in local authority expenditure; Recession again in early 1990s
MAIN THRUST	Jerry building and slum landlordism.	First council housing. Bigger state houses fit for heroes.	Slum clearance. Local authorities build upwards. Council housing a priority.	Private sector participation in housing. Local authorities encouraged to sell housing stock. Owner occupiers exempted from income tax. Council housing is of high quality.	Housing associations introduced. Local Authorities at full delivery capacity. Owner-occupation is regarded as important. Conservatives are against new council housing.	Council housing purchased at 50% discount. More tenure security. Higher rents in private sector. housing	Local Authorities become enablers. Housing Associations now most ideal landlord. Homeownership seen otherwise as no longer the ultimate ideal. Rented housing given priority.
LEGISLATION/ POLICY	The birth of garden city concept.	Tudor-Walters Report. Addison Act, 1919 emanating from garden city concept.	Greenwood Act, 1930. General Needs Housing Act, 1949. Parker Morris Report, 1952.	Chamberlain Doctrine. White Paper, 1953. White Paper, 1965. Leasehold Reform Act, 1967.	Housing Associations Act, 1974.	Housing Act, 1980	Housing Act, 1985
HOUSING STOCK RATIO	Mainly private. Inner city slums. Philanthropic housing.	Only 10% owner occupation.	Owner occupation becomes attractive and increases to 29%.	Owner occupation increases to 45% and achieves a 50% mark in 1974.	Owner occupation increases to 55%.	Owner occupation is 61% by 1988	Housing Associations stock takes some share of the market at just over 25%

Source: Partially derived from Sim (1993); Short (1982).

It is important to note that privatisation processes were not embarked upon because there was a fundamental belief that self-help housing provides better housing outcomes. Privatisation is mainly the result of political-economic decisions made about the viability of state involvement in housing, and reducing state expenditure.

Secondly, there is somewhat of a balance of forces in both the negative and positive impact of housing privatisation in developed countries. Whereas literature overwhelmingly argues that the introduction of housing privatisation brought about acute negative financial impact on poor households, it could also be argued that there is evident positive dweller control and social cohesion that emerged. This aspect is profound to support a view that whereas privatisation was used as a political and economic tool by the state, its impact brought about certain social dimensions worth considering.

3.3. Housing policy and housing privatisation in the developing countries

3.3.1 The evolution of housing policy in the developing countries

Yahya *et al.* (2001) note that the origins of human shelter in the developing countries stretches to the early part of the last millennium. It is noted that around the 1200s, tribal groupings in central and southern Africa built socially viable societies with functional cities of up to 2 000 inhabitants. The housing types of that era had remained basic, constructed out of materials such as stone, mud, wood and thatch until the 1800s. Housing was supplied not in accordance with written policy but there was a distinct difference in the complex housing types of the royalty and simple architecture for the commoners.

However, for the period beyond the 1800s, Harris (2003) summarises that housing policy in the developing countries was nurtured by and within declining colonial powers. He notes that the formative era of housing policy in the developing nations stretches from the 1940s up to the time of the World Bank's influence in the 1970s. Through the Colonial Development and Welfare Act of 1940, the British government for example, offered

assistance to colonial governments for a range of economic and social programs, including housing.

From the available literature it seems as if three main institutions were instrumental in shaping housing policies in many developing countries since the Second World War. First, the decolonisation process in the 1960s partially stripped colonial powers of their influence in shaping the housing policy of their former colonies (Harris, 2003). This vacuum led the way for the second influence in terms of the United Nations (UN). Throughout the 1960s, the UN, through the UN Development Programme, carried the baton of influencing housing policy in the developing countries. However, by the early 1970s the third influential institution came on the horizon with the World Bank becoming involved. The following sections below highlight the role of these institutions in shaping the housing policy in the developing countries.

3.3.2 The role of governments after World War II

Public housing dominated the post-1945 period as both developed and developing nations were grappling with the destruction of the war (see Giles, 2003). This section looks at the development of public housing as espoused by developing governments and the subsequent failure of this model of delivery.

Tibaijuka (2009) notes that public housing in developing countries had multi-faceted objectives. Firstly, the colonies adopted the public rental housing system as a way to accommodate burgeoning urban masses from the rural hinterland. Secondly, public housing policy was designed mainly as an instrument of economic policy with a view to stimulating domestic capital accumulation, in the hope that the employment and income generated in terms of reduced costs and prices would ultimately benefit the poor themselves. Thirdly, in the midst of this reconstruction process, housing has typically been used as a political tool by ruling parties in developing nations (see Kerr and Kwele, 2000; Omenya, 2002). In addition, Giles (2003) warns that policy trends in housing of developing countries are more emphatic on issues of housing need than the varied political contexts in which policy is made. The public projects in developing countries

such as housing were effective vehicles of consolidating political support, through allocation of building contracts and jobs, and provision of housing units to ruling party affiliates.

In the midst of these tendencies, however, public housing was noted at the same time as inappropriate, expensive and not providing a real solution to the general housing problem by the 1970s (see Yahya *et al.*, 2001; Grimes, 1976; Mabogunje *et al.*, 1978). Tibaijuka (2009) relates other additional problems as being cultural objections to the kind of uniform housing provided and the imposition of alien rules and regulations to tenants. Pugh (1997b) adds that the UN agencies concluded that public housing could not solve the housing problem in the developing world. Together with the World Bank, they have had to look elsewhere from the 1960s and 1970s for better wisdom of providing adequate shelter in the developing countries.

3.3.3 The role of international housing agencies

Nientied and van der Linden (1988) note that, from the 1960s onwards, several studies took a fresh look at low-income housing in the Third World. One of their main policy considerations was that governments should stop trying to provide standard housing to the poor, and instead should use the potential of low-income families by permitting and enabling them to provide their own housing. The UN had given significant theoretical impetus in providing alternative solutions to housing. The World Bank also began to practically adopt an incremental approach to housing provision after much analysis of the said theory.

3.3.3.1 The World Bank

In Chapter Two it was noted that the Bank's paradigm of ensuring less state involvement assisted in boosting the role of self-help housing in the livelihoods of the poor. Zanetta (2004) and Tibaijuka (2009) give a succinct summation of the efforts in the World Bank to arrest poverty in developing countries through the provision of basic housing and urban services. The 1960s saw substantial lending in agriculture since this sector specifically had a large number of people who depended on it for their livelihoods.

However, the Bank later realised that poverty in developing cities was complex and endemic and required new strategies aimed at targeting the poor. The challenges facing the World Bank were mainly the fast urbanisation and urban poverty. It is shown in the following section that World Bank policy change mainly favoured a reduced role of the state and more responsibility of the private sector and households to supply housing. There are four main phases of the World Bank's policy change since they started to provide housing finance in the 1970s, namely (1) the urban projects phase in the 1970s, (2) institutional strengthening in the 1980s, (3) urban productivity in the 1990s and (4) the emerging paradigm in the new millennium.

- **Urban Projects (1970s)**

The World Bank had become highly involved in low-income housing programmes and projects by the early 1970s. A number of key notes should be made in this respect. First, policy development was driven mainly through the technical support of the UN, and programme funding through the World Bank on newly devised housing delivery models (see Harris, 2003). The UN agencies had put formal advices against the undesirability of public housing, but despite this, many developing countries in Asia, Latin America and Africa continued to produce public housing units throughout the 1960s and 1970s (see Tipple, 2000; Giles, 2003). Second, the failure of the developing states to provide sufficient units that matched urban growth produced survivalists or low-income earners in the inner city and outskirts who had to create their own way to survive in the city (Mahmud and Duyar-Kienast, 2001). These low-income earners built their own houses within a network of people having similar experiences. They use their own labour and local or second-hand materials in the construction of their houses.

The main elements of the first wave of World Bank assistance comprised three aspects (see Pugh, 1990; World Bank, 1993) viz.:

- Implement projects to provide *affordable* land and housing for the poor;
- Achieve *cost recovery*; and
- Create conditions for large scale *replicability* of projects

The first objective of these projects, physical provision of low-income housing units, was broadly achieved. Unfortunately the large majority of projects met neither the second nor third objective. The third objective, replicability, was seen as the key contribution of these projects toward the housing sector as a whole. As such projects were considered learning experiences for both governments and private sector developers, concerning the possibilities inherent in evolutionary housing and in more affordable housing standards. However, the evidence is that the replicability goals were generally not met, largely because key features of these projects were not replicable on a large scale (see World Bank, 1993; Zanetta, 2004).

The World Bank continued to assist the low-income earners through aided self-help methods, through loan funding throughout the 1970s. Aided self-help was adapted from Turner's model of self-help (see Zanetta, 2004). However, Giles (2003) argues that the vast policies of aided self-help which include site and service have continued to look hostile and probably threatening to government officials. The shift away from state-driven housing reflected the specific capitalist political economy (Neo-Liberalism) that the World Bank had been promoting to modernise the world economy (Pugh, 1990). What is also evident is that site and service made it possible to spread public resources more broadly among the population than had been the case with public sector housing provision in the previous era.

The above section provided an overview of the World Bank low-income housing policy during the 1970s. A closer look was taken on the influence of the World Bank in changing the end product envisaged for low-income people from conventional low-income housing to site and services and *in situ* upgrading schemes in an attempt to reach the majority of the poor.

- **Institutional Strengthening (1980s)**

The two key objectives of this phase focused on creating self-supporting financial intermediaries capable of making long term mortgage loans to the low and moderate-income households; and reducing and restructuring housing subsidies (World Bank, 1993). The emphasis on these issues placed further pressure on the privatisation of existing state housing stock.

The 1970s had laid groundwork for future policy on the urban sector. The 1983 paper *Learning by Doing* drew attention to the weak institutional capacity of most urban institutions and the need to strengthen them. It was during this period that a significant shift in housing policy and practice within the Bank occurred (see World Bank, 1993). Lending gradually moved away from sites-and-services toward lending to financial institutions. In part, the shift to housing finance operations was recognition that the previous approach of sites-and-services and upgrading projects could not by itself address the growing shelter needs of the poor. In this way lending for the previous approach was reduced in favour of housing finance and municipal development projects.

During this phase, programmes had been instituted to increase the participation of private sector institutions in mortgage lending, and to increase resource mobilisation among low-income households. It was during this period that the majority of developing governments considered releasing the housing stock to the sitting tenants. The phenomenon of housing privatisation became evident in many developing nations such as Egypt, China, Argentina and other African countries including South Africa (see Parnell, 1990; Kardash, 1999; Zanetta, 2004; Zeng and Lu, 2005). Pugh (1996) and Tarp and Hjertholm (2000) note that there was evidence that between 1977 – 1988 more than half of projects associated with housing finance lending provided cross-subsidies to low-income borrowers, thereby ensuring that more families took charge of their own housing. The next section focuses on World Bank efforts in the 1990s to manage the housing sector as a whole.

- **Urban Productivity (1990s)**

In the 1990s, the World Bank emphasised the role of the cities as centres of production (Zanetta, 2004). In this way the role of the state in housing must be significantly reduced. In effect, local authorities must be reformed to deal with local housing issues as enablers. Zanetta (2004) and Pugh (1994) also note that a dramatic shift of governments in developing countries to move away from heavy state interventionism to economic liberalisation emanated from economic crises of the 1980s and 1990s. The evolving role of the Bank in the 1990s is succinctly summarised into four basic objectives of the Bank (see World Bank, 1993) viz.

- Assisting governments to view the housing sector as a whole;
- Assisting governments to transform their role direct provision to that of an enabler;
- Targeting assistance to countries and institutions with potential for reform; and
- Maintaining a high level of innovation within the Bank itself.

Overall in the 1990s approach, the Bank recognised one of the most important lessons as being the significant contribution of the informal housing sector. Slums and squatter settlements continue to be seen as an important submarket where houses usually improve over time. The individual households still remains the key delivery agent while the governments create an environment of enablement. The privatisation of state-owned housing fell within the notion of leaving people to improve their own housing situations.

- **The emerging paradigm (2000s)**

The 21st century World Bank policies focus on the challenges facing growing cities and the role that city governments can play in economic development, including sustainable methods of housing consumption and provision. In this paradigm, Tibaijuka (2009) assesses the Bank's approach as keeping a balance between urban programmes, macroeconomic stability and poverty alleviation strategies (also see Pugh, 1996). Ultimately, the true challenge will be to translate these broadly defined policy objectives into effective lending operations.

In the decades following from the 1970s, the Bank has mainly sought to achieve two goals related to the overall privatisation of housing. First, the housing agenda should not be seen as one of shelter *per se* or only as an element of welfare policy, but rather as one of managing the housing sector as a whole, while still contributing to the provision of the safety net. Second, the housing sector must be seen as an important and productive sector, in which policies have serious impact for overall economic performance, and not, as is a common view, as a drain on productive resources – therefore privatisation of state housing stock was an essential part of World Bank policies (also see World Bank, 1993).

3.3.3.2 UN Development Programmes

The emergence of UN Development programmes are defined by four phases spanning from the early 1970s, and these are discussed below.

- **Stockholm Conference (1972) and Vancouver Conference (1976)**

Tibaijuka (2009) gives a summary of subsequent UN conferences on urban policy development and notes that the first UN conference on the environment was convened in Stockholm in 1972. Its main focus was both on the green and built up environments. While the developed countries at that conference focused on international support measures to save the global natural environment, the developing nations insisted that poverty was the biggest polluter. There was emphasis to resolve on the need for local governments to make requisite investments in housing and urban infrastructure recognising the key role of the private sector (see UNCHS, 2005; Gilbert *et al.*, 1997a).

Less than a decade later, the Vancouver Conference convened in 1976 in an effort to hitch a plan to fast-track the provision of adequate shelter and services in rapidly urbanising cities. At this time, the recursive relationship between housing and poverty was well articulated. The erstwhile formed UN Habitat and Human Settlements Foundation were strengthened to become a Centre for Human Settlements to specifically deal with shelter, services, environment and economic development.

The Vancouver Declaration also emphasised equity in the housing sector. Attention therefore shifted from public sector support to self-help ownership on a project-by-project basis – in line with World Bank policies. Gilbert *et al.* (1997a) note that there was henceforth recognition of the informal sector, slum upgrading, site and service programme and provision of housing subsidies. As noted previously, the World Bank facilitated both site and service projects and slum upgrading, while the UNHCS served as the adviser and complementary think-tank. The UN agencies had put formal advices against the undesirability of public housing and they left the implementation of slum upgrading and supply of sites and service to the World Bank. In the process, the UNHCS complemented the World Bank in reducing the role of the state in housing provision and elevating the importance of the household in self-supplied housing.

- **The Global Strategy for Shelter in 1988**

The gradual failure of project-by-project approach became evident in the 1980s. The emphasis shifted from direct state housing delivery towards facilitation of private sector participation in the delivery of housing. The Global Strategy for Shelter did not aim to discard earlier efforts; rather its main objective was to reduce inefficiency and empower prospective home owners by opening up new opportunities for them. It was also meant to reduce the public-sector financial burden and achieve improved environmental conditions through the involvement of all stakeholders. In practice, Tibajuka (2009) warns that the Global Strategy for Shelter could not pick up the desired speed due to factors such as lack of land tenure, speculative land markets and poorly developed housing finance systems.

- **Habitat II (Istanbul, 1996)**

The UN's Earth Summit held in Rio de Janeiro in 1992 gave impetus to and outlined institutional mechanisms for spearheading the brown agenda environmentalism into local governments. The agenda was strengthened at the Habitat II conference in Istanbul in 1996 still with a strong bias towards adequate shelter provision. The conference had taken note that more than 500 million urban dwellers were homeless or living in inadequate shelter (Gilbert *et al.*, 1997a). The programmes emanating from the

conference, such as the Global Campaign for Secure Tenure, recognise the importance of synergetic land policy in housing provision (see UNHCS, 2005). The conference was vocal on housing provision through the informal sector. It noted that the role of government towards privatisation in developing countries should be seen as facilitative to ease transition from public to private sector investment in housing.

- **Millennium Development Goals and the Istanbul +5 phase**

The Millennium Summit held in New York in 2000 brought about a coalition of cities to eradicate slums and poverty, and create properly managed cities that create jobs and equitable wealth. At the centre of city development, the urban are seen as the basic and integral part of the decision making process. Hence the Istanbul +5 phase already started to review the question of social exclusion in housing delivery programmes. The Millennium Goals recognise the importance of good governance in urban services provision. Governments should move beyond their orthodox roles as providers of basic services and shelter, towards the inclusion of the urban poor in the process. The setting up of appropriate arrangements to fast-track good governance has remained a challenge. In this regard, the upgrading of the UNCHS into UN-Habitat brought with it an approach towards a fully-fledged body that can mobilise resources from both local and international institutions.

3.3.4 Synthesis

The governments of developing countries and international agencies played a significant role in the decades after the Second World War in ensuring the institutionalisation of housing privatisation. However, the role of governments in developing countries was somewhat ambiguous because government action was slow to abandon direct public housing despite urgency to address shelter provision through households' participation.

On the other hand, the history of the World Bank policy development shows that the Bank was committed to, amongst other things, heightening housing supply through individual participation and site and service schemes. Further, the Bank made a bold attempt to align its programmes of subsidies and lending with corresponding programmes

of state withdrawal from housing supply. In this way, the impact or benefit of housing privatisation, especially in the 1980s, became quite positive with poor households able to acquire released housing stock through Bank financing.

Likewise, the positive role played by the UN Centre for Human Settlements in advocating for more investment in housing the poor cannot be over-emphasised. The UNCHS, as the adviser and think-tank for the World Bank, espoused the ideal of facilitative role of government and inclusion of households in housing decision making processes. For the purpose of this thesis, it is prudent to note that UNCHS recognised the ideals of Turner in people's housing processes. In turn, Tipple at the other end of the equation strengthened the view on remarkable self-help efforts emanating from liberated housing processes where the state is simply an enabler. The next section brings to the fore the observations of Tipple, and how these could add towards an understanding that privatisation processes cannot be viewed simply from the debate on less state involvement and more private engagement in housing.

3.4 Housing privatisation in the developing world: the views of Tipple

In his seminal work, "Extending Themselves", Graham Tipple (2000) relates how he and his colleagues were intrigued by their first time observation in Egypt in 1984. They noted how tenants on triple storey government housing in Helwan, Egypt, put up cantilevers on the building to extend space through addition of more rooms on and beyond the balconies. This section seeks to contextualise Tipple's observations against the background of poor research on the spin-offs of transformation of government-built housing in developing countries that emanate from privatised public housing stock (arguments are therefore based on a summary of his work since he is quite an authority in this particular discipline).

- **Early observations of housing transformations**

Tipple and his colleagues observed the said transformations as being so unconventional and daring a phenomenon, but with admirable achievements, that they decided to do further research. What Tipple and colleagues had discovered was that massive

transformations of state subsidised housing was a reality in developing countries, and subsequent cases were further discovered in Bangladesh, Ghana, Zimbabwe, India and Israel. This groundbreaking observation was amplified further with funding from the UK Department of International Development to evaluate the processes and methods involved in these extensions, and how these could assist in future policy formulation on low-income housing (Tipple, 2000; Tipple and Willis, 1991). Other researchers elsewhere on the continent were only able to notice the full force of public housing consolidations later towards the close of the 1980s and onwards (see Sinah, 1991, for India; Arimah, 1999, for Nigeria; Kerr and Kwele, 2000, for Botswana; and Zeng and Lu, 2005, for China, and Mabin and Parnell, 1983, for South Africa – although with differing views).

The context of Tipple's work is the "transformation" of government-built housing estates intended for low-income urban households (see Tipple, 2000). In effect, Napier (2001) admits that the concept of "transformation" in relation to housing was introduced for the first time through Tipple's work. "Transformation" in Tipple's definition refers to housing consolidation, specifically of government-built houses originally supplied for rental purposes in a post-privatisation phase. Tipple and Willis (1991) note that government housing briefly became a means of expressing the desirability of particular house-forms after the independence of developing countries. These single household villas of around 40m² with three habitable rooms, self-contained services and plots of around 300m², became relatively common in sub-Saharan Africa after the state in the 1950s accepted that urban life is open to anyone. As an accepted means of reducing costs, their designers tended to skimp on the finishes and the size of their rooms but basic structural strength was rarely compromised. These estates, together with the high-rise, high technology, prefabricated housing, were evidently inappropriate for the lifestyles of low-income households (also see Yahya *et al.*, 2001). Tipple (2000) makes a comparison of housing transformation on various cities of the developing world and observes that transformation trends are similar. All the estates of Bangladesh, Egypt, Ghana and Zimbabwe are typical of post-World War II rehabilitation schemes, and were mainly aimed at government workers and blue collar employees. The estates were occupied in

the 1940s and 1950s with the tenure system of that was strictly rental either from the state or private sector. Having provided the above observations, the next two sections deal with the issue of who are the transformers and the details of the post-privatisation transformations.

- **Household characteristic**

The acceptance of the low-income groups in urban areas became inevitable over time, and the tenants slowly bought the ownership of these estates from the 1970s onwards (see Tipple, 1987). However, these structures always proved unusable and unsuitable to occupy. It is observed that the owners transform their estates with anything from a single room to a complete obliteration of the original average three-roomed structure. The transformers have average *per capita* incomes of only thrice or twice the absolute poverty threshold, while the occupants are the stable low-income earners. The household characteristics are further defined by late phase of development with heads in late middle age but still with young children.

- **Transformation processes**

Tipple (2000) notes that the transformation process does not necessarily hinge on the financial circumstances, but on decisions to acquire a rewarding housing environment. He notes three critical phases that determine the success of the transformation process, namely, labour accumulation, finance procurement, and tenure arrangements.

Firstly, the transformation process begins with transformers engaging small contractors or artisans to construct their extensions with or without permission from the authorities. There are instances where households employ self-labour through engaging friends or relatives with or without pay.

Secondly, Tipple (2000) notes that the housing adjustment literature leads us to expect that income is not a prime determinant of whether extensions are constructed but does affect their cost once the decision has been taken. This simply means that the desire to access suitable and functional homesteads is the overriding factor. Though household

income, *per capita* income, and the position relative to the absolute poverty threshold play a role in determining who the extenders are and who are not, spending on transformations is consistently around one year's income for many families in developing countries. Few households in Tipple's samples have incomes below the absolute poverty threshold, which gives a hint that transformers are either earners from their own business activities or wage earners at least.

Thirdly, Tipple (2000) further argues that the improvement of tenure and cumulative supply of services gives a household confidence on the sense of ownership of space, and they therefore readily improve their shelter when the need arises and the resources allow. The tenure improvement could be simply defined as the conference of freehold or full ownership of title to households. Tenure improvement becomes a platform on which the household begins to trade in higher forms of the housing market if they so wish, such as sub-letting or changing the form of the house. However, there are also cases where transformations took place without secure tenure.

We may conclude that Tipple's observations occurred at the time when many families in developing cities acquired secure tenure after being sitting tenants for many years. For example, Kardash (1990) notes that the privatisation drive in Egypt started towards the late 1970s and households were given fifteen years to complete down payments. The tenants started to improvise robustly on their rental units only after they secured tenure in the mid-1980s. This is a timeframe that coincides with Tipple's work in Egypt (see Tipple and Willis, 1991). Tipple was also observing a natural process where the impact of the World Bank's advice of less state intervention in housing supply was beginning to take root.

3.5 The impact of housing privatisation in developing countries

This section considers both the positive and negative consequences of housing privatisation.

On the negative side, some authors believe that housing privatisation processes impact negatively on opportunities that a household can access in the urban setting such as secure shelter. Zhang (1999) argues that the negative impact of privatisation in developing countries is evident. Privatised housing units come at prices that are out of the reach of ordinary citizens. Better houses are offloaded to the former elites and the unemployed remain in perpetual rent because they cannot afford the discounted prices. Zhang (1999) also cites the example of how housing privatisation discriminated against the poor and newly arrived rural residents who struggled to get necessary paper requirements as urban dwellers in Chinese cities. In the African cases, Kerr and Kwele (2000) observed that privatisation tended to favour men over women in Botswana, especially seeing as women are less represented in government jobs. Tipple (2000) also shows that the privatisation of public housing stock in the examples of Bangladesh, Egypt, Zimbabwe and Ghana took a lengthy and uncertain process. For example, the government houses that were built in the 1940s were only able to be owned in the late 1970s after a long stay by households as renters.

Beyond the negative picture painted thus far, other authors, including those who vilified privatisation, were able to make empirical evaluations on the positive benefits of privatising government-built housing. Zhang (1999) agrees on the other hand that housing privatisation increases overall investment in housing, improves housing conditions for the poor and reduces government's involvement in the housing sector. The work of Arimah (1999), Kardash (1999), Sinah (1991), Zeng and Lu (2005) on transformations in developing cities shows that transformation processes also unleash the innate potential of households to provide their own shelter. Kardash (1999) observes the role of unique architecture of individual houses that finally creates a kaleidoscope of mixed and vibrant neighbourhood architecture after transformations are observed over a period. The level of engagement of households in privatised estates was observed as phenomenal and never seen elsewhere in the developed countries (see Tipple, 2000).

Further, Tipple (1987) shows that transformations improve the social and economic quality of the environment; it increases productivity within communities, and promotes

rental housing. The ability of households to harness their individual strength in improving the acquired government-built houses stands in direct contrast to the criticism meted out by policy makers and other writers that poor people are less capable of managing their own housing needs and aspirations.

3.6. Conclusion

The chapter started off by providing an overview of housing privatisation process in Britain. This was followed by a discussion of housing policy and political economic factors in relation to housing policy development in the developing countries. Finally, the chapter explored the writings of Tipple in respect of housing privatisation in developing countries and assessed the advantages and disadvantages of housing privatisation in developing countries.

The literature on Britain, as the best comparison for South Africa in the developed world, suggests that the evaluation of housing privatisation originates mainly from political economic terms. In the process, housing privatisation is commonly criticised for increasing landlordism, homelessness, making housing unaffordable and resulting in people becoming dependent on credit institutions. Although some voices reflecting on possible positive outcomes such as social cohesion and dweller control are also present in this environment, these are largely less profound to the arguments on the negative side.

The literature on housing policy and housing privatisation in the developing countries also uses to some degree the political economic framework in order to understand policy shifts and processes. However, Tipple's contribution has moved away from this binary approach of assessing housing policy and process and has started to emphasise the benefits related to housing privatisation in developing countries. In fact, Tipple's assessment never refers to any of the negative impacts commonly associated with housing privatisation in the developed countries. The most prominent benefit includes the reduction of housing stress, a social aspect so much typifying urbanisation in developing cities. In fact, Tipple's arguments are not necessarily Neo-Liberal as he views housing extensions largely as a result of housing stress as opposed to housing

economic value or the secondary market. Tipple emphasises the benefits by focusing on particular aspects with a rather strong socio-cultural bearing such as improved housing conditions, changing urban morphologies and use of local resource and innovation.

Finally, the key finding in this chapter is that Tipple's assessment challenges the conventional wisdom in existing literature about the negative impacts of privatisation as well as the ideological assumptions which are fundamentally embedded in Neo-Marxist thinking.

Having provided a conceptual overview of housing policy and housing privatisation in the developed and developing countries, the next chapter looks at the same aspects, including self-help approaches, in South Africa.

CHAPTER FOUR: HOUSING POLICY DEVELOPMENT AND PRIVATISATION IN SOUTH AFRICA

4.1. Introduction

Chapter Two and Chapter Three examined the theory and impact of self-help housing and housing privatisation in developed and developing countries. In this chapter, the focus changes to an assessment of changing housing policy and housing privatisation processes in South Africa. When the Apartheid regime in South Africa announced a large scale sale of state-owned houses in 1983, through which 500 000 public sector houses would be sold off to beneficiaries, it was typically and, in a certain sense, rightfully seen as the South African version of Thatcherism or Neo-Liberalism and the state's attempt to discard its housing responsibility (see Mabin and Parnell, 1983; Grest, 1988; Wessels, 1989; Mayekiso, 1996; Soni, 1992; Crankshaw, 1997; Bond, 2000). Although the selling of public housing units did not receive any significant buyers, the apartheid government continued with their housing privatisation approach in the late 1980s and early 1990s through the Discount Benefit Scheme (Emdon, 1993; Bond, 2000). Interesting enough, the Discount Benefit Scheme was continued in a post-apartheid dispensation after the democratic transition in South Africa since 1994. Criticism also continued emanating from certain circles although the debate calmed down – possibly because of the new housing policy debates which were initiated (Tomlinson, 1998; Bond and Tait, 1997).

Today more than 90% of these originally state-owned houses in former black townships have been sold off or transferred by means of the Discount Benefit Scheme (Rust, 2005). From a research point of view, virtually nobody, except for Mabin and Parnell (1983) and Mather and Parnell (1990) and to a limited extent on the Soweto case studies, has attempted to do any research on the impacts, relevance and appropriateness of this privatisation approach. More socialist thinkers have not proved, except for their conceptual contribution and reference to what happened in Europe and China, that the policy has had negative impacts on the poor (also see Malpass, 1999; Wang, 2000).

Those supporting the policy have also made no attempt to analyse the impacts (from their point of view) on the housing environment (see Urban Foundation, 1991) – this despite some research contributions in this regard internationally (see Tipple and Willis, 1991; Kardash, 1990). Although the coming of a new housing policy brought other urgent policy issues to the fore, it seems as if the issues of privatisation in respect of state-owned housing units have been neglected in the housing research environment. As previously noted, the debates on housing policy development, including privatisation, have explained policy development issues from the political economy paradigm that straddles the Neo-Liberal/Neo-Marxist continuum. Essentially, I argue in this chapter that the debates on housing privatisation are unfortunately limited within the said continuum, and fall short in considering socio-cultural aspects involved in the housing privatisation process.

In order to convey the above argument, the chapter starts off with firstly, a historical perspective on housing policy development in South Africa, with reference to the interplay between public housing approaches and self-help up to 1983. Secondly, the chapter assesses housing privatisation since 1983. Thirdly, turn to a discussion of the policy developments since the late 1980s. Fourthly, the chapter revisits the privatisation of public housing stock and derives particular observations. The chapter is based on historical methodology while policy discourse analysis is also central to the overall approach.

4.2 Housing policy development in South Africa up to 1983

The aim of this section is to analyse the development of the South African housing policy with specific reference to the development of two parallel processes, namely self-help housing and state rental housing. Although reference is made to the broader historical perspective the aim is not a comprehensive review in this respect but rather a review of aspects of self-help and state-provided housing, and these will be dealt with intermittently.

4.2.1 The emergence of self-help housing efforts in South Africa

Parnell and Hart (1999) argue that people in Africa in urban areas have always been housed under what is today termed self-help schemes. There is however, evidence that the black peoples of South Africa engaged in self-help when building their vernacular settlements as far back as the 1800s (see Ellenberger, 1912). The practice of encouraging the poor to participate in the construction of their own houses was common long before the pioneering work of Turner in Latin America. Parnell and Hart (1999) agree that owner building dates back to the first African settlements under colonial rule. The observation of Duncan and Rowe (1993) on the emergence of self-help in the developed world in the early 1900s largely corresponds to self-help efforts observed for Africa and the developing world. Morris (1981) also cites that blacks by tradition were accustomed to building their own homes even after the establishment of the Union in 1910 (also see Parnell, 1993).

In the 1920s, self-help housing for blacks in the urban areas referred to as “locations” had been outlawed except in native villages (Parnell and Hart, 1999). Owner-built native villages were an adjunct, and not an alternative to location development. It was meant to appease the black urban elite, create segregationist politics, and provide them freehold at the expense of the low-income masses trapped in under-serviced municipal locations. Home ownership schemes established at Dube, Soweto, in the 1930s accommodated the evicted landowners from black spots in the western areas. A 30-year lease was introduced with building loans of up to 3.5% interest. However, Stadler (1979) notes that the state could not keep up with the mushrooming of squatter settlements such as the Moroka camp alongside the native villages in the period immediately after the Second World War. There was no building in these settlements until the state allowed for a five year plan to improve the infrastructural services to these areas. Parnell and Hart (1999) argue that these squatter settlements became formalised by default, because the state did not have a formal and comprehensive policy that allowed for informal settlement upgrading. Comparatively, states in the developed world would support or sometimes turn a blind eye to self-help activities, whereas the South African state clearly disallowed the poor blacks access to the fundamental element of owner-building, for example land

ownership. The state therefore would only sanction self-help in the case where it supported its social engineering project of carving the country into South Africa proper and black South Africa consisting of the poor masses and a pinch of the elite.

4.2.2 Local government supplies and controls public housing

Though Calderwood (1953) writes that urban native housing in South Africa commenced around 1870 with the first industrial community in Kimberley, public housing started in earnest in the early 1920s (see Morris, 1981). Hallenback (1955) also traces the urban life of African males who worked as day labourers in Durban in the 1870s and notes that the pressure to build Native locations was felt as far back as 1863. The first terraced housing was built for the black working class between 1916 and 1919, called the Baumann Community outside Durban, and was known as “the red houses”. Rapid industrial development had been taking place since the turn of the century, but during this time little attention was paid to the problem of urban native housing. Then, in 1923, the Native (Urban Areas) Act was passed and the responsibility of housing urban blacks was rather vaguely pushed upon the shoulders of the local authorities (Grest, 1988; Wilkinson, 1984). The Act enforced residential segregation and the municipal authorities were delegated the power to build and administer “native locations” and to control black housing. It was at this time that African freehold property rights were circumscribed and later prescribed. Wilkinson (1984) however notes that local authorities disengaged to spend in black housing. There was still not much municipal housing before the Second World War in 1939 or in the period just after it.

Grest (1988) interprets the disinclination of local authorities to spend on housing as a consequence of the reluctance to subsidise black housing from their general rates funds. In the meanwhile, the National Party came to power in 1948 and was faced with addressing adequate shelter for black masses who had accumulated in the urban areas since the influx relaxation of 1942 to allow for the absorption of black labour. In order to sort out the shelter problem, Wilkinson (1984) says the government made provision for a Modern Township System in properly planned “Native Townships” since 1951. Dr HF Verwoerd, Minister of Native Affairs, pushed the Levy Act, 1951, which showed the

government's commitment to coerce captains of industry to pay for black housing and its services. Soni (1992) briefly mentions that the state at this time had mooted the idea of homeownership, and site and service, as alternatives to the crisis in black housing. The existence of freehold native villages was however thwarted by the same government considering promoting homeownership (see Parnell, 1991).

The state was therefore inconsistent with whether to provide secure tenure to urban blacks or not. The lack of shelter for blacks still remained a problem, and the government still required more labour to drive industrial programmes after the Second World War and capital accumulation that still had to drive economic growth. Some writers are opined that the aims of Apartheid were indeed not consistent with capitalism, but tried to maintain a cordial relationship with it (see Hendler, 1987; Lemon, 2004). Apartheid violated the fundamentals of capitalism by restricting geographical distribution of labour and refusing it permanent urban status. The government formulated a totalitarian system designed for the total direction of black labour. Local authorities, as agents of the state, continued on a path of urban control and neglected the provision of basic services and security of tenure for black residents.

4.2.3 Owner-building in the 1950s to 1970s

Although it is commonly argued that rental housing dominated the period between 1950 and 1970 there are also examples of self-help housing during this period. The Apartheid government introduced the site and service scheme through local authorities in June 1950 as a way of solving the realities of housing shortages at a minimal cost (Parnell, 1989; Parnell and Hart, 1999). In the case of the Johannesburg City Council, the residents agitated for the provision of rudimentary services and suggested that they would take responsibility for their own housing. The Vukuzenzele site and service scheme was based on a twenty year lease on serviced land with foundations. Households were to erect a shack at the back of the yard and move into the formal structure when either the state or the individual had provided it. Morris (1981) gives a background where neighbours assisted each other after work to put up huts and shacks. This approach releasing land compares with efforts of the governments in the developing world as noted

in Gough (1998) and Gilbert (2000) about the role of the state in low-income housing at this time. However, the state intensified its segregationist strategy of carving the country into black rural hinterland and White urban areas. The Bantu Building Workers Act, 1951 was used to train black builders to assist later in the massive construction of municipal housing that had never been seen before (Morris, 1980; Wilkinson, 1983).

The Apartheid state changed the site and service scheme in a different direction to fit its own agenda. Almost without discussion, the imperative of owner-building was dropped and this was after the mining houses arranged with the government to allow industry to help provide modern standard housing to fast-track housing provision through public tender. As Morris (1981) puts it, households were allowed to improve their dwellings but would receive no compensation should they be removed. Leasehold rights were then revoked in 1968, which meant that there was no more pressure any longer to ensure security of tenure when encouraging owner building. Apartheid state housing therefore came as a detriment to individual tastes and rights. The households in the homelands, for instance, could exercise the right to owner-building without any fear. Masihleho (1979) evaluated the activities of the black working class in the homelands in the ensuing 1970s, and noted that some households were renting in townships and owner building in the homelands at the same time. The employed citizens of the homelands enjoyed fair regulation and financial assistance, which worked quite handily to allow these citizens to engage in owner-building. However, the same proved more and more difficult to do in White South Africa (Sefika, 2005).

4.2.4 The struggle for adequate urban housing: the 1960s and 1970s

Tenancy in black townships meant that blacks were regularly evicted from public housing during periods of temporary unemployment (Parnell, 1991). The only form of tenure was the non-renewable 30-year leasehold introduced in the 1960s to replace the 99-year leasehold (Wilkinson, 1984). In the meanwhile, government continued in its drive of supplying two-roomed and four-roomed municipal houses *en masse*. However, overcrowding of these Apartheid housing prototypes, lack of infrastructure and stagnant housing supply since 1968, brewed the township revolt of 1976. The business sector,

through the Urban Foundation (UF), took the initiative of redefining the established parameters of housing policy, for example mobilisation of free market processes and the establishment of a “property-owning democracy”. Though the Vorster government had unsuccessfully introduced the 30-year leasehold in 1975 (Bond, 2000), the UF persuaded the government to re-instate the 99-year leasehold rights for “qualified” urban blacks that it had withdrawn nearly two decades before (Wilkinson, 1984). This right only meant ownership of the house, and not the land, but was however one step towards more secure tenure. Bond (2000) also notes that the Financial Institutions Act was amended, and black home buyers finally regained formal legal access to building society bonds in 1978. On the other hand, Wilkinson (1998) observed that the re-instatement of the 99-year leasehold was vital to making sure that self-help approach succeeds.

In quite a surprising move, the government instituted the Viljoen Commission in 1982 to advise the government on the selling of housing stock with Soweto as the starting point (see Wilkinson, 1984). Bond (2000) observes that by 1982, there were only 1 324 bonds registered by societies under the 99-year leasehold in Soweto. Meanwhile, the Steyn Committee (earlier commissioned to look at the role of the private market in housing) advised the building societies to change their attitudes towards the townships in anticipation of positive recommendations from the Viljoen Commission. The report advised the state to limit its involvement in the provision of conventional public housing in favour of the private sector. In March 1983 the state announced that public housing tenants could buy their houses at a discount of up to 40% (Wilkinson, 1984; Hendler, 1991). The sale meant that low-income earners could apply for government loans at interest ranging from 5% - 7%.

To summarise, it is noted that the state had begun with mass housing supply in the 1950s that seemed to taper off in the early 1980s with the announcement of the transfer of housing stock from the state to the tenants. Furthermore, security of tenure has been limited to rental housing and different forms of leasehold. Essentially, black South Africans were seen as temporary sojourners in “white South Africa” since 1923.

4.3 Housing privatisation: the 1983 Great Sale

This section looks at the context of housing privatisation after the Great Sale of state owned housing introduced in March 1983 from the level of how families engaged in post-privatisation self-help.

The housing privatisation in South Africa made slow progress despite the announcement to sell off 500 000 rental homes, and the majority of these housing units remained state-owned well until the end of the 1980s. Despite the slow progress with privatisation, there is some evidence from existing research which shows that significant housing transformation took place – something familiar to the cases observed in the developed world noted in Section 3.3.4 in Chapter Three. A broad overview is taken of the research within the South African context in terms of who participated, the degree of self-help, reasons for owner-building, access to resources, and the role of the state.

4.3.1 Transformation partakers

Parnell and Hart (1999) admit that the extenders of state houses in Soweto are expected to be generally poor and come from the rank and file of the workforce. The authors observed that the emergence of elitist bonded housing in 1986 took root simultaneously with the self-help efforts of poor households in the older sections of the townships. These are the people that Turner (1972) contends should not be undermined for their ghastly efforts, so long as the state provides security of tenure and basic infrastructure. By corollary, Sefika (2003) observed that in a sample of extenders of post-Apartheid state subsidised housing in South Africa, nuclear families tended to be well off and with less inclination to extend than their extended counterpart. Extended families do engage in owner building; only if they have made significant savings, otherwise their efforts are closely associated with informal extensions in informal settlements.

4.3.2. The degree of owner building in the area

In analysing the degree of owner building in Soweto, Masihleho (1979) shows that transformations of public houses happened as far back as 1976 prior to the introduction of the 99-year leasehold in 1978 and these were met with resistance by the state. Morris

(1981) also gives evidence of housing improvements done in the late 1960s, while Beinart (1971) observed transformations in the early 1970s. Though only 10% of houses were owned in Soweto by the end of the 1970s, many houses had been improved, including those houses occupied by council tenants (Masihleho, 1979). The tendency to take chances and turn a blind eye on the prohibitions of city authorities towards user-initiated public housing improvements was common, and these continued into the 1980s and 1990s in the midst of less attention from authorities.

4.3.3 The key reasons that prompt families to engage in self-help

The main pushing factor towards home improvement in developing countries, including South Africa, is lack of accommodation (see Masihleho, 1979; Kool *et al.*, 1989) which in turn is as a result of the failure of the state public housing supply. The state houses were too small to provide satisfactory living conditions, and this factor of housing stress is cited by Emdon (1993) as being the main pushing factor towards transformations. Masihleho (1979) notes that mainly those with leasehold rights extended the core house, while the municipal housing tenants put up the outbuildings. To a little extent, some improvements were done to assist the survivalists such as the unemployed and widows, who comprised the majority of the 7% of houses that were used for sub-letting. Sub-letting hence became the main income provider for those who were let down by the insecure social safety net.

4.3.4 Access to resources

Land, security of tenure and financial support had always been scarce resources or options in the owner building traditions of the townships. The 99-year leasehold could allow the banks and building societies to lend to the employed household heads, though the townships were always considered to be a high risk area by financiers (Parnell and Hart, 1999). The main reason for the disposal of public houses in 1983 was exactly that the state was redeeming itself on any further financial support to the dwellers through subsidised housing (Dewar, 1982a).

4.3.5 State regulations

The role of the planning authorities in housing transformations was not always negative. Masihleho (1979) relates on how the building inspectors in Soweto worked together with the extenders, especially after the promulgation of the 99-year leasehold in 1978. The positive gesture of technically assisting the extenders did not improve the disposal rate of state housing though.

In the main, the above section reveals that there was continued documentation of owner building in developing countries other than South Africa (see Jere, 1984; Schlyter, 2004). A melting pot of socio-economic events in South Africa in the 1980s and early 1990s is evident (see Morris, 1980; Wilkinson, 1998), and this may have led to less attention being given to unfolding events on owner building in state-subsidised houses around this period. This aspect leaves a big void that leads to less adequate debates that see privatisation only from the political economy paradigm. However, as noted in Section 4.3.3 above, it appears that the pushing factor for transformations was more socio-culturally related than otherwise.

4.4 Policy developments and influences since the early 1990

A number of commissions and policy documents have emerged since the early 1990s. Each one of these documents reflected to some degree the role of the state in housing, the degree to which inhabitants and the private sector had to be engaged in self-help housing and privatisation. In order to assess the approaches towards these three aspects, a range of these commissions and policy documents are assessed. These include (1) the core propositions of the UF, (2) the formation of the Independent Development Trust (IDT), (3) the role and recommendations of the De Loor Report, (4) the proceedings of the National Housing Forum (NHF), and (5) the formulation of the Housing White Paper, 1994, and Housing Act, 1997.

4.4.1 Core propositions of the UF

Wilkinson (1998) argues that the UF came to being as an agent that sought to make the markets work. The UF recognised the essential relationship between stable labour

provision and functional capitalism, and immediately sought to encourage the private sector to contribute towards adequately housing the urban labour pool.

The UF recognised the challenge of reducing the low-income housing backlog which stood at 500 000 in 1980. The policy proposal of the UF with regard to alternative housing delivery was the recognition of informal housing as a building block of national urban housing policy (see Urban Foundation, 1991). The essence of the proposal was that conventional low-income housing (mainly state driven in South Africa) had failed dismally to keep pace with escalating housing requirements. Housing policy must build on the positive attributes of spontaneous informal housing. The demonstrated energy and capacity of the poor people to provide their own housing must be facilitated. The acceptance of this principle meant the adoption and facilitation of two important informal housing delivery processes viz.: *in situ* upgrading and site and services schemes. In order to achieve the intended objective of sustainable development both programmes require additional inputs including, *inter alia*, secure tenure, access to loans, mobilisation of individuals and communities and encouraging private investment.

In terms of the critical housing policy developments, the UF had firstly argued that direct state housing supply had failed to provide adequate housing, was expensive, and also failed to reduce the low-income housing backlog. Secondly, it viewed incremental housing in terms of the upgrading of informal settlements through infrastructure provision. Thirdly, the UF welcomed the sale of state housing stock through leasehold, but emphasised that the ultimate goal of ownership should still remain freehold. In summary, the UF was instrumental in placing pressure on the government to initiate the Big Sale in 1983 and to later introduce the Discount Benefit Scheme.

4.4.2 The role of the IDT

The IDT was set up by the Apartheid government in 1990 as an independent conduit for off-budget expenditure on social welfare programmes. The housing goals of the IDT were to provide subsidies, upgrading and other thirteen services such as housing and education, to incorporate such areas into the political and economic systems of cities and

towns (see Gusler, 2000). Funding was raised in part from the proceeds of the sale of strategic oil supplies stored during the sanctions era, and the new institution allowed for spending outside of existing government structures and programmes (see Adler and Oelofse, 1996).

The IDT approach represented a significant effort to increase access to housing through the rapid provision of some 100 000 serviced sites. The IDT scheme recognised that a large majority of poor households would only be able to obtain formal housing over extended periods of time. Wilkinson (1998) argues that the approach was contrary to earlier debates that had advocated for the possibility of households acquiring proper houses through market-driven processes. The scheme provided flat rate capital subsidies of R7 500 for households earning less than R1 000 per month in 1991, and was hailed as one of the largest housing delivery initiatives undertaken by an NGO worldwide (Adler and Oelofse, 1996). The two main advantages of the IDT subsidy scheme were that it was targeted at the poorest of the poor and that it was easy to manage as amounts were paid out once the product had been delivered. However, the major criticism on the IDT scheme was that the projects did not actively support beneficiary community participation. The IDT announced in late 1992 that it would fund no new subsidies, and this mishap called for a further intervention from the government in order to keep social unrest under control. Nell and Rust (1993) agree that this stance coincided with and was influenced by the De Loor Commission Report which had emphasised a new look at implementing a common capital housing subsidy for the country.

In terms of the critical housing policy developments, the IDT had firstly, acknowledged that the construction of formal housing units was not a viable option in a country with high levels of urbanisation. Secondly, the IDT's incremental housing approach provided infrastructure and acknowledged the importance of informal housing. Thirdly, the IDT fast-tracked the privatisation process through land and infrastructure provision that occurred in parallel with a Discount Benefit Scheme of the state.

4.4.3 The De Loor Commission

The political unrest of the early 1990s was in much the same vein as in the mid-1970s as the uncertainties towards a new dispensation became dominant (see Wilkinson, 1998). The government hence requested the South African Housing Advisory Council to review the then existing dispensation and advice on a new national housing policy and strategy for South Africa. The commission appointed by government was chaired by the then Auditor General, Judge Joop De Loor. The two basic principles, amongst others, of the commission were that (see De Loor, 1992) firstly, every owner should be required to contribute towards his/her own home, however modest the contribution may be; and secondly that owners are to be entitled to expect security of tenure of their property.

The other principle dealt with institutional arrangements, and sought to achieve the management and facilitation of housing delivery with maximum contributions from the private sector, and with massive intervention by the state at the lower end of the market.

In motivating for drastic changes in the then current strategy, the De Loor task team motivated that many households were faced with the affordability problem, and the then current subsidy schemes violated principles of equity, affordability and flexibility. The task team then recommended “a comprehensive housing assistance scheme comprising a capital subsidy that is graduated according to income and begins with access to a site for the poor and progresses to a more sophisticated but flexible alternatives to which beneficiaries also have to make a contribution” (De Loor, 1992: 306). Amongst its range of objectives the De Loor Report tends towards promoting home-ownership and encouraging self-help. Many of the De Loor recommendations on the nature of future housing policy were superseded by the NHF comprising 19 interest groups in housing policy and development (see Adler and Oelofse, 1996).

In terms of the critical housing policy developments, the De Loor Commission firstly sought to acknowledge that the state needs to create institutional arrangements to supply housing to all South Africans, in particular the low-income groups. The Commission had noted the failure of conventional housing which was not able to replicate itself and was a

burden to state resources. Secondly, incremental housing was encouraged through a cumulative subsidy scheme, which was an extrapolation of the IDT model that included basic infrastructure. Thirdly, the privatisation of public housing stock was strongly encouraged through ensuring that low-income households are given opportunity towards secure tenure. This emphasis on security of tenure meant that the Commission saw the on-going but slow disposal of old housing stock to sitting tenants as a necessary process. Therefore the De Looer commission expressed a strong view on the role of households to take care of their housing, and simultaneously that the state should assist the poor with ownership of housing as far as possible.

4.4.4 The proceedings of the NHF

Rust (1996) explains that the NHF was formed in 1992 with the primary aim of addressing the housing crisis with sound and workable policy. The majority of social partners in housing issues were calling for a broader participation of all relevant sectors and stakeholders in policy formulation prior to the adoption of the foreseen new national housing policy after Apartheid (see Nell and Rust, 1993). Charlton and Kihato (2006) also see the role of the NHF as being to debate the nature and form of post-Apartheid housing policy.

The two key principles under discussion at the NHF were the nature of the product to be delivered, and the role of the state in housing delivery. The Forum primarily comprised the two camps that represented the business sector and the other that leaned more to the liberation movements (see Lalloo, 1999). However, Charlton and Kihato (2006) point out that the proceedings of the NHF were not simplistically bi-polar, but comprised of overlapping positions and similarities in thinking that cut across the political divide. With regards to the housing product, Lalloo (1999) notes that the private sector favoured the site and service model for purposes relating to their profit motive. On the other hand, the non-business camp opted for full rental housing despite the awareness that it may be a drain to a sensitive post-Apartheid economy. Wilkinson (1998: 223) argues that eventually the model agreed upon remained “a house of its own, however modest or incomplete as a formal structure, for each household, situated on its own plot”. This was

set out in the “Record of understanding” between the government and the NHF in August 1993 (Mackay, 1996).

The debate on the role of the state also highlighted the interest of the two main camps on the state-driven versus market-driven approach. In this political-economic context, Charlton and Kihato (2006) observed that arguments eventually swayed in favour of the partnership approach- a facilitative state which drew in the resources and implementation capacity of the private sector. What had remained fundamental in the NHF debates was whether to continue with the unpopular heteronymous housing model where the state provides a full housing product to a few, or the autonomous approach that gained a footing in the 1970s where the private sector and households assist the state in providing housing to as many citizens as possible.

In terms of the critical housing policy developments, the NHF firstly was not able to pronounce itself definitively or convincingly on the type of the efficient model to supply housing to the poor. Secondly, as far as incremental housing is concerned, it appears that the introduction of the capital subsidy approach was a key contribution of NHF to the platform of housing policy in South Africa at the time. The acceptance of an incremental approach cemented the intention to support self-help housing in the future. Thirdly, the privatisation of the old housing stock was continuing anyway during the proceedings, though excruciatingly slow, and there were more agitations to fast-track the privatisation process from the civic organisations which were part of the NHF structure itself.

4.4.5 The essentials of the Housing White Paper, 1994

The recommendations of the NHF emanated from a melting pot of debates and serious policy reconfigurations. There was hence a need to legislate these recommendations within a legitimate environment that emerged after the 1994 general elections. The new post-Apartheid dispensation made an immediate effort to solidify the NHF proposal into action plans for government implementation. The first action came in the form of a Housing Accord held in Botshabelo, Free State, in October 1994 (see Rust, 1996). The Accord came about as a partnership between the provincial and local governments, the

private sector, and communities to create the enabling environment for private investment. The proceedings of the Accord were immediately followed by the drafting of the Housing White Paper as a step towards legislating future housing delivery.

With regard to subsidy options, the White Paper recommends that Government remains committed to a system of subsidisation which is biased in favour of those most in need of Government assistance. It is essential that the bulk of state housing resources be utilised to assist the poorest of the poor and the introduction of a fourth (higher) category of subsidy for the lower end of the market was added (RSA, 1994: 28). In addition, those with low-incomes, for whom only serviced sites had been provided under earlier regimes, would be entitled to a supplementary grant of R5 000 to acquire materials to build a starter structure or for use as a deposit for a loan. Adler and Oelofse (1996) argue that the new African National Congress government shaped its policy of public housing in its White Paper of 1994, with a strong bias towards the position of the NHF which articulated incremental housing. There was still a strong belief from the left that the government could do more than just meeting the poor households halfway, and should provide both a serviced site and a full superstructure (see Marais and Krige, 2000). However, the White Paper admits that the state will still require private effort and individual contribution to deliver a formal house (RSA, 1994: 38). In the case of diversifying the provision of new housing stock, the White Paper acknowledges the importance of social housing in giving support to the residential rental market (see Cloete *et al.*, 2009). However, the role of institutions involved and the management of social housing is not elaborated on.

In terms of the critical housing policy developments, the Housing White Paper (1994) firstly admits that the state is obliged to provide basic shelter within the constraints and resources available to it. It prescribes that the state will follow a partnership model espoused in NHF proceedings in supplying low-income housing, however, the poorest of the poor will be catered for through conventional methods. Secondly, it supported the incremental housing method by further subsidising the earlier beneficiaries of site and service schemes to bring them on par with the poorest rung of beneficiaries. In this way

it may be argued that the incremental housing process had begun to be narrowed down to strictly basic infrastructure and a core structure – an arrangement that is a little different from just a site and service scheme only. Thirdly, though the privatisation of old housing stock through a discount or total write-off was in its tenth year, the Paper recognised the challenges still remaining in respect of the Discount Benefit Scheme. The White Paper hence identified the introduction of greater security of tenure as one of the most significant of short-term interventions required that would encourage communities to commence with the process of investing in their own housing conditions (RSA, 1994: 41) The Paper also had begun to view rental housing in the form of social housing as necessary, though there was not much elaboration on management or institutional tools to immediately implement the model.

4.4.6 The Housing Act, 1997

The Housing Act, 1997 came as a culmination of the Housing White Paper drafted some few years earlier as alluded above (see Lalloo, 1999). The Act supports a wide choice of housing and tenure options (see RSA, 1997), and is vocal on the four aspects that influence new housing provision to and consolidation of housing in low-income groups, viz.:

- Subsidy Housing Scheme;
- Guidelines for the Discount Benefit Scheme;
- State-centred housing delivery programme; and
- Institutional housing.

The schemes sought to continue with the debate of the type of product to be put in place, which at this point in time Wilkinson (1998) argues had come to be viewed as a free standing house with full services. Finally, the programme began to be state-centred as the role of municipalities was strengthened through the announcement in 1998 that by April 2002, local authorities would become developers in order to speed up housing delivery. The state became the funder and the implementer of a mass housing programme to meet the target of one million houses in the first five years of the post-Apartheid era. Surprisingly, a phenomenon much akin to mass public housing in the

1950s and 1970s (see Rust, 2003; Lind, 2003). Also in 1996 the state had made a commitment towards the introduction of institutional housing scheme which would make social housing an alternative method of provision, and in 1997 the Social Housing Foundation was formed to provide technical support (see Cloete *et al.*, 2009).

Overall, the commissions and policy documents on housing policy could be summarised with regard to three critical policy development areas. Firstly, there was originally an acceptance that the state should fully abandon direct housing supply, however, exception was made that this will only apply to the poorest of the poor. Secondly, incremental housing has always been acknowledged as the effective alternative to direct supply, however, there has had to be double subsidisation to bring all the needy on board. Lastly, the transfer of state housing to tenants has always been a slow and uneasy process, but there was a general acceptance that it is necessary and must move with speed.

4.4.7 Breaking New Ground (BNG): 2004 onwards

The South African Department of Housing released a policy document in October 2004 as a tool to drive housing policy towards a more inclusive direction. The main shortcoming of the previous ten years of housing delivery was that the focus on low-income housing was the supply driven approach of commoditised housing units (Department of Housing, 2004). BNG is rooted in ensuring that housing goes hand in hand with integrated settlements development. The main theme of the vision is to provide housing that is complementary to social and economic infrastructure development. Some of the instruments introduced, such as pushing up the bar for beneficiaries to include the low middle income earners of R7 500 per month, are meant to invigorate the currently dysfunctional property market in the townships.

BNG builds on the housing policy outlined in the 1994 White Paper on Housing, and adds the imperative of ensuring that settlements are sustainable and habitable to the basic original goal of delivering affordable housing. According to the policy directives of the Department of Housing, the priorities of the plan are to:

- accelerate delivery of housing within the context of sustainable human settlements;
- provide housing within human settlements;
- provide quality housing to turn homes into assets;
- create a single, efficient formal housing market; and
- abolish Apartheid spatial planning thereby restructuring and integrating human settlements.

The key addition towards privatisation is indicated in enhancing the role of the private sector (Department of Housing, 2004: 2). It seems from the objectives that the intention of the state is to ensure that the private sector plays the role of delivering the units whilst the government regulates the housing provision environment.

The other important aspect of BNG is to enhance access to title (Department of Housing, 2004: 6). Access to title is a fundamental principle of national housing policy. While security of tenure has been achieved in principle, a significant proportion of public housing stock has not yet been transferred into the names of the entitled individuals. In addition, a large number of houses constructed under the existing housing programme have not yet been transferred to households. In order to address these problems, the Department will implement a range of measures to stimulate a renewed uptake in the Discount Benefit Scheme in order to transfer the balance of the free-standing public housing stock. The Department will also establish a high priority focus to complete the registration of transfer in respect of houses constructed under the existing housing programme.

Charlton and Kihato, 2006, observe that the BNG policy covers the following gaps that had been missing in the previous ten years of implementation, viz.:

- The new plan makes clear that housing provision should address the creation of an asset for the poor;

- The plan makes provision for sustainable human settlements and creates a link with UN Habitat policy espoused in the late 1990s; the Department of Housing is intent to produce “quality” rather than mere quantity;
- The new plan is intent on eliminating informal settlements through provision of services and tenure; and
- The plan also makes provision for the inclusion of a higher income band of those earning up to R7 500 per month.

However, Charlton and Kihato (2006) also warn that the policy is still biased towards meeting delivery targets in terms of numbers and does not offer direction with respect to the difficult political issues of land ownership, the land market and rights around property values. BNG policy was intent on promoting social housing (see Napier, 2008). This was done through recognising the affordability and flexibility requirements of the middle income market.

Overall, the BNG policy appears to be the extension of housing policy as practiced in the mid-1990s; it was still concerned with the targets of delivery in terms of numbers except that it brought a strong concept of socio-economic integration of low cost housing settlements. Napier cited in Charlton and Kihato (2006), summarises that BNG policy is confusing and disappointing, moreover that it overlooked research done in 2003/4 on how housing delivery could be enhanced. However, it made a breakthrough to strengthen the residential rental market.

Table 3 below provides a schematic representation of how public housing policy slowly led to the withdrawal of the state as the sole provider of public housing stock, though challenges in service delivery led to the state still being directly involved in post-Apartheid housing provision.

Table 3: A comparison of key housing policy documents and events in relation to privatisation in South Africa

Phase and Period	State-owned housing	Self-help housing	Privatisation
UF, 1978 - 1991	UF argued that direct state housing supply had failed to provide adequate housing, and was expensive and also failed to reduce the low-income housing backlog.	Upgrading of informal settlements through infrastructure provision.	The UF welcomed the sale of state housing stock through leasehold, but emphasised that the ultimate goal of ownership should still remain freehold.
IDT, 1991	IDT had firstly, acknowledged that the acquisition of a formal housing unit took a lengthy process whereas urban immigration had surpassed one of the highest points in the early 1990s in the country.	IDT's incremental housing approach was groundbreaking by including starter housing in tandem with infrastructure provision.	The privatisation concept of IDT meant land and infrastructure provision, and it occurred in parallel with, and not as a substitute to the state's Discount Benefit Scheme mainly agitated through civic organisations.
De Loor Commission, 1990 - 1992	The state needs to create institutional arrangements to supply housing to all South Africans, in particular the low-income groups.	Incremental housing was encouraged through a cumulative subsidy scheme, which was an extrapolation of the IDT model that included basic infrastructure.	The Commission saw the on-going but slow disposal of old housing stock to sitting tenants as a necessary process.
NHF, 1992 - 1994	The middle way of facilitative state was chosen	The introduction of the capital subsidy approach is a key contribution of NHF to the platform of housing policy in South Africa at the time.	There were more agitations to fast track the privatisation process from the Civic Organisations which were part of the NHF structure itself.
The Housing White Paper, 1994	The state is obliged to provide basic shelter within the constraints and resources available to it through a partnership model espoused in NHF	Further subsidise the earlier beneficiaries of site and service schemes to bring them on par with the poorest rung of beneficiaries.	The Paper recognised the challenges still remaining in this arena. Discount Benefit Scheme is still necessary Social Housing to form part of the new housing stock model.
The Housing Act, 1997	The state became the funder and the implementer of a mass housing programme.	Acknowledged through greater tenure security.	Social housing supported though the creation of the Social Housing Foundation.
BNG Policy, 2004	The state is still the funder and the implementer of a mass housing programme. Rental housing stock picks up in numbers though now under the management and ownership of housing institutions.	Acknowledged through greater tenure security, and strengthening the role of households and private sector in housing provision.	Acknowledged with the understanding that ownership is not always the ultimate tenure option. Enhance the role of the private sector. Stimulate a new uptake of the Discount Benefit Scheme.

4.5 Revisiting public housing transformations and privatisation

The sections above assessed the policy environment since the late 1980s. This section turns to an assessment of the theoretical perspectives in this respect. This section firstly summarises the criticisms advanced against housing privatisation in the developed and

developing countries. The chapter then continues with a discussion of the positive impacts related to privatisation – aspects commonly ignored in the criticism. Fundamentally, I try to make the point that the existing criticism comes from political economic frameworks while the positive aspects would have a larger theoretical origin.

Firstly, though there are positive impacts documented for the privatisation process in the developed countries, the negative impact of the process is overwhelming considering the prominent role of Housing Associations in Britain especially (see Linnemann and Megbolugbe, 1994). In assessing the negative impact of privatisation in developed countries, the following summation dealt with in Chapter Three could be re-visited:

- Tenants are subject to rigorous private sector lending rates and fall back on their payments;
- Private sector repairs are more expensive than in the public domain;
- Those failing to keep up with the rents of Housing Associations are prone to eviction;
- The Housing Association approach exposed tenants to rent hikes, erosion of tenancy rights and longer housing waiting lists; and
- In the context of the impact on the neighbourhood, there are instances where former “right to buy” neighbourhoods are stigmatised because of a limited sense of community or neighbourliness.

Further, there are proponents who cast a shadow of doubt on the plausibility of privatising low cost housing in developing countries, including policy researchers in South Africa holding similar views to those espoused in the developed countries regarding the negative impact of privatisation to low-income households. A range of writers have put forward their misgivings on the effects of privatisation processes in the low-income housing environment (for examples see Mabin and Parnell, 1983; Parnell, 1990; Soni, 1992; Wilkinson, 1998). There seem to be five main critical arguments against the institution of low-income housing privatisation that was mainly driven from 1983 onwards.

Some authors see the privatisation of housing as a way for the state to divest itself of low-income housing provision. Dewar (1982a) accepts that the state cannot tackle the housing problem on its own; however, he warned that privatisation should not be seen as a way for the government to reduce its responsibility in the housing field (also see Bond, 2005). A second point of criticism, as Swilling (1990) points out is that the state was enforcing the freehold option as if it is the only tenure option befitting the poor. Thirdly, the Civic Organisations argued that privatisation led to exploitation, speculation, shack-farming and landlordism (see Mayekiso, 1996). Fourthly, the financial pressure against the government to maintain the housing stock is seen as the major motive to dispose of the housing stock (see Lemon, 2004). Fifthly, Mabin and Parnell (1983) argued that the impact of housing privatisation would result in a variety of compromised home owning classes or groupings who would not afford them. The worst case scenario would be people losing their houses because of affordability, and the subsequent mushrooming of landlords who would be taking over the subsequently repossessed stock.

In summary, the abovementioned theoretical debates were firmly based on financial and economic concerns within a political economic framework. Despite these criticisms, Tipple's (2000) research, supported by a host of other researchers, has shown a range of positive outcomes related to housing privatisation. There seem to be five main benefits that stand out when assessing the impact of privatisation of state rental stock in the developing countries, viz.: urban renewal, local economic development, innovation and self-reliance, development of secondary markets, and sustainable rental methods. These positive aspects have largely been ignored when the impact of housing privatisation is assessed, and these are discussed briefly below.

- **Supply of additional living space**

Low-income housing estates in developing countries were characterised by desk top form with limited living space for the tenants. Privatisation afforded the tenants the opportunity to improvise limited living space with critical additions such as bedrooms.

- **Urban renewal**

Neighbourhoods designed for a different era and reaching the end of their economic lives have been renewed. Rather than being in decline they are increasingly full of a variety of people, multi-purpose uses and genres of architecture.

- **Local economic development**

Consumers of housing are becoming producers of housing; transformations are provided in a labour-intensive way, using local building materials, small and medium-sized contractors and local labour, thereby providing employment especially for the poorest groups in society.

- **Innovation and self-reliance**

Bottom-up approaches are dominant in which the household is the main actor seeking the product that best fits their user style. The majority of transformation processes are locally based where advice to use labour and material is sourced locally from friends and neighbours. The style of building reflects autonomous processes in which the household experiments with a variety of options to best suit the desired house model and cut costs through self-innovation and reliance.

- **Development of secondary markets**

Whereas it is common course to transform public housing units for comfortable consumption by future generations such as in Tipple (2000) and Kardash (1999) in the cases of Egypt, the future generations tend to be more nuclear and mobile. This aspect empowers these households to easily consider moving house when compelled by new job opportunities or better schooling opportunities elsewhere. Therefore, while it was a rare phenomenon to sell or buy a house in former public housing estates, it has increasingly become a norm to find an active housing market in these environments, more especially due to variety and quality of units.

- **Sustainable rental methods**

Whereas other observers may have postulated that the quest for more space may translate into producing rent sharks and uncontrolled landlordism in township transformations (see Mayekiso, 1996; Mabin and Parnell, 1983), others noted that developing countries have a unique rental market. Gilbert *et al.* (1997b) argues that the rental market in South African townships is not clearly defined and is still under development. Landlords in these environments have almost similar economic profiles to their tenants and the rental income they derive is simply to make ends meet. Over and above, the majority of landlords do not derive any income as they may be accommodating additional households/individuals rent-free because they are relatives. Therefore, transformations contribute more to bringing about meagre additional income and accommodating destitute extended family members than previously thought.

What should be noted above is that the positive aspects do not all fall into economic related reasons (although some do) while all criticism of privatisation can be closely related to political economic frameworks. I shall again make this point in the coming chapters.

4.6 Conclusion

This chapter looked at housing privatisation and its impact in the South African housing environment while evaluating the theoretical underpinnings and history of self-help housing in South Africa. The chapter also provided an overview of the history of black housing in South Africa with special reference to the relationship between state-driven housing, self-help housing and housing privatisation. This was done against the background of international experiences discussed in Chapter Two and Chapter Three (see Table 4 as a comparative analysis between South Africa, the developing and developed countries).

Essentially, it is argued that despite the fact that housing privatisation has been criticised severely in the United Kingdom and South Africa there are positive aspects related to privatisation processes which have been part of the research and policy gap in South

Africa. These positive aspects include renewal of old neighbourhoods, local economic development through job creation, innovation and self-reliance, development of secondary markets in housing, and sustainable rental methods. These aspects are akin to what Tipple observed in the developing world.

However, policy contributions in assessing privatisation processes in South Africa are quick to evaluate the results of privatisation as negative. These assessments are more laden with political economy concepts such as state disengagement in housing, unaffordability, landlordism and exploitation by the credit agencies. Once more, these arguments fail to observe that privatisation has assisted to ease more social ills such as housing stress, and has also assisted to bring innovation, and a sense of belonging in the townships.

Overall, the main finding in this Chapter is that theoretical observers have fallen short in embracing the ideas of Tipple in their observations of housing privatisation. They have adopted rather to evaluate the housing processes in South Africa from a political economy paradigm as applicable to the developed countries, thereby omitting a critical socio-economic dimension attached to the privatisation process. They were quick to take a swipe at privatisation as if it would lead to the repercussions of the developed countries. At the end of the day, the results of privatisation are positive and akin to those in developing countries. .

The next three chapters will discuss the main argument regarding the omission of socio-cultural aspects in the political economy debate using the empirical evidence from the study area

Table 4: *A comparison of owner building and self-help in the developed world, developing world and South Africa*

Concepts	Developed World	Developing world	South Africa
Basic Theory	<ul style="list-style-type: none"> Self-help becomes an alternative due to state failure and exorbitant high rentals of landlords. 	<ul style="list-style-type: none"> Self-help housing is seen as having a causal relationship with squatter settlement upgrading. 	<ul style="list-style-type: none"> Self-help housing had always been the practice of low-income households (blacks) until the state used self-help for social engineering purposes from the 1920s onwards.
Reasons for emergence	<ul style="list-style-type: none"> Cheap land in the city outskirts; Acute housing shortage since the 1840s; Cheaper to build through sweat equity. 	<ul style="list-style-type: none"> The quest to provide usable housing; Ability to improvise with self-effort amidst the failure of state to provide; Popularisation of the concept through interventions in countries like Peru. 	<ul style="list-style-type: none"> Legislation enforced self-help on native villages; Self-help housing occurred under unfavourable circumstances, viz. no land, and no tenure; Migration patterns between rural and urban resulted in a state of impermanence for blacks; Owner building used as a tool of segregationist politics amongst blacks.
Role of the state	<ul style="list-style-type: none"> Good relations between co-operatives and the state; State subsidised housing finance to builders; State resistance in support only of state housing or formal private building by banks; State ignores self-help housing. 	<ul style="list-style-type: none"> Well developed financial and housing loan systems; World Bank approach in the 1970s favoured targeted subsidies; State turns a blind eye and allows informal housing market to thrive; The relation of the state to the World Bank is ambiguous and impacts on attitudes to self-help; State adopted high standards in the 1950s which led to failure. 	<ul style="list-style-type: none"> Bloemfontein System in the 1930s; Vukuzenzele site and service scheme in the 1950s; Relative co-operation with squatter movements in the 1950s; Permission to improve state-subsidised housing without compensation in the 1960s; Right to owner-building in the homelands; Replacement of the 99-year leasehold in 1978; Privatisation of state housing in 1983; Negative impact of mass public housing programmes between 1950s and early 1980s.
Household type	<ul style="list-style-type: none"> Middle-income nucleus families in their 30s and 40s; Lower income with propensity to save. 	<ul style="list-style-type: none"> Low-income households associated with owner building in squatter settlements upgrading; Low-income to middle income households appear in state subsidised housing extensions. 	<ul style="list-style-type: none"> Low-income households associated with owner building in squatter settlements upgrading; Low-income to middle income households appear in state subsidised housing extensions.

Table 4 cont. Concepts	Developed World	Developing world	South Africa
Degree of owner-building	<ul style="list-style-type: none"> • In countries dominated by self-reliance, ratios of self-building differ between 30% (France) to 70% (Italy); • In countries dominated by state housing, ratios could be 6% (UK). 	<ul style="list-style-type: none"> • Associated with squatter settlements as well as extensions of state subsidised housing. 	Using the example of Soweto by 1980, 10% of Sowetans owned their state houses and the majority had extended (it would mean more than half of the owners).
Reason for owner-building	<ul style="list-style-type: none"> • Savings through sweat equity; • Land ownership. 	<ul style="list-style-type: none"> • Households are on their own, and are prompted to self-reliance; • Sweat equity issue is secondary. 	<ul style="list-style-type: none"> • Lack of accommodation amidst matchbox houses; • For those who owned/let state houses, sub-letting was the mainstay of boosting incomes.
Access to resources	<ul style="list-style-type: none"> • Freely available land; • 20% of households are self-financing; • State aided housing finance at rates such as 4.5%. 	<ul style="list-style-type: none"> • Pirate urbanisation and access to land outside remits of legal system; • About 14% don't have to pay for land; • Proper financial systems observed in few countries for example Peru, Columbia. 	<ul style="list-style-type: none"> • No land available except for native villages such as Alexander, Dube etc. • No security of tenure in the townships, hence no financial support from the banks; • Retirement funds and stokvels are cited as main financial sources in some post-Apartheid research.
State Regulation in physical owner building	<ul style="list-style-type: none"> • Owner-building precedes formal planning. 	<ul style="list-style-type: none"> • Squatters recognised later as a means of political expediency. 	<ul style="list-style-type: none"> • Owner-building on state-subsidised housing technically supported only after 1978.

CHAPTER FIVE: THE OUTCOMES OF HOUSING PRIVATISATION

5.1 Introduction

The three previous chapters have laid a foundation on theoretical and policy perspectives of self-help housing and housing privatisation. This chapter assesses the resulting impact of incremental housing processes (in a post-privatisation environment) on the original core structures and to some extent on the neighbourhood as a whole. The chapter starts off with a brief review of the available literature on the causes and impacts of housing transformations (as a manifestation of housing privatisation). Secondly, the chapter considers the socio-economic aspects of the households in the study area. Thirdly, the chapter focuses on empirical evidence of tenure, change in morphology, reasons for change, future intentions and the level of satisfaction in transformation processes in the study area. Lastly, a conclusion is drawn with regards to the comparison of literature review and the realities emanating from the empirical evidence.

This chapter argues that the criticisms based on political economic assumptions regarding housing privatisation ignore particular social aspects related to housing. As already noted Neo-Marxist views have criticised privatisation for enforcing the process on the poor people, making poor people dependent on credit agencies, breeding landlordism that leads to homelessness (see Chapter Three and Four) while pro-market arguments emphasised the development of a secondary market, financial freedom, the creation of assets and a new rental market (also see Chapter Three and Four). Fundamentally, the empirical evidence suggests that a range of factors (not directly related to political economic reasons) also play a role in this respect. The evidence from the chapter suggests that social needs and social reasons are far more prominent motivators for housing transformation than is commonly acknowledged within theoretical debates about the privatisation of state housing.

5.2 Housing transformations in developing countries: empirical evidence

It has been argued in previous chapters that transformations are seen as a typical manifestation of public housing privatisation. A number of researchers have reviewed the reasons for housing transformations as well as the effects of the transformations of rental housing in a privatised environment (Tipple and Ameen, 1999; Kardash, 1999; Sibley-Behloul, 2002). Firstly, the key factors which positively influence the housing transformations and have been noted by researchers include secure tenancy and ownership, household size and composition, income and wealth, and expenditure on transformations. Secondly, in the housing environment, changes brought about by transformation have a particular effect on the livelihood of house members. For instance, Tipple and Ameen (1999) note that the effect of transformations on housing conditions includes, increase in house size, space occupied by the main household, increases in space occupied by all the residents, services available, physical conditions, plan forms, densities, value and cost, and use of house for economic activity (also see Tipple, 1996; Kardash and Wilkinson, 1991). The following section looks at the factors that cause transformations followed by the impact of transformations in housing environments.

5.2.1 Key factors that affect the propensity to transform

The international literature suggests that the following aspects play a role in the propensity to transform: age of household head, gender, education, employment, house tenancy and ownership, income and wealth, and household size and composition (see Tipple and Willis, 1991; Sibley-Behloul, 2002). These aspects are discussed in more detail below.

Tipple and Willis (1991) noted that owners of government-built houses tend to be in the latter half of their working lives or retired. Tipple and Willis (1991) found that transformation household heads in transformed houses are generally over 50 years old. There are instances where Tipple (2000) observes that the third quartile of recent transformers started to extend after they turned 62. This emphasis on older people being more likely to be transformers may point to instances where transformers have just gone into retirement and may have lump capital to transform. Tipple (2000) further argues that

the relatively advanced age when transformation begins demonstrates that the house is not thought of as only a single-generation home. This notion of a house not being seen a single-generation home supports the argument and the fundamental paradigm to this study that policy shifts and processes in housing cannot be interpreted in political economic terms only and that social theory should help to explain some elements in respect of housing.

The second factor pertains to the role of gender of the household head. In his study of the middle class housing estate of Satellite Town, Lagos, Arimah (1999) observes that almost 90% of household heads in the rental housing units are male. Kerr and Kwele (2000) also found that government-built housing in Botswana consisted mainly of male headed households and inferred this phenomenon to emanate from poor representation of women in civil service employment. In both instances, transformations favoured the majority of male headed households probably because of a high number of these households in totality and the smaller economic role played by women. In the main, women had poorer access to employment, which in turn made access to housing difficult, because the rules of access to housing required that the lessees have income and could pay rent.

The third factor that affects a decision to transform is the level of education; as noted by Arimah (1999) in a transformations study in Lagos: the more educated the head of the household, the lower the inclination towards transforming the housing unit. This is probably because education is linked to younger heads of households and smaller families corresponding to less urgency in creating more space. This notion of a large percentage of lower educated people being involved in transformations is supported by Tipple (2000) in the case of Ghana and Zimbabwe.

A mixed picture evolves in respect of the role of employment. It is not as simple as to say that a tendency to transform rental units is related to employment. For instance, as high as 45% of transformers in Harare, Zimbabwe, are retired or unemployed (see Tipple, 2000). In contrast, transformations in the Satellite town, Nigeria comprise mainly of

heads of households that are employed since it was mainly developed for civil servants from inception (see Arimah, 1999).

In the case of house tenancy and ownership, the existing literature suggests that ownership is a crucial determinate of transformation (Kardash, 1999), but that significant transformations also take place in cases where ownership has not been transferred to households. In this respect, Tipple (2000) found that over 90% of transformed houses are owner-occupied, but about a quarter of non-transformed houses are occupied by renters. Although the importance of ownership cannot be ignored, the reality of renters also transforming their units suggests that the emphasis on ownership (coming from pro-market thinkers) as a prerequisite is not always that clear.

As can be expected, the level of income does play a role in the degree of transformations. In this respect Tipple (2000) notes that the per capita income of transformers in the Ghanaian sample is about twice the absolute poverty levels. In general, transformers are wage earners and have mostly household incomes that are higher than the average household income (see Kardash, 1999). Tipple (2000) notes that transformers are averagely better off than non-transformers, where transformers income is 30% higher than that of their counterparts. Also, Tipple (2000) observes that spending on transformations is 90–120% of a year's income. However, the Zimbabwean and Ghanaian case studies show more than four and five times annual income respectively for the upper quartile. These types of investments show a high level of commitment in terms of investment, and taken for the whole neighbourhood, an estimate of the private capital invested could be made.

The last factor affecting the decision to transform has to do with household characteristics. Tipple (2000) argues that larger households tended to be more pressurised to transform, and referred to this as housing stress. In the sample of Ghana, households can have a mean of 7.5 members and over 75% with five people or more. Housing stress is also a prominent pushing factor that 81% of transformers extend their core houses because of it. Once again this argument suggests that housing extensions at

household level is not conducted from investment perspective but rather from the social attributes within the household.

5.2.2 Effects of transformations on housing conditions

As previously noted there are a number of factors that relate to the impact of transformations in public housing with regard to the household environment and the neighbourhood. These impacts range from the increment of house sizes to densification of the neighbourhood.

The first factor relating to the impact of transformations is towards the increase in house size. There is agreement amongst the proponents of self-help housing that the direct state housing supply provides prescribed prototypes that are less suited to the housing needs of occupiers. In the process of accumulating resources to improve their structures, households usually have an idea of what housing products best fit their needs. Gregor and Steinberg (1988) note that in the Workers' City of Helwan, Egypt, the unprepared visitor realises with surprise the range of physical additions. These extensions may come as additional rooms on the ground floor level, or on top of these as first floor extensions, or more exciting and risky looking projections of full rooms on upper floor levels, simply resting on stilts that are two or three storeys high. Households usually engage in transformations over a range of time and in various phases. In terms of the size of additions, the available literature suggests that the area added in the first phase is on average 30m² or 60% of the size of the original house (see Tipple, 2000; Arimah, 1999). In the early phases of transformations, transformers tend to add two to three rooms on average completing the building process with fewer rooms. In fact, the urban poor prefer to add a few smaller rooms rather than a large single room owing to cultural and religious norms. Overall, transformations result in more space and more habitable space for the households and subsequent households who may be renting.

The second factor relating to the impact of transformations in the neighbourhood has to do with increase in settlement densities. When original core houses are put in place, they leave large expanses of space around them, especially in Sub-Saharan Africa where

building is horizontal. The addition of extra rooms increases density in the environment in terms of number of people and buildings. Higher rates of transformation will result in higher settlement densities. Kerr and Kwele (2000) give examples of the densification evidence before and after transformations in Gaborone, Botswana. Kardash (1999) observed that 59.3% of core houses were extended in the sample of Tenth of Ramadan settlement in Egypt. Similarly, Tipple (2000) noted in the examples of Zimbabwe and Ghana respectively, extension rates of 86% and 77%, though the shack transformers may have distorted the results for Zimbabwe. There are other locations such as Gugulethu in Cape Town where up to 100% of households have extended their homes as a result of subletting demand for backyard rooms (Napier, 2001). On the other hand, some researchers have noted lower rates of 25% – 30% of transformations mainly because the study areas are still in the earlier phases of development (see Arimah, 1999; Napier, 2001). However, there are authors who warn against too much transformation that could end up dissolving the use of space and limit air circulation within the household (see Watson, 1994; Tipple and Ameen, 1999).

The third factor relating to the impact of transformations in the neighbourhood is improved access to sanitation in the house. The majority of urban rental projects came with rudimentary services when they were supplied in the 1970s (see Mabin and Parnell, 1983). There is a tendency for services such as in-house toilet and washing room to be quite high priorities for transformers (see Tipple and Ameen, 1999). Most houses add them in the first two phases and may add more in the subsequent phases. In such instances as Bangladesh, transformations have improved the servicing level of former core housing from a zero baseline to acceptable levels.

The next factor relates to the physical condition of the housing units. There is a tendency by transformers to utilise better quality materials when improving their core houses. It appears in the examples of the four countries used as samples in Tipple (2000) that improved material such as burnt brick, cement blocks and reinforced concrete are common materials used for extensions in Zimbabwe, Ghana, and Egypt respectively. Overall observation is made that transformation activity is indeed a form of physical

upgrading, giving new life to old housing which may otherwise deteriorate beyond rescue.

The fifth factor relates to the impact of transformations on the house plan or form and new architectural patterns resulting in a new urban morphology for mostly sterile settlements. In the case of house plan or forms, additions differ from country to country. In the case of Egypt, for example, Kardash (1999) notes that the form of apartment-type public core housing limits the extensions. In South Africa and neighbouring countries, Masihleho (1979) notes that there is freedom to extend the freestanding core house into detached or attached form. In the case of architectural patterns, the work carried out by Beinart (1971) and Tipple (1996) (in studying transformations in government-built housing in South Africa and Zimbabwe) shows that the four-roomed bungalows typical in these countries were originally mundane and represented trite and uniform planning. The new plan form offers greater privacy and more flexible use of rooms as well as a greater habitable area. What is particularly noticeable in the transformations is that the monotonous architecture is replaced by stunning adornments, even where there is no evident addition of floor space (see Kardash, 1999; Tipple and Ameen, 1999; Tran and Dalholm, 2005).

The next factor relates to increases in value and cost of the original core structure. Transformations tend to add value of both the housing unit and neighbourhood. Rakodi and Withers, as cited in Tipple (2000), noted that in the case of transformations in Zimbabwe, there was an observable increase of low-income housing sale in the early 1990s as a result of more value added to the original housing stock. In order to ascertain a marked improvement in house value and cost between the transformers and non-transformers, the following variables were used: perceived value of the house by the household, replacement costs of the housing unit, and perceived rental values. Both the value cost and replacement cost of the transformers were almost twice the cost of the non-transformers, indicating higher value and better quality for transformers. Also, Sinha (1991) made a comparison of cultural norms and housing extensions in Lucknow, India and observed that the transformers perceived their houses to have a higher value after just

shifting the kitchen and bathrooms to the culturally appropriate areas of the house. However, in the case of the examples of Egypt, Tipple (2000) observed less difference between transformers and non-transformers because of the already well-built original stock.

Lastly, the transformation may lead to higher economic activity within the household or neighbourhood. Tipple (1996) observes that in the transformations of Harare, Zimbabwe, about half the transformers are motivated mainly by the possibility of rental income. Further, Arimah (1999) also identifies income generation as one of the main reasons for modifying original units in Lagos, Nigeria. When houses are modified, income can be generated through a variety of activities. These range from retail trade, provision of different services (pre-schools and others), and subletting of units which is seen as a passive enterprise. In fact, Tipple as cited in Arimah (1999: 51) indicates that home based enterprises account for 40% of income for households which have modified their units to accommodate them. Other instances noted by Kardash (1999) show that transformers can collect rent that is almost 1.5 times their monthly salary, thereby making it a lucrative passive enterprise. However, transformations are seldom done only for economic purpose of renting rooms (as noted in Section 5.2.1 under the causes of transformation).

In summary, the international evidence suggests that the impact of housing privatisation cannot be considered only in terms of political economic arguments. Although there are economic benefits which could also develop in patterns of economic exploitation, a range of other non-economic impacts have also been mentioned such as increase in living space, quality physical structures and improved household utilities like interior waterborne ablutions – aspects commonly ignored in respect of the political economic arguments. The emphasis now shifts to the housing changes as experienced in Mangaung.

5.3 A socio-economic overview of the respondents in Mangaung

This section seeks to analyse the household characteristics in the study area of Mangaung. The focus is on variables such as household size, gender, age, family cycle, education, income, employment status, and marital status and their relation to transformations.

Tipple (2000) noted that housing stress in developing nations is one of the main precursors of housing transformations in state rental housing, which necessarily links to household size. It is therefore necessary to contextualise the socio-economic characteristics of the households and tendencies to transform, against experiences elsewhere in the developing nations. Table 5 below depicts the socio-economic indicators of the household heads in the study area (it should be borne in mind that these characteristics are for the full research population).

Table 5: Biographical characteristics of the households in Mangaung, 2008

Characteristics	Indicator
Average Household size	3.59
Family type	60% extended; 40% core families
Male / female ratio	38:62
Average age of heads of households	57
Education	40.4% secondary
Average Monthly Income	R1 420
Employment	64% unemployed (mainly pensioners)
Marital status	35.4% widowed

Table 5 shows that the sample comprises extended and average sized families. The household heads are in the advanced age, mainly female with a significant percentage being widowed. Their earnings are modest and the education levels fairly low.

5.4 Tenure status

This section provides an overview of the change in tenure of state rental houses, of which literature shows an observable change from rental to ownership over the years. Chapter

Four referred to how temporary tenure arrangements were used as a tool by the Apartheid government to deny black South Africans permanent residence in the so-called White South Africa. The section looks at four issues as an attempt to evaluate the effect of tenure on transformations, namely: the degree of ownership, the dates of transfer according to a deeds search, and dates of transfer according to household heads, and the year of transformation.

5.4.1 The degree of tenure security

The questionnaire made provision for evaluating the current status of tenure and how it was obtained. An assessment of the current status is important as tenure has proved through literature to be a fundamental prerequisite of encouraging physical changes to rental housing units – although exceptions exist where households extended without ownership. Table 6 provides an overview of the manner in which the respondents received transfer (according to their perception).

Table 6: Tenure status of previously state-owned housing units in Mangaung, 2008

Tenure status	(n)	(%)
Transferred by council to me/my spouse without any cost	135	34.6
Bought from council by me/my spouse	134	34.4
Inherited the house from parents or next of kin	60	15.4
Other/do not own the house	31	8.0
Bought from the previous owner by me /my spouse	20	5.2
Exchanged the house with someone/Bought by my mother for me	8	2.1
Still under Council ownership	2	0.3
Total	390	100.0

Table 6 shows that the number of houses bought from Council and the number transferred to households at no cost are around 34% each. A further 15% of respondents note that they have inherited their house while 5.2% noted that they bought the house from someone else. The one interesting aspect from the above data is the high percentage of respondents who indicated that they bought their house from council. This high

percentage seems to be an indication that they either were part of the big sale between 1983 and 1990 or had to pay an additional amount in terms of the Discount Benefit Scheme. It might also be an indication that the transfer process into their names could be perceived as a process by which the respondents bought their house. The notion of buying a house might well be a perception. In totality, it could be inferred that well over 90% of former state houses are in private ownership.

5.4.2 Verification of property transfers

In the previous section it was argued that more than 90% of housing units are currently in private hands. However, the responses in Table 7 show that a large number of people bought their housing units which might mean that these units were bought as part of the big sale between 1983 and 1990. In order to investigate this high level of purchasing in more detail, respondents were asked when the actual transfer took place and this was compared with the deeds information.

Table 7: Property transfer dates according to a deeds search and respondents in Mangaung, 2008

Year	According to deeds search		According to respondents	
	(n)	(%)	(n)	(%)
Transferred before 1983	0	0	20	5.1
Transferred between 1983–1990	69	17.7	182	46.7
Transferred between 1991–1995	37	9.5	83	21.3
Transferred between 1996–2000	259	66.4	41	10.5
Transferred between 2001–2005	15	3.8	39	10.0
Beyond 2006	10	2.6	25	6.4
Total	390	100.0	390	100.0

Three points need to be made in this respect. Firstly, as noted in Chapter Four, in most black townships there was no registered freehold until 1986. It is subsequently argued that the 1978 leasehold and the 1983 Great Sale did not induce much urgency to purchase (Soni, 1992). To a large degree, the findings from the survey confirm this trend. Furthermore, the 5.1% of transfers before 1983 noted by respondents may refer to

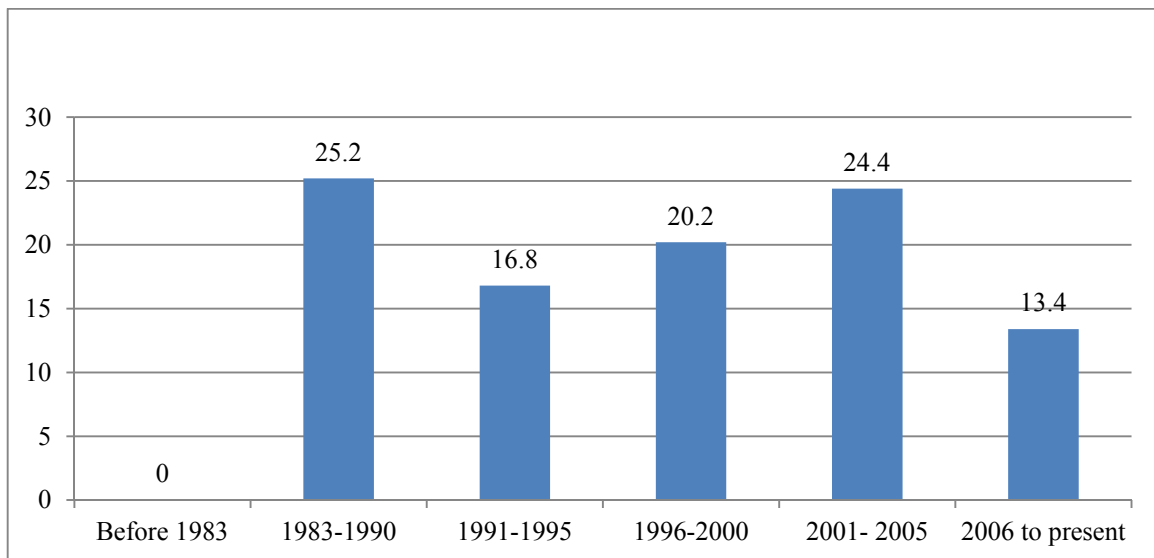
leaseholds and not ownership *per se*. Second, there seems to be large discrepancy between the perceptions of respondents and the data received from the Deeds Office. According to the deeds search, the highest number of transfers took place a few years after the introduction of the 1990 Discount Benefit Scheme as almost two-thirds of the township stock being transferred between 1996 and 2000 (66.4%).

The real question is why such a discrepancy exists. Considering the accuracy of the deeds search, the differences are too big to ascribe this discrepancy to a lack of memory from the respondents. The one possibility in explaining this discrepancy is probably related to the perception of receiving ownership – which a large percentage of people might think they have despite the legal requirements not being in place.

5.4.3 Year of transformation

Transformations depend to a larger degree on secure tenure; therefore there is an expectation that transformers would transform their houses when they are assured of complete transfer. Figure 5 shows the year of transformation within a range of years that starts immediately after the Great Sale.

Figure 5: *The year of transformation for previously state-owned units in Mangaung, 2008 (%)*



n = ???

Figure 5 depicts that there is no outright relationship showing a marked trend on transformations and the periods immediately after 1983. However, there are two periods with a higher peak of transformations than any other period. Firstly, the 1983 – 1990 period may have highest proportion of transformations (25.2%) because this is the period immediately after the Great Sale, and Table 7 does show a considerable number of houses were registered (17.7%) during the period 1983 - 1990. The period 2001 – 2005 has the second highest (24.4%) probably because it is the period immediately after the large scale registrations noted in Table 7. A transformation period will rely on the project management of the household – for instance, a household may transfer the house to their name and only decide to do the actual transformation some few years later. Masihleho (1979) and Beinart (1971) noted that a significant number of households in Soweto had already begun to illegally transform their rented units long before the 1978 leasehold arrangements. This trend, however, is missing in the case study for the period before 1983.

There could therefore be an expectation to observe households that transform their units, but only acquire their ownership a few years later. Further, a transfer of ownership in the name of the household could also happen in the same year as the decision to transform the house. A cross tabulation of the year of transformation, deeds registration and purchase was made and these are featured in Table 8.

Table 8 *Comparisons of the dates of transformations, deeds registration and the purchase dates provided by the respondents in Mangaung, 2008*

Transformation date according to respondents	(%)	Deeds Registration	(%)	Purchase date according to respondents	(%)
Before 1983	0	Before 1983	0	Before 1983	5.1
1983–1990	25.2	1983–1990	17.7	1983–1990	46.7
1991–1995	16.8	1991–1995	9.6	1991–1995	21.2
1996–2000	20.2	1996–2000	66.4	1996–2000	10.6
2001–2005	24.4	2001–2005	3.8	2001–2005	10.2
2006 to present	13.4	Beyond 2006	2.5	2006 to date	6.2
Total	100.0	Total	100.0	Total	100.0

n = ???

Table 8 confirms the possibility that transformations can take place outside the formalities of secure tenure. A closer look at the transformation and deeds registration columns show that for the periods 1983 – 1990 and 1991 – 1995, transformation rates are higher than rates of deeds registration. This discrepancy may mean that during these periods, respondents were transforming while knowing that they did not as yet have secure tenure. However, at the same time, the column on the year of purchase highlights that the respondents were purchasing more than they were transforming – and that purchasing became a finite process towards the end.

In conclusion, it is noted in this section that the trends of purchasing and registration or transfer did not always correspond, with purchasing values being higher than registration values in the earlier stages of the Great Sale period. At the same time, respondents tended to transform housing units which may not necessarily have been registered. Whereas tenure is critical to transformations as a political economic requirement, it shows that transformations took place in disregard to tenure status. Purchasing itself gave households the confidence that they had completed the acquisition process and could proceed to transform their units.

5.5. Changes in housing morphology

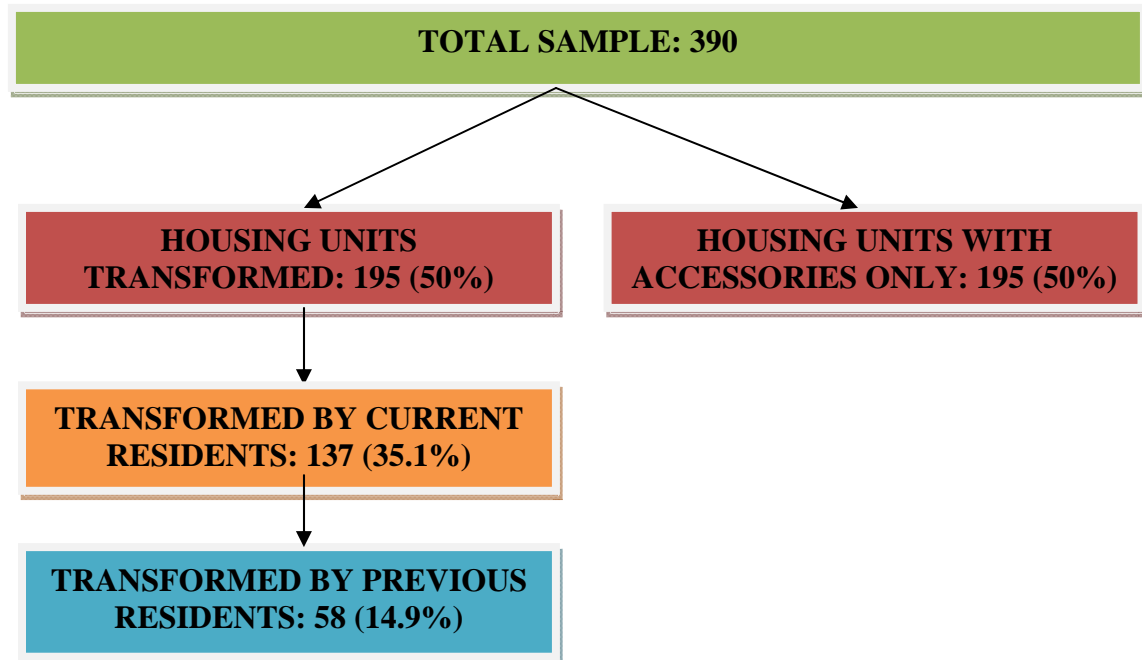
Literature on rental housing transformations emphasise the change in the floor space as one of the main indicators of how housing changes. The rate of transformation in the area is essentially defined as the number of rooms added. However, housing transformation in the area will be assessed in terms of the degree to which households would have reshaped their houses into various architectural types expanded from the simple core house. This section is divided into the following sub-sections:

- The degree of transformation
- Type and nature of transformation
- Change in floor space
- Length of time for completion
- Relationship between transformations and other household characteristics

5.5.1 The degree of transformation

This section assesses the extent to which the original state core houses may have been transformed within the neighbourhood. Figure 6 below gives the overall picture of the rate of transformation in the study area.

Figure 6: Schematic representation of the rate of transformation in the total sample in Mangaung, 2008



If one considers the first two categories (transformed after transfer and already transformed when transferred) it means that 50% of the original state-owned houses have experienced substantial architectural change. At the same time it should be acknowledged that the precise scenario in respect of the date of transfer is not always that clear from the research. Approximately 35% of respondents cited that they added floor space from the original house since occupation. A further 14.9% are occupying a house where some transformations have been made prior to their occupation. Although 50% of households have not made any significant transformation in respect of floor space, at least some minor changes (added accessories) were made. The 50% transformation rate is significant in terms of changing the mono-type architecture of the suburb, and although floor space has not been added in respect of the remaining 50%, these houses might also

have changed considerably in the past 30 years. It should be noted that the total number of the sample is 390 and this number will change accordingly to correspond with percentages in tables as expressed for transformers, inherent transformers and those who added accessories only.

5.5.2 Type and nature of transformations

As half of the respondents indicated a physical transformation of the floor space of their homes the question is what types of transformations this involved. Table 9 below shows which type of floor space is most preferred or is most common. The table distinguishes between the average for the whole sample and averages in relation to transformers.

Table 9: *A comparison of the size of the original house and the current house in Mangaung, 2008*

Types of rooms	Original average (n)	Current average (n)	Original average for transformers (n)	Current average for transformers (n)
Number of bedrooms	1.77	2.01	1.00	2.53
Number of living rooms	0.96	1.16	1.00	1.16
Number of kitchens	1.00	1.00	1.00	1.01
Number of bathrooms/toilets	0.42	0.59	0.31	0.8
Number of garages	0.01	0.15	0.02	0.41
Number of tuck shops	0.00	0.03	0.00	0.09
Number of rooms for lodgers	0.02	0.45	0.02	0.51
Total number of rooms	4.18	5.39	3.35	6.37

The original township house prototypes comprise of two, three or four rooms.

Tables 9 depicts that the original public housing prototype consists of an average of approximately four rooms. Originally, houses comprised two bedrooms, a lounge and a kitchen with an outside bucket ablution area. There is a tendency for transformers to prioritise the addition of bedrooms. In this regard, transformers have added on average 1.53 more bedrooms. The results further show that in line with the international experience the internal ablutions also become a priority during extensions. The number of in-house toilet facilities increased from 0.31 to 0.8 per house for transforming households and on average from 0.42 per house to 0.59 per house. According to the data,

virtually no housing units had garages. Currently, 15% of housing units have garages. Overall, there is an addition of three extra rooms to the original four-roomed house for those household who decided to extend their housing units. Further statistical examination of percentage differentials substantiate that the addition of a third bedroom is quite significant with a percentage differential of 12.8%. The internal bathroom or toilet, rooms for lodgers and a tuck shop are also a high priority. These tendencies are similar to those cited in Section 5.2 above where bedroom extensions comprise 20% – 30% of the extensions. However, in other instances literature has shown that the most common extensions that respondents wish to add are living rooms and a larger kitchen, especially in new neighbourhoods occupied by young nuclear families.

The available literature indicates that there are common transformation types dominant in horizontal transformations such as the addition of a detached backyard room, especially in Southern Africa. In addition to Table 9, Table 10 below shows the nature of transformations that are normally added in these settings where walk-up apartments are not popular.

Table 10: The nature of transformation in Mangaung, 2008

Nature of transformation	(n)	(%)
Added a room for a lodger (detached)	44	32.1
Added another bedroom(s)	35	25.5
Demolished old structure/built new one	31	22.6
Added a living room(s)	14	10.2
Added a room for a lodger (attached)	4	2.9
Added a kitchen	3	2.2
Added four or more rooms at the same time	3	2.2
Added garage(s)	1	0.7
Added a bathroom/toilet	1	0.7
Added a room for business purposes	1	0.7
Total	137	100.0

Table 10 shows that in the case where transformation of a house occurs, the dominant form of transformation is the detached backyard rooms for lodgers (32.1%), followed by

the addition of another bedroom (25.5%), and the partial demolition of the original structure to build a bigger house (22.6%). The detached form of transformation is more dominant than other forms of transformation such as a complete transformation. Factors such as the attitude of authorities, the affordability of building smaller rooms, and economic benefits of renting out a room detached from the main household, may be seen as reasons why the detached form is dominant in the study area.

Overall, it is concluded in this section that the most common feature of transformations is the addition of bedrooms – an aspect for which there is support in the literature. This further augments the argument that, unlike in developed countries, the economic motif in owner building for developing countries is less. The main pushing factor remains housing stress. However, there is some indication of extending to accommodate lodgers, but it will not be in most cases that a lodging room is necessarily occupied or used for lodging. Once again, this confirms that housing privatisation processes should consider that the political-economic assumptions are not the only evaluative measures applicable, but social factors (such as housing stress) must be considered as well.

5.5.3 Floor space added

The type and nature of floor space added has been provided is followed by the added floor space in square metres (see Table 11 below).

Table 11: *Floor space added for transformers in Mangaung, 2008 (m²)*

Floor space added (m ²)	(n)	(%)
Less than 6	42	30.8
6–12	31	21.8
13–20	16	12.0
21–40	13	9.8
41–80	4	3.8
More than 80	31	21.8
Total	137	100.0

The average floor space added is 20.8m² which is almost half the size of the former state rental houses. This average size further explains that the addition of a single room or two rooms is common. However, a significant number of households add less than 6m², which is the equivalent of a habitable single room. It is also interesting that a notable 21.8% add more than 80m². These large structures contribute in changing the original architectural patterns for the better. These large sized transformations could perhaps be attributed to transformers who demolish the core structure in favour of a bigger whole structure. By comparison, empirical evidence on the number of rooms added shows that more than half of transformers add a single room, followed by 22% who add two rooms.

In examples elsewhere, literature has shown that the urban poor prefer to extend with several smaller rooms than one large room owing to cultural or religious norms. However, in the main, a conclusion is made that floor space added corresponds with the common single or two rooms that are, on average, added by the households. It seems as if the overall motive is focused on increasing living space with the little that is possible (see Plate 1, Plate 2, Plate 3 and Plate 4 for different types of extensions).

Plate 1: *The addition of a room in the front yard which has not compromised the original architecture of the core house.*



Plate 2: *A core house has been demolished or subsumed into a new and bigger house*



Plate 3: *The original rental unit slowly swallowed by a bigger house being built.*



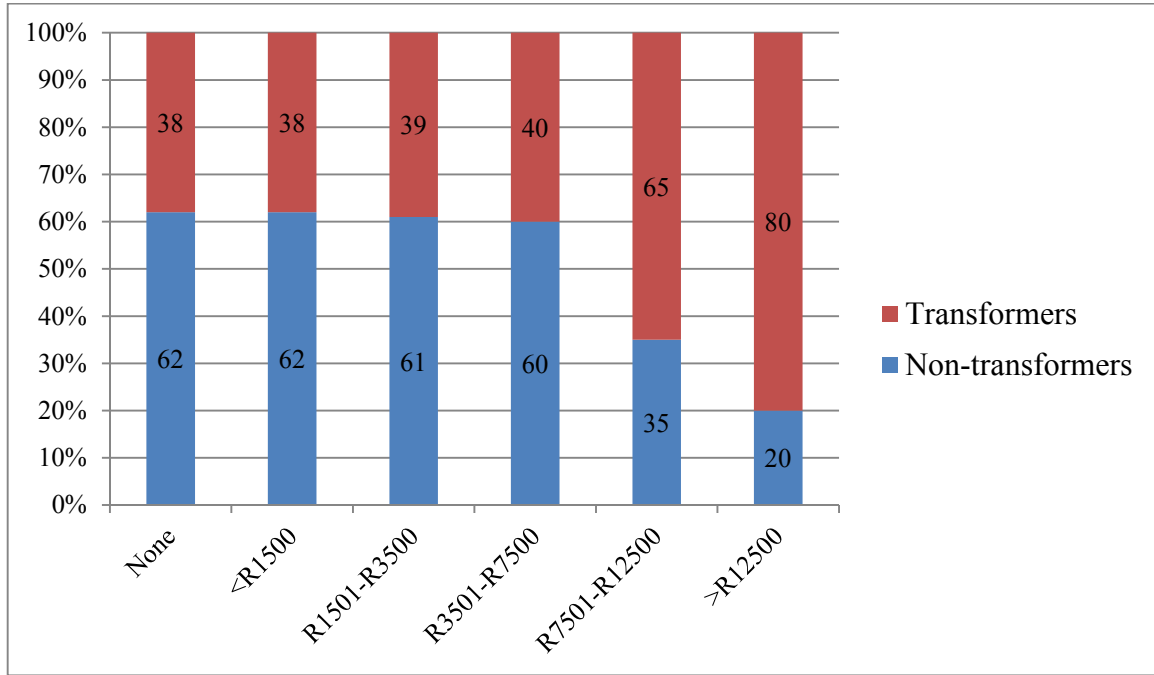
Plate 4: *Core houses modified into double storey houses*



5.5.4 Housing transformation and other household characteristics

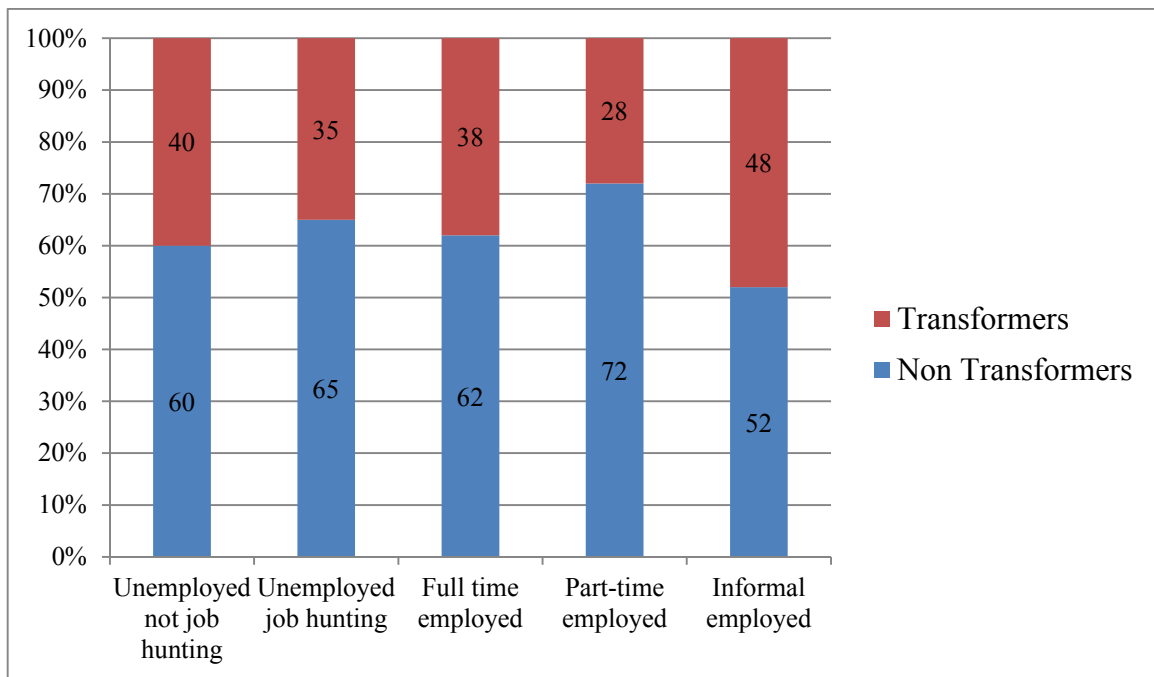
It was noted in Section 5.2.1 above that there is a strong correlation in the transformation of state supplied houses and the characteristics of the household. Characteristics such as income, employment status, education and age have some bearing on the household to decide whether or not to transform their house. For example, young nucleus families tend to consist of educated couples with higher incomes and few children who may not have the urgency to transform their houses. On the other hand, larger extended families are prone to housing stress and may see transformation as a priority to relieve the stress; secondarily, they may consider lodging provision to compensate for lower incomes. Figure 7 and Figure 8 below provide the example of the influence of two characteristics of income and employment towards transformations. These characteristics are used to compare the tendencies between non-transformers and transformers who evidenced transformation of their properties.

Figure 7: Comparing income of households and the tendency to transform in Mangaung, 2008



n = ???

Figure 8: Comparing the employment status of heads of households and the tendency to transform in Mangaung, 2008



n = ???

Figure 7 shows that in households earning income less than R7 500 per month there are more households which did not transform than those which did. However, in higher earning brackets, there appears to be a higher tendency to transform. The average income of transformers was calculated at R2 013, whilst that of non-transformers was almost half, at R1 110. For example, at income brackets above R12 500 transformers are three times more likely to transform than non-transformers. These trends are in agreement with theoretical observations elsewhere in which transformers are relatively better off than non-transformers.

Furthermore, Figure 8 shows that transformations are more likely in categories of the unemployed that are not job hunting and may be pensioners (40%) and the informally employed (48%). What comes out is that these trends are in support of literature where unemployed heads that are on pension are more likely to transform than any other group. This group of pensioners is on the same level with informal employees as a result of constant but little earnings, including large savings.

The section above has discussed various aspects of housing morphology in the study area. Empirical evidence agrees with the literature that transformations are common in developing environments. In these transformations, transformers averagely added three extra rooms, of which a bedroom is the most preferred. This is a critical point that suggests the role of housing stress in housing extensions. Transformers also prefer detached extensions over attached ones, which can further be used for other economic purposes than lodging. These aspects talk back to the main argument that privatisation processes seem to involve both social and economic influences.

5.6. Reasons for the changing housing morphology

This section considers the reasons why households engage in transformations. It was indicated in Chapter Two that there are various pushing factors towards owner building in developing nations and these, amongst others, include housing stress and aesthetics. Respondents were asked to state the reason why they may or may not have increased their

floor area. Table 12 below gives a reflection on reasons for transforming or not transforming the core house by adding floor area.

Table 12: Reasons for adding floor space in Mangaung, 2008¹

Reason for extending floor area	(n)	(%)	Reason for not extending floor area	(n)	(%)
Housing stress	106	79.1	No housing stress	22	8.7
Economic reasons (financial gain)	12	9.0	Economic reasons (financial problems)	202	79.5
Both housing stress and economic reasons	8	6.0	Already transformed	3	1.2
Aesthetics	5	3.7	Lack of title	15	5.9
Extra space for belongings	2	1.5	Still to decide	11	4.3
Other	1	0.7	Other	1	0.4
Total	134	100.0	Total	254	100.0

Missing = 3

Missing = 2

According to empirical evidence, housing stress prompted almost 80% of households who have extended to do so. Considering that the rental prototypes were built in the 1950s to cater for nuclear families, the figure of 80% is not surprising. This figure is relatively comparable to figures noted in the developing nations as noted in the theory Section in 5.2.1 above. The effects of the family cycle in the former black townships are such that extended family scenarios become dominant (at least 60% of families are extended but small). Extended family scenarios lead to pressure to extend the house to accommodate various age groups and maximise privacy. Respondents were further asked to specify why they experienced housing stress. The majority of respondents noted that the house itself is too small, the family is growing, and they desire to make extra room to separate the children according to gender. In some rare instances, respondents noted the need to accommodate visitors or to add more room for storage. The reason to transform the house for financial gain is the second highest according to Table 12. Home businesses are evident in the study area; some households even run more than one type of business in the yard for example liquor taverns and hair salons (see Plate 10). However, the intention to extend for these purposes is sporadic and not as blatant as to transform to add more rooms for liveable space. Similar to the findings by Tipple, this case study

¹ As noted in Figure 6 the number of transformers is 137 or 35.1%. Reasons for not transforming is therefore calculated in terms of the remainder of the sample (256).

suggests that social issues within the family structure are dominant over financial and economic issues.

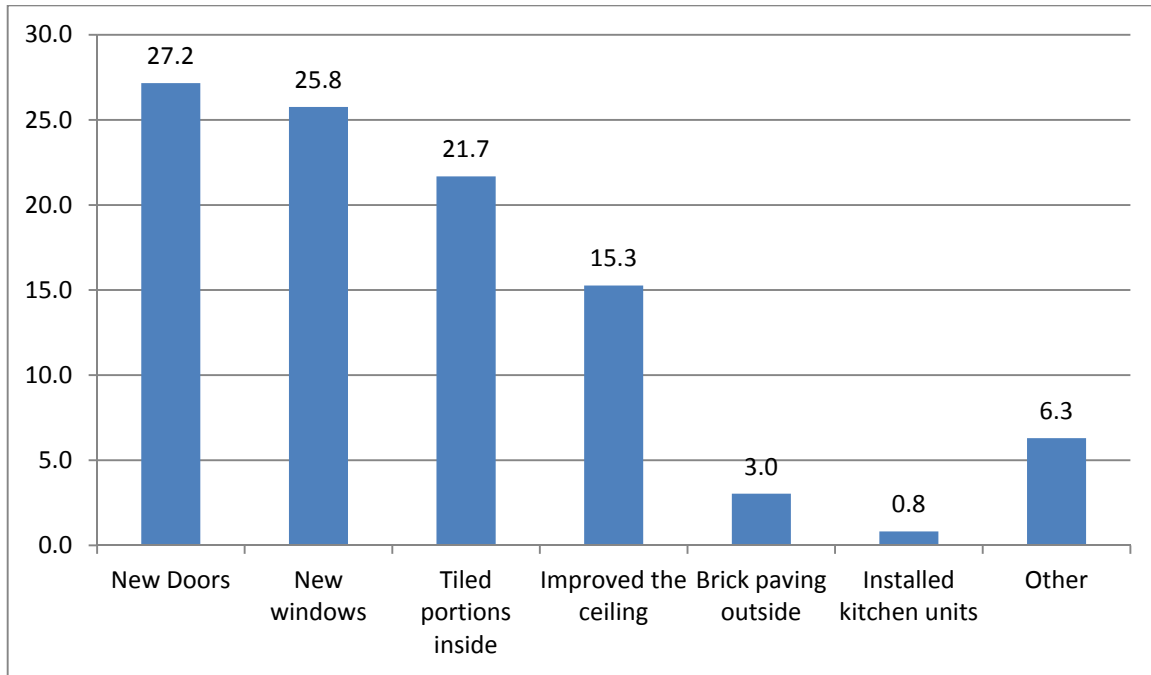
In the case where a household is discouraged to transform the rental unit, financial constraints are cited as the major reason (79.5%). Although this is notable, it is probably also one of the biggest reasons for rental defaults in state-owned housing units. Other reasons that discourage transformation were mentioned as being that the house is large enough for the respondents already. This factor could further be substantiated by biogeographical evidence which depicts that at least 40% of sample households consist of three members or less. Overall, it appears that, other than finance, those who do not extend their houses do not have housing stress.

In conclusion, the above section has shown that the most dominant factor for initiating transformations is housing stress, with economic aspirations playing a lesser role. This particular trend strengthens the view that economic factors play a lesser role than social factors in encouraging transformations.

5.7 Housing accessories

Transformations that do not include addition of a surface area could be classified as just having been accessorised. In Figure 6 it was indicated that in the total sample of the respondents, at least 50% of the houses have been accessorised in some way or another. General observation showed that some houses may not exhibit any changes from the outside, but might have been heavily accessorised from the inside. Figure 9 below shows categories of accessories added according to the respondents.

Figure 9: Type of accessories added in Mangaung, 2008 (%)



n = ???

Figure 9 gives an indication that the most common form of accessories is the addition of new doors (27.2%) and windows (25.8%), followed by tiled portions inside (21.7%) and improved roofing (15.3%). The question of the improved roof becomes important from a health point of view, in that all roofing of the rented state houses was done in asbestos, which causes respiratory ailments. New flooring inside the house and upgraded outside fencing also feature significantly. Observation on the ground shows that new, large windows and wooden front doors are common trends for outside accessories. When it comes to fencing, households seem to take it quite seriously. Some of the fencing utilised adorns expensive steel framework and quality clay bricks. This also tallies well with overwhelming comments that were raised around the issue of fences serving as a security tool in Section 5.2.1.

Respondents were further asked to indicate the year in which they added accessories. Empirical information analysed elsewhere shows that the rate of adding accessories is high for the years following 2000 (46.8%) compared to the previous two decades with 24.6% before 1990 and 26.9% before 2000. A small percentage (1.7%) took the risk of adding accessories in the precarious period before 1983. These trends overall show that

the addition of accessories has been less risky and high rates of addition recently may correspond to availability of fashionable embellishments in the market today.

To conclude the section, the addition of accessories follows an increasing trend over the years. Transformers who only engage in accessories mainly prefer to put up new windows, doors and fancy security fences. New types of accessory material and secure tenure may heavily influence the increase in the number of accessorised transformations over the years. In other instances, accessories may be a first step towards more complex transformations such as extending. These tendencies are readily observable from the outside as indicated in Plate 5, Plate 6, Plate 7 and Plate 8.

Plate 5: A rental prototype with no visible modifications or accessories



Plate 6: *A rental prototype with improved windows and burglar door, but without fencing*



Plate 7: *A rental prototype with improved outside fencing*



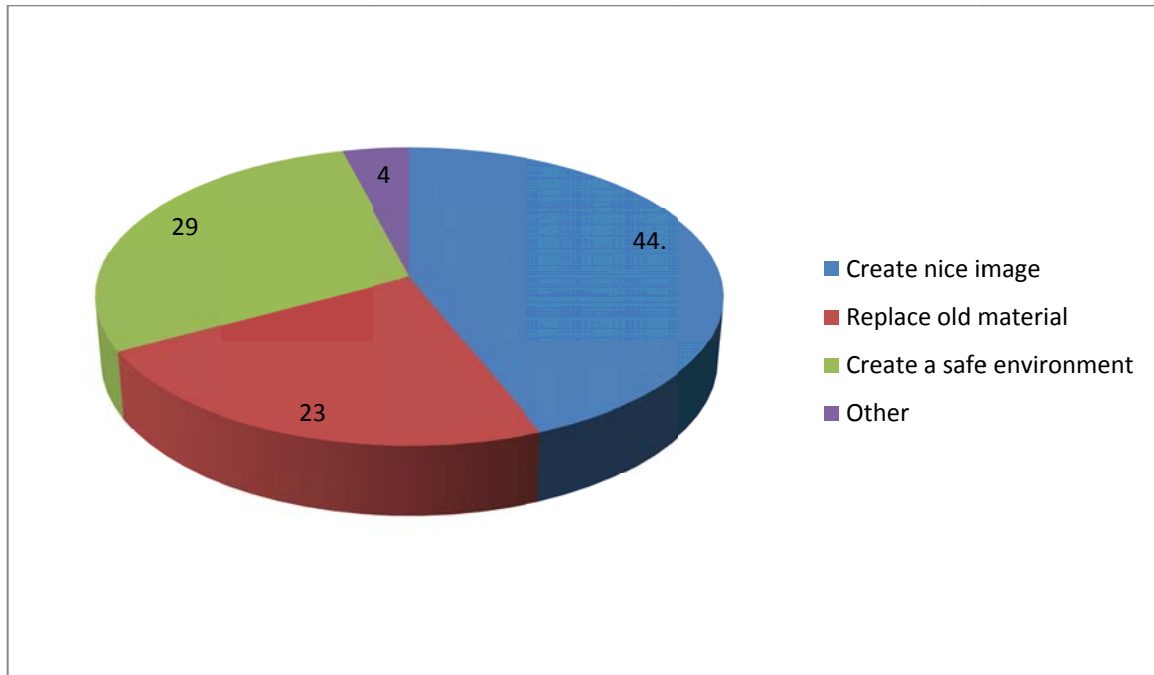
Plate 8: *A rental prototype with plastered exterior walls and a “stoep”*



5.8 Reasons for adding housing accessories

It has been shown that the addition of accessories in the study area is a reality at almost 50% or half of the sample. Figure 9 has shown that accessories could be added both inside and outside the house. Respondents provided various reasons for adding accessories in accordance to Figure 10 below.

Figure 10: Reasons for adding accessories in Mangaung, 2008 (%)



n = ???

According to Figure 10, the reasons to add accessories do support general observations made earlier in the literature that the houses built in the 1950s and 1970s were monotonous and of poor quality material. The respondents indicated that they prioritise giving these monotonous structures some personal taste in their choice of larger windows, wooden doors, and security features. The creation of a safe and usable environment is depicted in Plate 11 where steel fencing serves an aesthetic role in addition to the provision of safety. Plate 9 covers the issue that was detailed earlier on that some families may experience acute housing stress and graduate from adding just accessories to doing a full transformation. Overall, the intention to add accessories somehow is related to a social concept of acceptance. If a family puts accessories, they can be recognised as part of the social domain.

There are household characteristics that impact on the decision to transform. Likewise, an attempt was made to see if there is a correlation between other household characteristics such as household size and addition of accessories. The correlation was done such that assessment is made for households that have no accessories against those

with accessories. A relationship was assessed for various household sizes ranging between 1–8 members. After extrapolation, it appeared that the addition of accessories for a family of three, for example, is as likely as that for seven members. There seems to be no specific trend regarding family size and the tendency to add accessories. Overall, it shows that the case of family size, which is a dominant pushing factor in transformations, is an irrelevant variable in the addition of accessories.

It is therefore concluded that the addition of accessories is not related to housing stress but a quest to give a core house a personal image. In relation to the main argument, the addition of accessories does not show profit motive but the intent for the household to improve their social profile.

Plate 9: Transformation started with accessories only, and then proceeded to floor space addition later



Plate 10: Backrooms are mostly used as rooms for lodgers, however in instances where economic objectives are higher they serve as tuck shops and salons



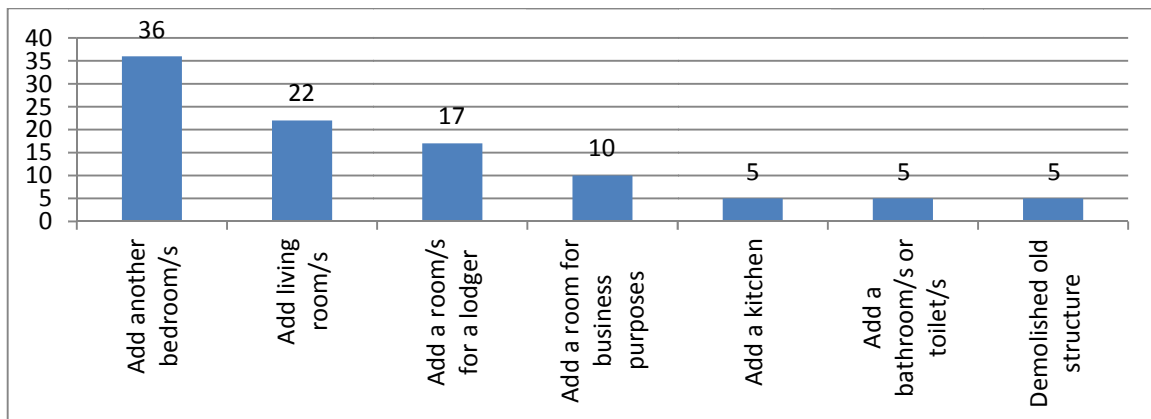
Plate 11: *The picture depicts the common form of transformation (detached backrooms).*



5.9 Planned future extensions

Against the background of limitations posed by factors such as plot size and finance, the respondents were requested to indicate their future plans in terms of future planning. Almost 15% indicated that they intended putting additional rooms to their structures in the following year. Figure 11 below shows a range of possible additions in the future transformations.

Figure 11: *Planned future extensions in Mangaung, 2008 (%)*

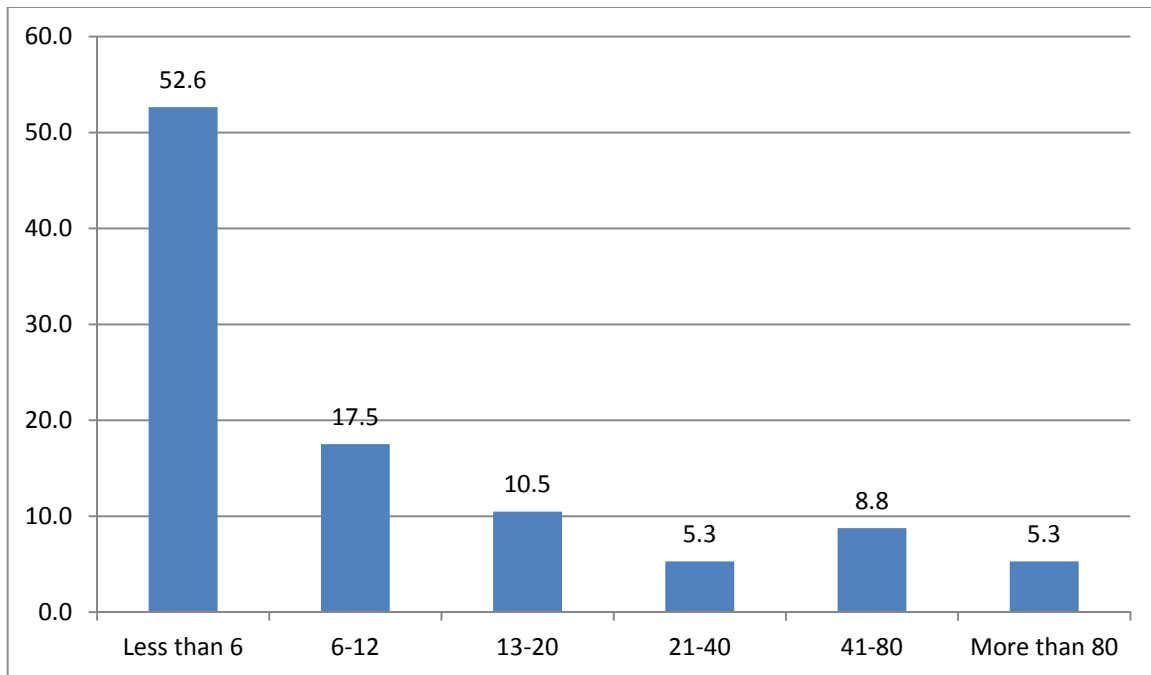


n = ???

According to Figure 11, the majority of respondents noted that they would like to add another bedroom (36%). This need to add an additional room is significant considering the pressure posed by housing stress for the study area and developing nations noted earlier.

Respondents were further requested to provide information as to the intended expenditure, type, and floor space to be added, sources of finance and number of rooms to be added. Figure 12 below specifically shows the amount of floor space intended to be added.

Figure 12: Floor space intended to be added in Mangaung, 2008 (m²)



n = ??

Figure 12 above shows that more than half of respondents (52.6%) would prefer to add less than 6m², followed by those adding between 7m²–12m². In essence, the average floor space is 27.8m² which is a bit higher than average floor space for original extensions (20.8m²) noted in Section 5.5.3 above. When further asked about the number of rooms added, the respondents answered as follows: one room (36%), two rooms (18%), three rooms (18%) and lastly four or five rooms. This pattern of the size and

number of rooms is almost similar to that of existing transformers and shows that respondents transform to achieve the little bit that is possible.

In conclusion, this section mainly highlighted that even for the future; the need of households is simply about creating space and not building a grand asset *per se*. These tendencies have been noted for cases in other developing nations. Making a future addition of a single room as a complementary step to previous smaller efforts appears to be dominant. There is still much pressure to cater for social needs (such as a bedroom) than extending for economic gains (lodging).

5.10 Levels of housing satisfaction

In Section 5.2.2 above, the literature argues that transformers take pride in their achievements. However, the majority of residence in state-subsidised housing since 1994 does not appreciate the quality of their houses (see Marais and Krige, 1999; Venter and Marais, 2006). There is an expectation that people build their own houses because they would want to maximise freedom of choice. Respondents were requested to evaluate their level of satisfaction with regard to their own work and contribution in the transformed houses. Respondents, who have been through these processes, meaning those who extended their homes and/or added accessories, were requested to evaluate their level of satisfaction with regard to the end-product, the results of which are shown in Table 13 below.

Table 13: *Levels of satisfaction with housing units by heads of households who extended and those who added accessories only, Mangaung, 2008*

Households that have extended floor space	(n)	(%)	Households who have added accessories only	(n)	(%)
Very Dissatisfied	8	5.9	Very Dissatisfied	2	1.0
Dissatisfied	6	4.4	Dissatisfied	14	7.6
Neutral	4	3.0	Neutral	10	5.4
Satisfied	26	19.3	Satisfied	22	11.9
Very Satisfied	91	67.4	Very Satisfied	137	74.0
Total	135	100	Total	185	100

Missing = 2

Missing = 5

It shows in both cases in accordance to Table 13 that just a small portion is generally not satisfied with the end product, in both cases this ratio is less than 10%. An attempt has been made to compare the level of satisfaction above with values received from studies looking at satisfaction levels for state-aided post-Apartheid self-help housing around the same study area (see Ntema, 2011).

Ntema (2011: 165) notes that for those who have managed to extend, the satisfaction levels are about 52.9% which is significantly less than what we observe in the study area of this thesis (80%). It can be assumed that the satisfaction levels for transformations of state rental units are higher because there is simply a higher sense of pride in what the transformers have managed to deliver. It should be noted that their core houses were built in the Apartheid period and it has required great resilience and effort to improvise these monotonous rental units. Moreover, transformers are even more satisfied than those who simply put in accessories. Indeed, the transformation process is more complex than just putting in windows and adding security fences.

5.11 Conclusion

This chapter focused on assessing the resulting impact of incremental housing processes on the original core structures and to some extent on the neighbourhood as a whole. This is done against the existing assumptions in Neo-Marxist and Neo-Liberal view points. The evidence from the chapter suggests that consideration needs also to be given to aspects such as housing stress and the historical context of black housing rather than only political economic views.

Firstly, it seems that the household heads purchased their core houses and transformed them with less regard for the implications of tenure. Tenure has been used as a political economic tool to channel the livelihood of the low-income urban dwellers. However, the intentions of the households to improve their socially unusable shelter are more overbearing than official imperatives imposed by property title. Secondly, the main reason for transforming the original shelter is a basic social pressure of housing stress. Households in the study area are not large but are extended. The need to address housing

stress holds more weight than the need to access economic benefits such as home enterprises or subletting after transformation.

Thirdly, Neo-Marxist proponents suggest that privatisation leads to landlordism. The case study suggests that extensions are done mainly for social reasons – namely housing stress and that housing extensions for lodging is minimal. Fourthly, Neo-Marxist proponents seldom recognise the role of privatisation in changing the mono-type housing created by state housing. The case study suggests that 50% of the housing units have been fully transformed while the other half has experienced significant internal decorations.

Fifthly, the empirical evidence supports my view that the contributions of Tipple towards the importance of transformations in housing were taken less seriously by housing theorists. What Tipple observed elsewhere in the 1980s is later observed unfolding in the study area and confirms that privatisation does not disadvantage low-income households but empowers them to engage in transformations, resulting in the provision of much needed additional space.

Overall, in terms of the main argument in the thesis, I infer that the main finding in this chapter is that transformations bring about positive effects that are dominated by social need rather than economic motive. In the quest to reduce housing stress, the tenants transform their houses by simultaneously producing a remarkable, architecturally innovative and habitable environment.

CHAPTER SIX: HOUSING CONSTRUCTION PROCESSES ASSOCIATED WITH TRANSFORMATIONS

6.1 Introduction

Chapter Five discussed the details of the observed physical changes that have taken place in the original rental stock. This chapter focuses on analysing the processes that give rise to a transformed rental core house. The literature review showed that self-help housing may be differentiated into self-building and self-promotion, depending on the level of labour contribution of the family in the building or extension (see Chapter Two). Self-building refers to a scenario wherein household members are to some extent involved in the physical building of the structure, whereas self-promotion refers to a scenario in which the family only manages the resources and building process. The self-building and self-promotion processes are a manifestation of innovation and self-effort to provide one's own shelter. In turn, households contribute towards economic development in the neighbourhood through sourcing local materials and employing local labour.

In pursuit of the main argument in the thesis, I would like to argue that political economic debates on housing privatisation have fallen short of recognising the positive role of privatisation in local economic development. Neo-Marxist proponents were preoccupied with blaming the state for withdrawing from housing supply while also arguing that nobody would be able to afford the financial responsibilities accompanying ownership. Although Neo-Liberal proponents have conceptually emphasised the benefits of individual investment in the privatisation process, no study in South Africa has considered the economic benefits likely to accrue from the process for such communities. In both respects, limited consideration was given to how households would create a new framework of self-provision that is linked to economic and other physical benefits.

In order to elucidate this argument, this chapter looks at four main themes related to empirical evidence in the study area that deal with owner building efforts and economic development. Firstly, literature suggests that self-help housing occurs in the developed countries mainly as a result of a quest to save building costs through sweat equity, and

this issue may not be a driving force in the developing countries. Secondly, the process of owner-building has its own predicaments, and this chapter evaluates the difficulties involved in the process of owner-building. Thirdly, an assessment is made of the level of satisfaction of households in terms of contracting work out. Lastly, the chapter briefly looks at the work of a contractor in context within the study area. This section reflecting on a contractor is important because the contractor is able to give some answers that may not have been properly answered in the questionnaire, due to lack of knowledge or tendency to withhold information by the respondents.

6.2 Sweat equity in developing countries

It was noted in Chapter Two that in the case of developed countries, self-help offers the household the opportunity for cost reduction. The household provides self-labour and managerial time and is able to make significant savings. According to Dingle (1999) these could account for 10% if the household is self-managing and, if sweat equity is added, 30% or more costs could be saved. Dingle (1999) also notes that the average labour cost requested by masons straddles between 10% – 15% of total project cost. Comparatively, households in developing countries are mainly focused on self-managing and seeking masons to do the rest of the work (see Tipple, 2000). In this way, not many cost savings are made, and this testifies the household's intention to prioritise basic shelter over cost savings.

Few studies, if any, have concentrated on the empirical analysis of sweat equity in developing countries (with the exception of Tipple *et al.*, 1997; Tipple, 2000). Recent studies focusing on the merits of sweat equity are pre-occupied with the theoretical context of self-labour in comparison to private-driven contractor labour in the developing world (see for example Potter, 1994; Stock, 2004; Mediavilla, 2010). Other researchers who have fathomed the context of owner building in Africa focusing on empirical data were rather more concerned with sources of finance for transformers than assessing the empirical cost benefit of sweat equity to transformers (see Arimah, 1999; Napier, 2001, Omenya, 2002). However, Tipple (2000) attempts to make estimates in terms of expenditures involved in transformations. In the case of Egypt, expenditure on

extensions is the equivalent of a year's salary, whereas in Ghana expenditure could be as high as 1.6 times an annual income. The factor of less attention to cost savings leaves an information gap in that there is a lack of empirical data that compares sweat equity efforts in the developing countries to those observed in the developed countries above. Therefore, this section shall assume the lower importance of sweat equity in developing countries, but will attempt to make a contextual comparison with proven data in the developed world.

Overall, the section argues that owner builders in developing countries are less focused on cost savings than providing basic shelter. Therefore social needs in owner building are more overbearing than economic imperatives.

6.3 The difficulties in owner building in developing countries

The most important stage in the transformation process is when the family makes a decision to extend (see Tipple, 2000). Beyond this critical point, the household faces various, less rigorous stages, some of which are highlighted in Table 14 below.

Table 14: *Problems encountered by transformers in selected developing countries (%)*

The most difficult problem	Bangladesh (%)	Egypt (%)	Ghana (%)	Zimbabwe (%)
Finance	73	59	87	46
Building material	0	0	3	17
Labour	0	7	7	2
Services	4	2	0	0
Permissions	0	–	–	11
Avoiding local authority	0	–	–	23
More than one problem	0	7	–	–
Others	23	25	2	–

Source: Tipple, 2000: 119

Table 14 shows that finance is the main problem although its importance varies from country to country. Tipple (2000) cynically argues that it is generally expected for households to cite finance as the key problem in the construction process. However,

other house building inputs such as labour and permission certificates could also be expected to be posing a difficulty in the process. The Zimbabwean case appears to provide a greater range of difficulties than is experienced in other cases. The problem with building material may show gaps in the market with the supply or lack of innovation in using available resources. Further, the avoidance of local authorities is dominant in Zimbabwe because of the illegal use of informal material in extensions. Overall, this section emphasises that finance is always typically the culprit in posing a problem in transformation processes. However, other basic necessities in transformations such as poor labour and unavailable material should not be ignored.

6.4 The engagement of a contractor in owner building

Extensions to existing houses are ideally suited to self-help through family labour. However, few households are involved in active construction themselves in developing countries (see Laquian, 1983a). In most cases, separate tradesmen, controlled and paid by the households appear to be the norm. Table 15 below shows that these tradesmen handle the majority of building works in studies carried out by Tipple (2000) in developing countries.

Table 15: *The main providers of labour in selected developing countries*

Providers of labour	Bangladesh (%)	Egypt (%)	Ghana (%)	Zimbabwe (%)
Self-help, household members	30	0	3	15
Single contractor	0	97	29	12
Separate tradesmen	70	3	66	65
Self-help plus tradesmen	0	0	2	7
Other	0	0	0	2

Source: Tipple, 2000: 104

The tradesmen are usually well known in the community and employ skilled workers on a permanent basis and unskilled workers temporarily. Owusu and Tipple cited in Tipple (2000) observe that in other instances, owners are reluctant to leave all the tasks to paid help and feel the need to economise by having household members help. However, it seems from Table 15 that labour contribution from household members is minimal or

absent altogether in the case of Egypt. Overall, it can be concluded in this section that tradesmen are key agents in owner building processes in the developing countries. The households are mainly involved in supervising the building process, and leave the majority of building works to the tradesmen. This aspect ensures that economic benefit percolates to those within the community who can offer their skills to complete the job.

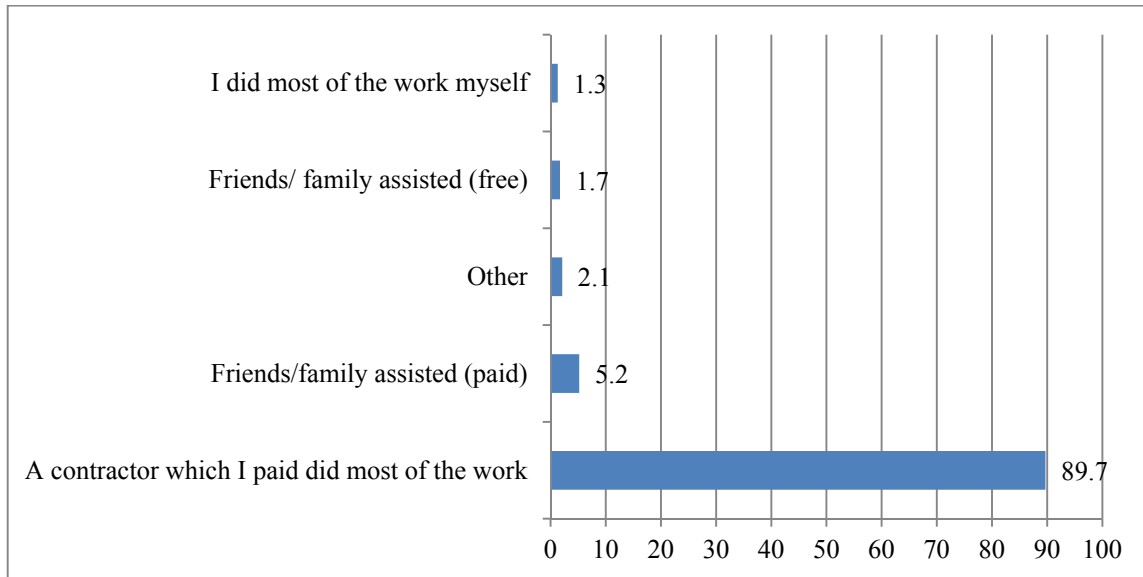
6.5 The process of owner-building in Mangaung

This section looks at the empirical observation regarding the processes of transformation in the study area or, simply put, how the change has been brought about. The literature review has shown that extensions to existing houses are ideally suited to self-help through family labour if there is a propensity to build this way in the local culture (see Tipple, 2000; Ruonovaara, 1999). However, Tipple (2000: 103) also argues that few households are involved in active construction themselves: there is little “sweat equity”. In the context of the main argument of the thesis, I would like to argue that there is a strong economic dimension that is not necessarily related directly to the household itself. In contracting work out, the household helps to bring about economic injection in the neighbourhood by buying local building material and engaging local masons. In other words, what Turner (1969) considers surplus time turning into capital value will come not as active participation in the building process but rather supervision or project management and uplifting the local economy. The following section deals with aspects relevant to the construction process that will be evaluated against the aforesaid theory, namely: type of labour provision, contribution of self-labour, labour and material cost as investment.

6.5.1 The main providers of labour

The provision of self-labour in extension projects differentiates self-building from self-promotion as was explained earlier. In self-promotion, the household manages the building project and contributes less to sweat equity – a trend particular common in developing nations. Figure 13 below reflects the labour provision data in the study survey in Mangaung.

Figure 13: *The main providers of labour for housing extension in Mangaung, 2008*
(%)



n = ??

According to Figure 13, the transformers in Rocklands do not show a tendency to be fully involved in the actual construction of their extensions. They may be referred to as self-promoters rather than self-builders with reference to theoretical work covered in Chapter Two and above. The majority of the work involves the contractor who must be supervised and paid (89.7%) or friends and family who assist but must still be paid (5.2%). The extension of public housing takes place in cities where households are not the specialists of manual work *vis-à-vis* their rural counterparts. This aspect is akin to the situation in developing countries highlighted in Table 15. The transformers in this instance become more the project managers of construction than providers of manual labour or sweat equity.

It could be inferred that the small percentage of respondents in Mangaung who could do the work by themselves (3%), may be able to do so because of exposure to manual work. However, it seems from the above that empirical data in the study area supports the theory observed in developing countries regarding limited active family labour contribution. This tendency further supports the theoretical view that there is little sweat equity applicable in the transformations of developing countries. What is critical in the

process is that households contribute towards the economic development of the neighbourhood through contracting work out to tradesmen and friends.

6.5.2. Contribution of self-labour

Self-building is closely associated with sweat equity, and where it occurs fully, it may be expected that the household is fully involved even in difficult technical tasks such as electrical wiring and plumbing. In a situation where it happens to a minimum it becomes more of a case of self-promotion in which household members make a minimal labour contribution. The previous section considered an indication of whether the household members or a paid builder did the majority of the construction. The emphasis now shifts towards an indication of the percentage of labour contribution by the household. Respondents were requested to state the percentage contribution of self-labour in the extension. Table 16 below shows percentage distribution of self-labour in the study area.

Table 16: *Percentage contribution of self-labour by transformers in Mangaung, 2008*

Contribution of self-labour	(n)	(%)
None	86	67.2
<25%	31	24.2
26–50%	7	5.5
51–75%	1	0.8
76–100%	3	2.3
Total	128	100.0

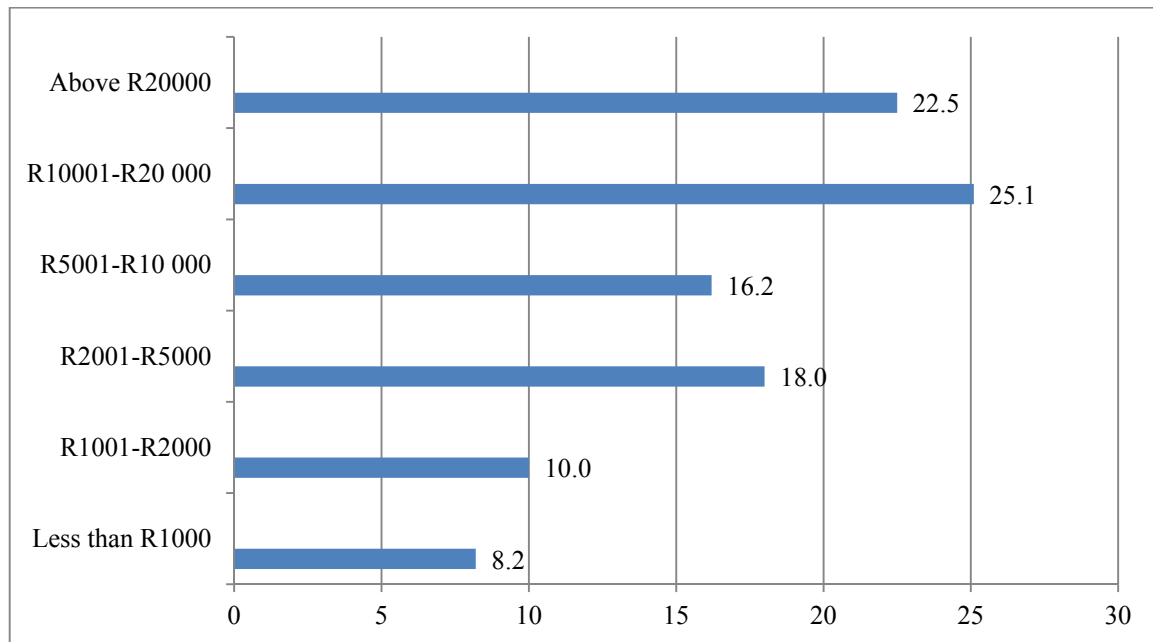
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Table 16 above shows that few people apply self-labour in that almost 70% indicated that they did not do work by themselves. In cases where significant complementary work is done by the household, it is only about 25% or less of the work done (24.2%). Table 16 supports the earlier notion made that the respondents mostly contract major work out and do the simple chores to assist in the project.

6.5.3 The cost of labour and material

As previously noted, professional builders charge a percentage of their services from the total cost of the building structure at between 10% - 15% depending on economic circumstances and nature of negotiations. The material and labour costs are therefore assumed to add up to the total cost of the building structure. Figure 14 below shows a range of labour costs requested by masons doing transformations in Mangaung.

Figure 14: *The cost of labour for transformations in Mangaung, 2008 (Rand)*²



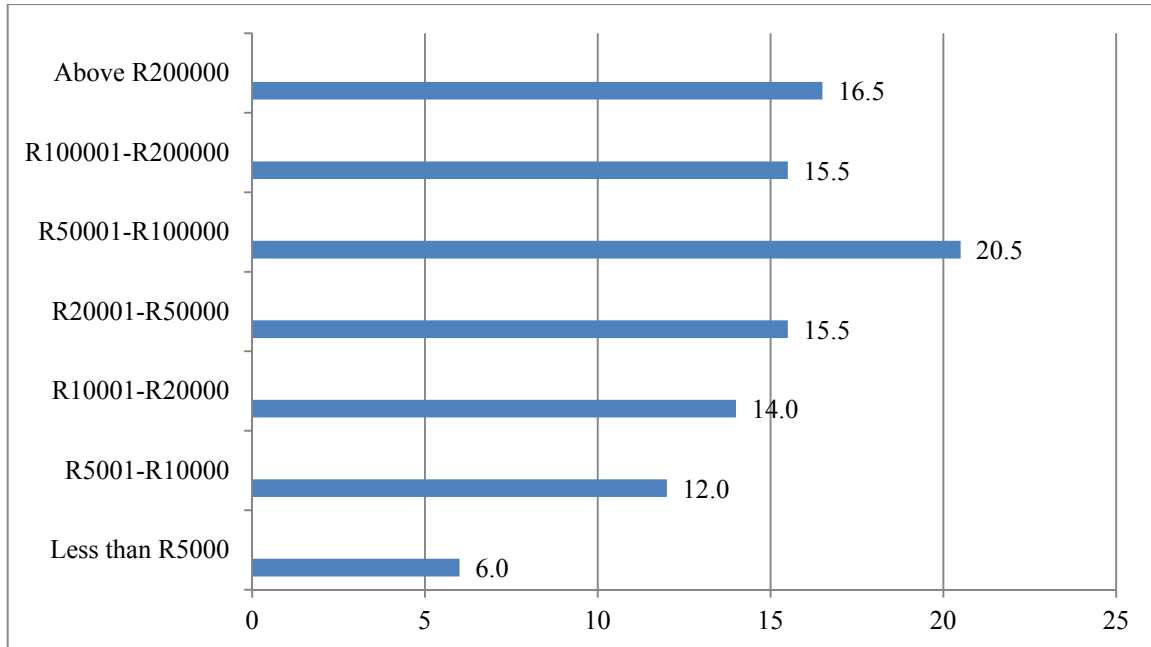
n = ??

According to Figure 14 above, more than 45% of the cases of housing extensions record labour costs that are more than R10 000. Further calculations indicate that the average labour cost on the transformations is about R10 129 (2008 value) with inflation accounted for. The majority of extenders built one or two rooms according to information in Chapter Five, and the size of the structure will correspond with the labour cost. Taking account of inflation, it is possible to estimate the amount expended on labour for the transformers over the years in the study area. At least half the number of houses in the study area has been transformed. The average costs dissipated for labour on transformations is approximately R30.3 million for the whole area in 2008 values.

² In accordance to 2008 values

Respondents were further requested to provide information on the amount expended on building materials (see Figure 15 below).

Figure 15: The cost of materials for transformations in Mangaung, 2008 (Rand)³



n = ???

According to Figure 15 the majority of transformations (20%) cost between R50 001 and R100 000, with those above and below this category also dominating (15%). The calculated average cost of material is about R31 220 in terms of 2008 values (the calculations for this average are explained in Annexure B). It is noted further that in Chapter Five, the majority of extensions emanated from a minimum of 20m² floor space additions or two-roomed extensions. Further, there were a significant number of those who added three rooms or more (about 19%). Overall, it is possible to estimate the expenditure on the transformations in the study area out of a total of 6 000 former rental units (considering the rate of transformation of 50%). The calculated expenditure per unit is calculated from labour costs (R10 129) and material costs (R31 220) and is averagely R41 349. The average annual household income is calculated at R17 040 in Section 5.3 in Chapter Five. Therefore, the expenditure on the transformations is about

³ In accordance to 2008 values

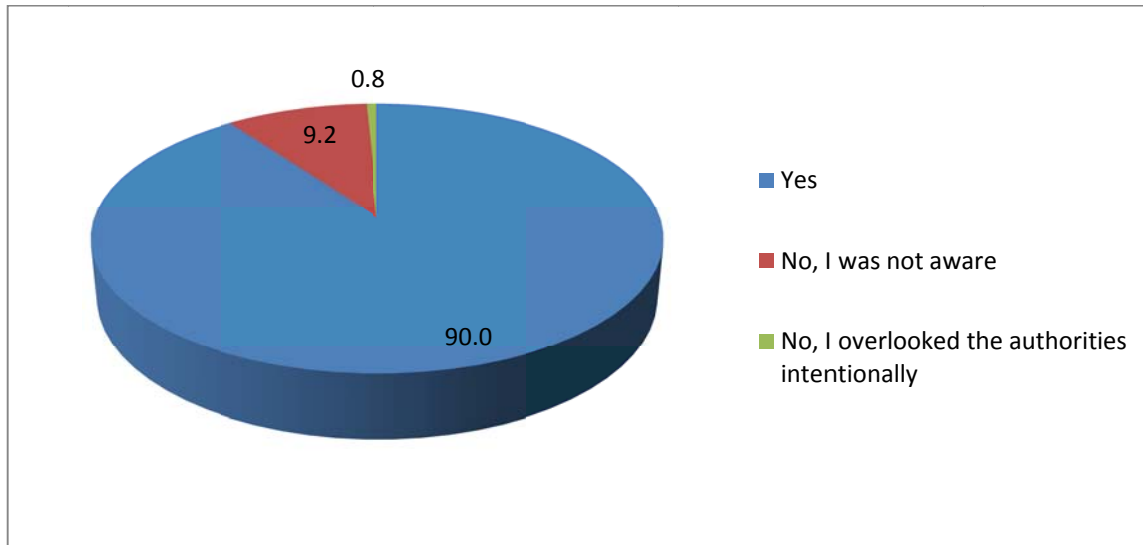
two and a half times the average annual household income. The value is a little higher than examples noted for transformations in Ghana with expenditure of about 1.6 times the annual household income. The estimated expenditure on transformations in the study area in the last twenty years since transformations started is about R124 million or R918 per square meter worked out from average expenditure per unit and the 3 000 transformed units. Indeed, building cost is quite affordable building considering that the 2008 formal building costs were estimated at R3 400–R3 700 per square meter (see Mabulu, 2011). In this process of affordable building, the benefit accrues to both self-providers (employers) and the professional builders (employees) alike. The former are not ripped off in the expensive open credit market system, and the latter are sure to receive consistent contracts of their affordable labour.

Overall, there is an indication that household heads have over the years pledged their personal earnings to invest in the local neighbourhood through improvement of their core houses. In this process, households spend on both labour and material costs, where material costs are on average three times the labour cost. Further, the combined cost of labour and material is relatively cheaper compared to the open credit market that involves formal contracting. In terms of the main argument of the thesis, I would like to argue that privatisation criticisms fell short of recognising the ability of the tenants to invest in their own environment.

6.5.4 The role of local authorities

The literature review in Chapter Two showed that the state, mainly through local authorities, could act as the enabler or inhibitor of owner building processes. The state's role as the enabler may be that the local authorities could approve the building plans to ensure their compliance with local planning policy, or the state could inhibit owner building by declaring extensions of state housing as illegal, or to simply assume that owner building is not happening when in fact it is. Respondents were requested to indicate if they consulted with the local authority before doing their extensions (see Figure 16).

Figure 16: *Extensions done with / without Council approval in Mangaung, 2008*
(%)



n =

Figure 16 shows that the majority of extenders (90%) have at least requested permission from the local authorities when they undertook their extensions. However, personal communication with building inspectors in Mangaung reveals that there are as many transformers who digress as there are who adhere to building regulations (see Nche, 2011).

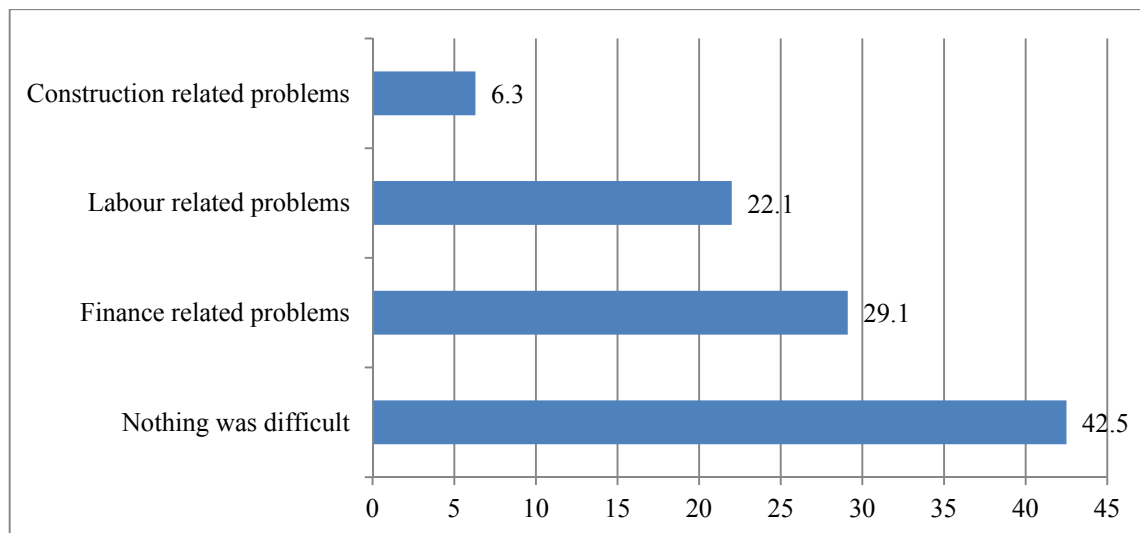
It may be inferred that transformers in the study area do adhere to building regulations and consider their extensions as legal. Of those who indicated that they did not request permission from the authorities, about 3% of them had action taken against them in accordance with the questionnaire data. The low percentage of discipline may either be that extensions are taken less seriously and the focus may be on the establishment of new towns, or it may be that the local authority has become less resourceful with staff shortages and so forth. These responses are in contrast of what has been observed in other developing countries where requesting permission from authorities is taken less seriously (see Table 14 above).

Overall, though self-help housing in developing nations has existed outside the margins of formality, it shows that to some extent in the case of the study area, household heads follow procedure and recognise themselves as doing legal extensions.

6.5.5 The most difficult part of the transformation process

Shelter provision has theoretically proved to be a difficult process in literature, especially in the case where a household must do self-provision. Extenders were requested to mention the most difficult part of the transformation, and their responses are reflected in Figure 17 below.

Figure 17: *The most difficult part of the transformation process in Mangaung, 2008*



n = ?

According to Figure 17 a large number of household heads (42.5%) have not encountered any difficulties in the transformation process. Finance related problems are more dominant than any other problems (29.1%), and labour related problems are also significant (22.1%). Finance is critical in the process of extensions, but it is assumed that household heads prepare themselves beforehand through various sources of finance (this matter will be elaborated on in the next chapter on finance and housing markets). In the case of labour related problems, it is a common phenomenon that people who manage their own housing extensions have found the labourers unreliable. This matter differs

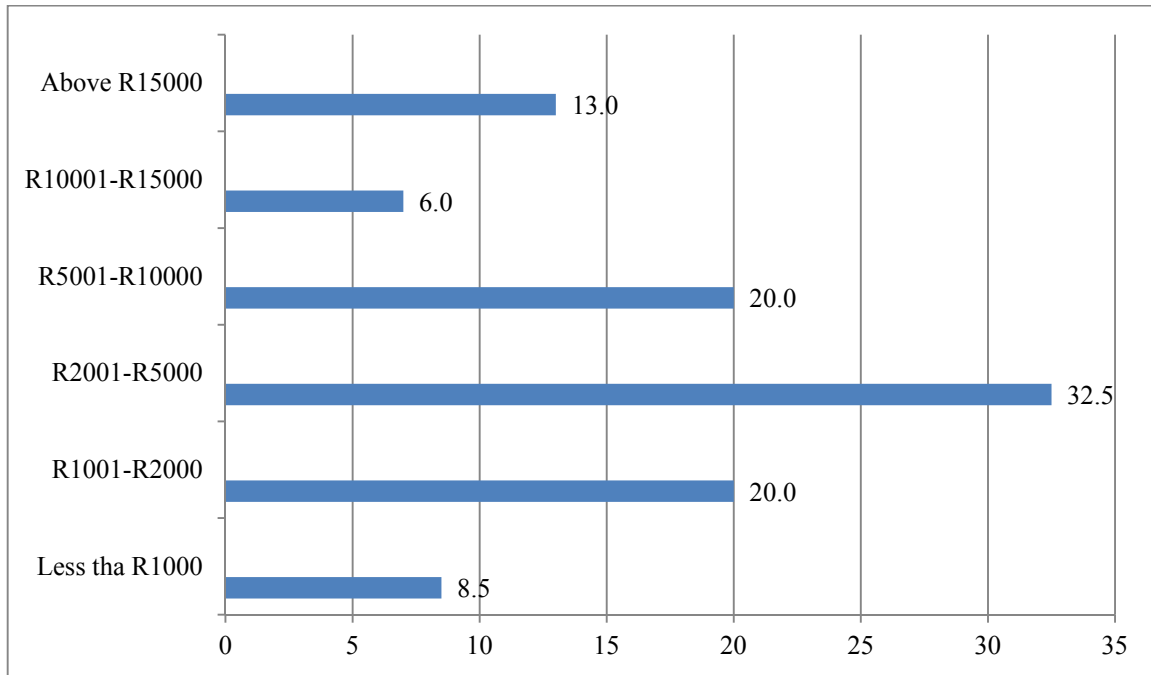
from society to society based on the propensity of self-building in that society and the level of community networks. Tipple (2000) cites a good example in Bangladesh where a contractor is sought through previous clients who may also recommend that particular contractor for trustworthiness and good behaviour. Lastly, the quality of building extensions shown in Chapter Five creates the impression that craftsmanship in the study area is high; hence the construction related problems are relatively insignificant (6.3%). This is a further indication of dweller control that is so much a tenet of self-help housing.

Overall what comes out strongly in this section is that the transformation process is not very difficult for those who made prior preparations before engaging in it.

6.5.6 Accessories only

It was noted in Chapter Five that families are able to graduate from the accessory stage to deciding to extend the house or add floor space. It is assumed that adding accessories to the house is less costly than adding floor space since the latter is a full building process. Figure 18 below provide a picture of the costs of material and contribution of labour in the addition of accessories.

Figure 18 *The cost of material for households who added accessories only in Mangaung, 2008 (Rand)*



n = ??

According to Figure 18 more than 50% would have cost just below R5 000 in 2008 values. In chapter Five, the majority of households that added accessories did so in order to create a nice image of the house. Such improvements included the improvement of concrete floors with ceramic tiles, addition of ceilings and improved fencing. These are not extremely expensive improvements and may fit well below R5 000 per housing unit in 2008 values. The calculated average of material cost is about R3 697 in 2008 values (which are about 10% of material costs for extensions noted in Section 6.5.3 above). The expenditure on material for the study area could be R10.6 million in 2008 values considering that half of the sample has been adorned with accessories. Further, considering that labour cost for extensions has been noted as around R10 129 in Section 6.5.3, labour cost for accessories may not be that significant.

Once more, the respondents were requested to indicate whether they were fully involved in the works themselves or contracted it out (see Table 17 below).

Table 17: The main providers of labour for households who added accessories only in Mangaung, 2008

Providers of labour	n	%
A contractor whom I paid did most of the work	173	90.1
Friends/family assisted me for free for most of the construction	9	4.7
I did most of the work myself	4	2.1
Friends and family assisted me but I paid them	4	2.1
Other	2	1.0
Total	192	100.0

Missing = 3

According to Table 17 the majority of work is still contracted out (90.1%) as in the case of extenders who register the same value noted in Figure 13. However, as far as the involvement of self-labour is concerned, there is a higher value for friends and family who assist at no cost (4.7%) than is the case with extenders (2%) in Figure 13. This is another factor that may indicate that extensions are more complicated than just adding accessories.

Overall, empirical evidence points out that the extensions are more costly and require more specialisation than adding accessories, and the latter may cost just a fraction of the normal building cost. Further, taking into consideration the contribution of expenditure in the neighbourhood infrastructure, it shows that a high level of investment is involved in the transformation processes.

6.5.7 Reasons for future extensions

Household heads were requested to indicate reasons why they would again engage in extending their homes or adding accessories (see Table 18 below).

Table 18: Reasons why households would again engage in transformations and addition of accessories in Mangaung, 2008

Reasons	(n)	(%)
Did not encounter any difficulties	159	48.2
Overcame financial hurdle	67	20.4
Better product	49	14.9
Able to build themselves	33	9.9
Materials cheaper	21	6.6
Total	329	100.0

Missing = 3

According to Table 18 above, those who noted that they may engage in self-help housing again cited reasons such as their ability to pool their finances as the main driver (20.4%). The most dominant reason (48.2%) was that they have never experienced any difficulty, and the second time round means better product and more opportunities.

A number of reasons were also provided why households would not engage in changing their houses in future. Household heads mainly cited the unreliable contractors as the main reason for choosing not to engage with self-help housing again (more than 60%). This is however in contrast with what has been noted as the difficulty of the building process (finance) in Section 6.7 above. It may be inferred that the household heads are satisfied with the challenges thus far if they coped, however, they would want to avoid the same challenging but rewarding exercise in the future. This aspect is further discussed in the section dealing with the case of a contractor below. It could also be noted that the number of those not wishing to engage further is high because they probably have achieved the lifetime objective of delivering a usable shelter.

In conclusion to this section, the majority of extenders would not engage again in transformation probably because transformation is a long process. It may further mean that household heads have reached a lifetime dream of being able to adequately house themselves.

6.6 The case of a contractor

It seems that little sweat equity drives the construction processes in owner extensions in Mangaung; however the scenario is similar to cases in other developing countries. It appears that the dominant provision of labour comes from contracted builders in the community, followed by pockets of friends or family members assisting at some cost or at no cost at all. It is prudent in this instance to refer to a case of a specific local builder who normally gets contracted to do extension work in the neighbourhood. Tipple (2000) has also dwelt deeper in explaining the characteristics of these contractors and the environment within which they operate in countries such as Bangladesh and Ghana. A case is hereto made of a local builder, Mr Amos Pitso, who has been extensively, involved in the public housing extensions in Mangaung and its surrounds. The role of a local builder/contractor is assessed, through an interview, in terms of his experience in the building industry, the make-up of the company or structure he uses, how he acquires and executes his contracts, the networks he creates, how he juggles between various contracts and general problems that he encounters.

Amos was born in the 1950s in Smithfield in the southern Free State, and grew up in the plot-lands between Petrusburg and Bloemfontein. He received only a primary education, and much of his knowledge of building work was self-taught while he was a farm labourer. However, he underwent six months training at a technical adult school in Mangaung in the 1970s. He worked as a builder for a renowned construction company of Mr Petrus Molemela, a successful local businessman, in Bloemfontein until he started to attend to odd weekend jobs in his spare time in the late 1980s. The majority of these odd jobs involved the addition of accessories in the public housing stock in Thaba Nchu and Mangaung.

Amos uses four people as assistants or what is commonly known in South African construction parlance as “handlangers” to help him with manual labour. He does not have a company that is registered as he says he sees himself operating within an informal terrain. He does have a bank account that is used primarily as a personal account but in which he also receives proceeds from work completed. He owns a one-ton bakkie which

he uses to collect light materials and as transport for his four employees. His assistants are knowledgeable in all facets of construction such as foundation casting, bricklaying, roofing and the addition of accessories. The assistants are paid monthly in accordance to the number and extent of contracts received. Work is readily available but there can sometimes be brief dry spells.

Contracts are procured through the word of mouth or direct observation by prospective clients. Household members who see him at work and appreciate the quality of his craftsmanship secure his services in advance to assist them as soon as he finishes his current engagements. There are those who observe his work long after he has finished the construction job, but are able to reach him through interacting with his previous clients.

Before any work of extension is done, he provides a quotation in accordance with the size of work at hand. The highest quotation for his services could be R40 000 in which a house must be demolished to put up a new house altogether. However, he indicates that the average labour costs for an extension is between R15 000 – R20 000. Figure 14 showed that quotes for labour between R10 000 - R20 000 are common. The work done by Amos and his assistants is quite impressive, and many of the extensions he has done are indeed exceptionally large, with refined clay bricks typically being used.

Once the quotation has been accepted, it becomes the responsibility of the household to ensure that the necessary material is on site. Usually work would be broken in stages as per the quotation and there will be a deposit for labour required. He mentions that the majority of clients are able to put sufficient resources together to enable him to raise the wall and lay a roof on the house within a few months or a year. There are clients who struggle with the accumulation of materials and their structures can take up to three years to complete.

Though he can deal with matters such as plumbing and electrical wiring, he rather prefers to contract these out to his colleagues who are specialists in these fields. It was further

noted that his quotations are indeed only limited to pure construction; he charges for required demolitions, staking the foundation, casting the foundation, pouring the floor, actual brickwork on the walls, plastering, raising timber beams, putting roof cover, adding furnishes such as doors, flooring and window glazing. Each stage of the quotation must be complemented with the outstanding balance for labour costs before he proceeds to the next stage.

Amos indicates that his contracts do not usually run awkwardly into each other; and this allows him to provide quality service to his clients. He can actively handle around five jobs in a month with ease. In some instance, he may be thatch-roofing a porch to another house while in the same day he may be plastering the inside walls of another house that is nearing completion elsewhere. As noted previously, the majority of his extensions take less than a year to finish. The details in Chapter Five emphasise that the average three rooms added in Mangaung take less than a year. Amos could do with the same timeframes but completing larger structures or more rooms than three. We may infer that Amos is an experienced builder who takes a shorter time period to finish his structures than an average local builder in the neighbourhood. In observing some of the houses he extends, we may assume that he mainly comes across determined clients, who on the other hand, have seen his impressive work elsewhere.

The previous questions on problems experienced by households were categorised into finance, labour and construction related problems. On finance, the contractor commented that he finds himself to be well covered with the deposit required, but the outstanding balance can hinder progress to the next stage. However, he expressed that he is always empathetic to his clients and sometimes jumps to the next stage without having been completely paid for the previous one. He further indicates that he normally comes to be friends with his clients, and they eventually tend to be trustworthy at the end. He notes with confidence that he had never had a problem with his clients doubting the quality of his work. He does note that some of the building plans may be difficult to interpret and lead to a structure that the client did not have in mind. He further notes that another problem related to construction is that householder heads tend to misread the instructions

regarding the material required. He may advise on a certain quantity of bricks to be brought on site, only to find that less than the number required is delivered. He was quick to indicate that he avoids acquiring jobs in which the previous contractor was involved and prefers to start work from scratch. Lastly, he expressed that the type of work that family members tend to do is not construction at all. Households may sometimes be store keepers to ensure that material used does not get stolen or to ensure that they are always at hand to receive further instructions on the details of the next stage.

It could be inferred that Amos Pitso's story confirms that transformations come about more through self-promotion as opposed to self-building in the cities of developing countries. Further, contractors are boosted economically and they in turn provide labour and create more jobs.

6.7 Conclusion

This chapter focused on analysing the processes that give rise to a transformed rental core house. The four main themes on processes of self-help housing have been covered in this chapter using the available empirical evidence from the study area. Overall, in terms of the main argument in the thesis, I infer that the main finding in this Chapter is that transformations lead to high economic investment in the neighbourhood – as aspect commonly ignored in Neo-Marxist thinking. Neo-Marxist criticisms were focusing on tenants not being able to afford the costs accompanying ownership and the state abandoning its responsibility for shelter provision. However, it shows that the reality is that household heads have invested immensely in the neighbourhood. There are also fewer economic leakages as all processes are derived from capital and labour that circulates within. Tipple's observations made in Egypt in the 1980s, where local labour changes the initial face of public housing, is further observed in the study area. Therefore political economic debates have fallen short in recognising the role of housing privatisation to contribute towards local economic development.

It seems that self-help housing processes in the study area corroborate trends in other developing countries. The following three inferences regarding construction processes

that result from public housing privatisation may be made. Firstly, self-promotion is a more dominant form of self-help than self-building in developing nations and the study area. The emphasis on self-promotion corroborates the argument that transformers are less concerned with cutting costs (economic intention) than delivering a housing extension that provides usable shelter (social intention). Secondly, household heads have shown commitment to spend on both material and local labour, and ensuring that jobs are created and there are fewer economic leakages. Thirdly, local builders play an important role of being delivery agents once the household has decided to extend, especially in developing countries, this appears to be the case in the study area.

CHAPTER SEVEN: HOUSING MARKETS AND HOUSING FINANCE RELATED TO TRANSFORMED PUBLIC HOUSES

7.1 Introduction

The last two chapters focused on the nature of the end product (transformations) and processes involved in achieving the government-built housing transformations respectively. This chapter focuses on processes of housing finance and the development of the secondary housing market. The political economic criticisms on housing privatisation raised by pro-market theorists in Chapter Four argued that the transfer of houses would result in landlordism and heavily indebted homeowners. Again, the Neo-Marxist argument warns that the state should not abandon its responsibility under the pretext of empowering financially desperate tenants. I would like to argue in terms of the main debate that the type of subletting in privatised rental units is modest and homeowners are not improving their houses to necessarily release them into the market. What the political economic debate should also consider is that the social factors such as finding a foothold in the urban setting (considering the historical lack of urban tenure as discussed in Chapter Four) is as important a factor as political economic factors considered in housing policy analysis.

Housing finance remains a critical enabler in housing development and links the housing processes with the rest of the economy (see Sim, 1993). Buckley and Kalarickal (2005) argue that the developing economies have become more urbanised with poor per capita incomes, whilst at the same time, command more sophisticated and diversified financial systems that often include emerging housing finance systems. The housing supply systems in developing countries have, in effect, swayed from a project-focused approach to a finance-focused approach (also see World Bank, 1993). What remains critical is access and use of finance to achieve the objectives and benefits of shelter in the developing world, including asset creation.

In order to make a point with regard to the shortcomings of the political economic debate, this chapter argues four critical issues of housing finance in low-income housing markets; firstly, that whereas housing finance systems in developing economies have become sophisticated and diversified, the end users in the low-income market remain marginalised from the services and endowments of these systems. Secondly, low-income households in transformed state houses have relied more on household or informal resources than credit to achieve their sterling goals of bigger and more inhabitable houses. Thirdly, these sophisticated financial systems operate outside the highly improved township housing environments, and thereby inducing a frozen secondary housing market. Fourthly, the low-income households engage in other innovative methods of capital accumulation related to their transformed houses, other than the housing market exchange option which proves to be dormant.

In order to validate the above arguments, the empirical evidence from the study area of Rocklands, Bloemfontein, is to be used later in the chapter. But I first assess the theory of housing finance systems in developed, developing countries, and South Africa, and the economic objectives of transformers before I proceed to the field work results.

7.1 Housing finance and market systems

7.2.1 The finance and market systems in the developed countries

The financing of housing has been a fundamental problem for governments, households and private institutions in developed countries. Bertrand (1999) agrees that the number and condition of our houses is a symptom of our methods of financing them, and until we understand the implications of our methods of financing, taxing and subsidising them, we cannot hope to arrive at any solutions to our problems. It has not been surprising that some strategies such as the Rent-To-Buy method in Britain were introduced to offload the burden on state resources and allow individuals to house themselves. What is critical in housing markets in developed countries today is firstly, whether the privatisation process has enabled tenants to have the freedom of shelter and, secondly, if they can engage in higher housing market brackets, if they wish to do so.

Contenta (2011) succinctly summarises the predicament of owner-occupiers in former public housing estates in Britain. She argues that whereas the majority of tenants made gains after purchasing their properties at huge discounts, speculation and gentrification of their neighbourhoods have made them worse off today. These former public housing neighbourhoods have been refurbished but are inhabited by older and chronically unemployed owners who cannot sell these houses to willing buyers. Cameron (2005) adds that the owners cannot sell because they are unsure of the intricacies of the higher housing market, and secondly that no buyers are interested in acquiring these properties because they are wrongly located and comprise of the marginalised in society.

There are two further daunting realities that call for attention in the public housing market in Britain today. Contenta (2011) notes that firstly there are two million households on the waiting list for what remains of Council housing. Secondly, there has been no new construction of affordable housing to replace the stock sold since the introduction of the privatisation process in 1980. All these factors discourage the development of a dynamic and vibrant secondary housing market in the former public housing neighbourhoods.

In conclusion, the section above highlights that the picture of the secondary housing market of public housing neighbourhoods in the developed world may be gloomy and the occupiers of these houses seem to be stuck in low market neighbourhoods without the prospect of moving up the housing ladder.

7.2.2 The finance and market systems in the developing countries

The struggles of the poor households in developing countries to access finance for housing purposes cannot be overemphasised. Buckley and Kalarickal (2005) make five key observations when assessing the role of housing finance in the developing nations since the 1980s. On the negative side:

- There is a need to develop a sustainable supply of finance to meet the need to house the poor; and
- Economic shocks such as high inflation have greatly discouraged institutions to lend in the low-income sector.

On the positive side:

- The development of advanced financial systems has created a link with housing markets;
- The majority of poor households, especially in populous countries like China, India and Mexico now have access to mortgage credit; and
- Micro-finance institutions are now able to avail credit to the poor to access housing opportunities (such as the Grameen Bank of Bangladesh).

The World Bank (1993) provides the same picture on how housing finance has changed for the better in developing world. The paper suggests that the changes should further emphasise establishing well-structured financial markets with sound institutions and organised professions, and avoid small enclaves and public programmes at national level where knowledge on local markets is skimpy. Moreover, it was emphasised in Chapter Two that low-income households in the developing world have always relied on their meagre resources to provide shelter. Therefore, the development of housing finance systems in favour of low-income households is critical to advance and fortify the goals of low-income households in shelter provision.

The changes in the housing financial systems of the developing world were mainly due to acceleration of world urbanisation and global transformation of financial systems. However, there is still less amortisation or mortgage related investment since urbanisation in developing cities is not that strong and hovering below 50% (see Buckley and Kalarickal, 2005). These changes however bring minimal impact because the developing countries are fundamentally still typified by informal finance or pooled savings – hence, the cities are like endless construction sites (though we learnt in Chapter Two that this is the best approach for low-income earners who rely on their own savings for shelter provision). Urban dwellers in developing countries acquire rental housing in the prime of their working lives, and then go on retirement still living in the same houses, though improved, with no intention to move up the housing ladder. This lack of moving up the housing ladder is an aspect which is emphasised by Zhang (1999) and mainly occurs because elderly dwellers are sceptical of entering the new housing market.

Though they may be eager to move up the housing ladder, they would always like to avoid the merciless economic rigours and shocks applicable in higher housing markets.

The section above highlights that low-income households in former state houses of developing countries still rely on self-finance and tend to remain in the neighbourhood out of choice. This is contrary to occupiers in the developed countries who have access to credit finance but are seemingly stuck in their improved houses because the market considers these houses undesirable and wrongly placed.

7.2.3 The finance and market systems in South Africa

In South Africa, Dewar (1982b) argues that one of the most important resources upon which housing policy is based is finance. He further notes that the housing policy in South Africa unfortunately comprises two independent housing markets i.e the subsidised housing provided by local authorities and the unsubsidised market supplied by building societies. The latter overwhelmingly caters for middle income earners and above, leaving low-income earners to fend for themselves. Pillay and Naude (2006) also give a vivid picture of the defects in housing finance in South Africa almost 25 years later and suggest that the reform of housing finance is required. They note that getting rid of government inefficiency and monopoly and introducing a range of financial instruments and services may help to ease the situation. There is enough evidence to show that modern housing financial systems have not been able to take the poor households into their fold.

In supporting their arguments, Pillay and Naude (2006) probed the perceptions of low-income borrowers in the housing market in South African cities and discovered two key trends. Firstly, they observe in their study that the reluctance of the banks to extend housing loans in the low-income sector is rooted in the lack of knowledge about borrowers' behaviour, preferences and experiences in accessing finance. The sample taken in their study consisted of borrowers in the market between R1 000 – R6 000 per month which is close to the third highest market identified in the study area of Rocklands (about 25% of extenders earn between R1 500 – R3 500).

A second notable finding in the study is that households still consider a mortgage loan as the best financing mechanism with which to purchase a house. Though only 58% approached mainstream banks where there was a 10% decline of applications and about a 5% success rate. The study expresses that there is little evidence to suggest that banking institutions have taken innovative steps to develop new lending products to service the lower income sector. The banks are sceptical of the low-income sector and consider it to be risky with poor returns despite government support. The reluctance of the banks in this regard stifles the development of secondary housing markets, as well as impeding the development of new ones in primary housing markets. A personal communication with a local agent shows that the bonds in the old township of Mangaung are normally below R200 000 and are rare indeed (Mashiane, 2009). The reluctance of the banks to serve low-income clientele impacts negatively on the aspirations of transformers.

Tomlinson (2007) and Huchzemeyer (2001) also argue that the commitment of South African banks to the delivery of housing finance to the low-income groups has always been questioned, despite the government's efforts to unlock the low-income housing finance sector. Tomlinson (2007) strongly supports Pillay and Naude (2006) that the banks continued throughout the 1990s and beyond to offer poor service through loan products to poor black households that were not modified to suit their circumstances. Therefore mortgage lending has never been much of a successful instrument in the townships, given the history of political struggles and economic upheavals in the 1980s and 1990s. A reliance on self-financing for housing developed over the years through community savings clubs and family networks. Napier (2001) picks up this tendency in his housing consolidation study of Khayelitsha and Inanda. Pillay and Naude (2006) conclude that the new rationale should be about improving the bank's security without compromising the housing aspirations of poor households.

In conclusion, this section highlights the plight of low-income households in accessing housing finance, as observed in the developing countries above. There is emphasis on the blunt approach that the banks are taking in ignoring the needs and aspirations of

borrowers. These negative aspects also impact on the viability of the secondary housing market in low-income neighbourhoods.

7.3 Economic objectives of transformers

The preceding theoretical chapters have argued that shelter represents one of the most basic personal needs, and quite large capital outlays and planning are required towards its realisation. Further, it has been shown in Chapter Five that economic intentions ranked second highest after housing stress as a precursor towards housing improvement. These economic intentions may be in various forms ranging from setting up a home-based enterprise to improving the house to have a more lucrative investment value. This section attempts to assess the context of economic value of improved state houses from the perspective of home-based enterprises and trading off the improved asset in the open market.

7.3.1 The trends of subletting in South African townships

Crankshaw *et al.* (2000) compares backyard dwelling that is common in South Africa and the types of accommodation for the desperately poor in other developing countries. They conclude in their study that at least one million households in South Africa are backyard dwellers, and South Africa, after Chile, is unique in having this type of accommodation.

In some old locations such as Gugulethu in Cape Town, 100% of properties were sublet. The backyard dwellers or renters are comparatively poorer than the main household that owns the property, and comprise mainly migrants who are less eligible for a housing subsidy. Gilbert *et al.* (1997b) also remark that few landlords in South African townships make any money; they mainly do not construct purpose-built backyard dwellings but rather provide space for tenants to erect their shacks. The backyard rental system persists because it does not have a clearly defined function. It may represent a career path to better housing for some; while on the other hand, it represents housing regression for those who have lost their sense of kinship (see Morange, 2002). Backyard rental accommodation is, however, a reality in old South African townships where up to every second house may be subletting (see Watson, 1994; Crankshaw *et al.*, 2000). Rust (2005)

highlights that the turnover of small scale landlords in the townships is about R771 million per month and this sector could lead to a revamped housing market in the townships if well managed.

Two policy interventions are suggested to bring some meaning to backyard subletting. Firstly, a suggestion is made that perhaps a housing subsidy aimed at backyard housing improvement may help to ease the situation (see also Watson and McCarthy, 1998). The provision of assistance may be in the form of credit for small scale landlords and simultaneously issuing rental allowances to those who do not wish to be homeowners.

Secondly, Watson (1994) remarks how subletting is often a neglected category that has become a nuisance to local authorities who tend to turn a blind eye to its existence. Local authorities should regulate the erection of subletting structures in much the same way as they do for formal housing. In conclusion, Watson (1994) argues that despite growing research into the context of subletting in developing cities, little is done to allow policy to put this phenomenon in context.

7.3.2 The role of the secondary market

In 2004, the FinMark Trust published a study into the workings of the secondary township residential market (Rust, 2005). The study found that property markets in the former black townships were dysfunctional, with low levels of churn and low returns despite its lucrative worth of R68 billion.

The study looked at four main categories applicable to former black townships, *viz.* old housing stock built in the 1950s, informal settlement settings, post-Apartheid state subsidised public housing referred to as Reconstruction and Development Programme houses, and credit financed housing. The study assesses fundamental failures of the township housing market and attempts to throw a few suggestions as to how the market could be revved up to the levels of a functional housing market. Amongst some of the weaknesses of the market, Rust (2005) notes that only 8% of the stock is being traded compared to 30% in the former white suburbs. Further, the old housing stock dwellers

had the longest period of stay in their houses but 90% of them are unwilling to sell. Only about 13.5% received commercial loans and only 18% use their house as financial security.

These bottlenecks have led to a conclusion that the housing ladder is not a reality for township residents. Home owners do not seem to aspire to move house in a quest of seeking better neighbourhoods nor reap off capital gains on investment made. However, Rust (2005) notes interestingly that home owners perceived value of their houses in a similar way to actual sale value. This relationship shows an informed residency who unfortunately are bent on not selling these assets. Earlier in Chapter Two, it was noted that Burgess (1982) posed a concern with transformations to the effect that they remain a commodity in the market. He reckons that efforts towards self-help are usurped in the broader capitalist framework in the form of sweat equity or self-effort that gets converted into financial gain. A self-help housing unit cannot therefore escape the clutches of the property market. A few suggestions made in the study of Rust (2005) to add corrective measures to the dysfunctional market include, educating owners to view their houses as a financial asset, encouraging owners to aspire to move to privately developed estates if they happen to sell, and availing mortgage finance for transformers.

Overall, the preceding section emphasises that the activity of sub-letting and engaging in secondary markets is inherently limited in low-income housing neighbourhoods in South Africa. I would like to argue that these trends follow a pattern that speaks beyond the political economic criticisms meted out in Chapter Four. Firstly, in terms of the Neo-Liberal criticisms, there was an expectation that households are under economic pressure and will engage strongly in money spinning activities such as subletting, thereby leading to landlordism. Secondly, there was an expectation that the lucky few would acquire properties *en masse* and trade it amongst themselves. However, what appears true on the ground is that the type of economic activities such as subletting are modest and do not take a direction towards landlordism. Also, the secondary market is moribund but not necessarily because owners are under economic pressure. There must hence be more social inclinations than economic imperatives that lead to limited subletting and

secondary market activities. As noted earlier, the aspect of transformers acquiring a highly sought after foothold on the urban space may appear to be more critical than economic spin offs of subletting or selling a house.

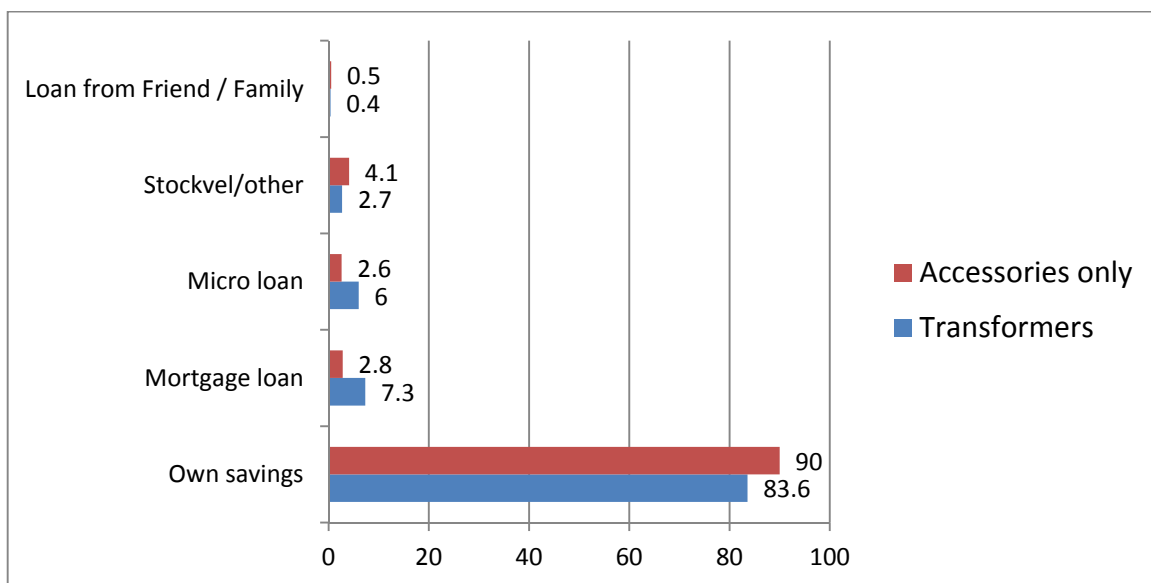
7.4 Low-income households and sources of housing finance

Having looked at the concept of housing finance and markets in developed countries, developing countries, and South Africa, this section assesses the empirical findings in the study area against theoretical evidence discussed above.

7.4.1 Sources of finance

Studies in developing countries on rental housing extensions point out that there is a strong dependence in personal savings when households do their extensions. Respondents in the study area were requested to indicate the source of finance used for their transformations and accessories. Figure 19 below provides the empirical evidence for the sources of finance for transformers and those who added accessories only.

Figure 19: Sources of finance for transformers and those who added accessories in Mangaung, 2008



n = ??

The dominant source of funds to enable either transformation or the addition of accessories appears to be household savings at well above 80% for both. Mortgage or micro-loan packages are the second commonest method of borrowing at around 13% for transformers and 6% for those who added accessories. Sources of funding for extensions from bank loans or savings clubs are relatively rare in developing countries. It may be inferred that the patterns of borrowing finance in the study area are similar to cases elsewhere in South Africa, and also in other developing countries.

An attempt was made to link the borrowing tendencies of transformers with existing mortgages as captured in the deeds search. Table 19 features the percentage split of houses that are bonded and that are not in accordance to the respondents and deeds search.

Table 19: Number of bonded houses according survey and deeds search in Mangaung, 2008

Ownership with a bond (respondents)	(n)	(%)	Ownership with a bond (deeds search)	(n)	(%)
Yes	30	8.3	Yes	13	3.3
No	360	92.7	No	377	96.7
Total	390	100	Total	390	100

According to Table 19 about 8% of heads of households have a bond registered against their properties by their opinion, but deeds search shows that only 3% of houses are bonded. The deeds search further shows that the majority of bonds (38%) are in the range between R50 000 – R100 000. Some of the bonds especially from semi-government institutions (Khayaletu and Free State Development Corporation) are as small as R13 000.

In Chapter Six it was noted that the majority of transformations cost between R50 000 – R100 000 with the average transformation costing R41 000. The average bond size is comparatively smaller than the actual cost of the house, and it may be assumed that transformers receive additional funding elsewhere than from mortgage finance. The

political economic arguments maintained that privatisation would lead to a trapped, bonded class of homeowners, but the picture on the ground shows that few transformers use mortgage finance; if they do, it seems to be augmented with other sources of finance. It is therefore concluded that the old housing stock in the study area is mostly financed through own savings, and little is funded through mortgage credit. This tendency shows that in fact the transformers are able to extend their houses without necessarily being trapped into big commercial credit systems. It may further show that there may be other underlying social aspects which compel transformers to operate outside the credit finance system.

7.4.2 The degree of difficulty in accessing finance

As noted in Chapter Six, access to finance may not necessarily be an obstruction to transforming, especially when the household has decided to extend. However, heads of household who had specifically extended their core houses were asked to express their take on the difficulties involved in accessing finance for the building activity (see Table 20 below).

Table 20: *The type of finance used and the level of difficulty to access it in Mangaung, 2008*

Finance type used for changes to house	Levels of difficulty (%)					Total
	Very difficult	Difficult	Neutral	Easy	Very easy	
Mortgage loan	5.9	5.9	0	29.4	58.8	100
Micro-loan	0	7.1	21.4	64.3	7.1	100
Own savings	12.0	28.4	11.5	30.6	17.5	100
Stokvel	0	0	25.0	0	75.0	100
Other	0	0	100.0	0	0	100
Total (non specific)	10.5	24.5	12.3	31.8	20.9	100

n = ??

Table 20 shows that more than half of respondents (52.7%) did not find it difficult to access finance. Table 20 also shows that transformers generally have easier access to finance, with micro-loans being the easiest to obtain at 64.3%. In fact, micro-loans are twice as easy to access as mortgage loans. A significant percentage of transformers

found access to finance in “stokvels” very easy (75%) as well. It may be inferred that methods of saving through “stokvels” are popular in South African townships, and housing is targeted as one of the goals for people to save through these facilities. There are a high number of transformers who found access to mortgage financing to be very easy (58.8%). However, in terms of the theoretical arguments raised earlier, these could be the borrowers who actually use credit and are approved for it. Though the commercial banks do not serve the low-income market convincingly enough, it has been noted in Section 7.2.3 that there is at least a 5% success rate in credit approvals.

Overall, the fact that the majority of the respondents do not cite that it is difficult to access credit finance, simply tells a story that extenders scarcely use credit to finance their transformations.

The questionnaire also allowed for respondents to explain why they found access to finance easy (see Table 21 below).

Table 21: *Reasons provided for finding access to finance to be easy in Mangaung, 2008⁴*

Reasons	(n)	*(%)
Enough personal finances available	148	43.5
Pension paid out	69	20.3
Accessed a loan	49	14.5
Assistance from family	30	8.7
Low building costs	15	4.3
Self-build/saved costs	5	1.4
Received free material	5	1.4
Other	20	5.9
Total	341	100.0

Missing = 49

Table 22 vindicates our earlier inferences on the population characteristics that mainly comprise older household heads that have already reached retirement age and have either

⁴ The total missing number includes the 40 of inherent transformers plus a few spoilt responses which add up to 49

been able to save enough over a long period of time (43.5%) or received lump sum pension payouts. The group is closely followed by those who were able to use their pension payouts and accounts for almost 20%. Their access to loan financing is low at 14%, which shows further the insignificance of this category.

It is also noteworthy to mention that it may not be easy to differentiate whether those who accessed a loan did it through a bank or the alternative non-banking institutions. Literature noted that there was quite a competition between these two institutions in the late 1990s, which could have led to households preferring either of the institutions for access to finance. This matter also crops up strongly in Figure 19 where there is seemingly an equal split between borrowing from banks and alternative non-bank lenders.

Further, other reasons do indicate that the self-building rationale, as opposed to self-promotion, is not dominant in the townships. It is noted that less than 2% of households found sweat equity to have made it easy for them to access finance or maximise savings. The strong showing of family assistance (8%) highlights the existence of community networks in low-income groups where family assistance is a general norm unlike in high income communities.

On the other hand, heads of household who noted that it was difficult to access finance cited the inability to amass enough savings as the most dominant reason (40%). Other reasons included were that there was only one breadwinner or that it was still difficult to let go of one's savings for housing purposes.

Overall, the section above establishes that households in the study area rely more on their personal savings to do extensions than any other funding method. The transformers do not find access to finance as difficult, probably because of their reliance on their own savings. This self-reliance strengthens the view that extenders are not a compromised class trapped in the credit finance impositions. The broader aspiration of transformers is

to end up with an inhabitable shelter that accommodates a family, and is free from financial entrapments.

7.5 Transformations and the secondary housing market

Mortgage amortisation and secure tenure are the main drivers of the property market in most capitalist systems protected by constitutional rights to own property. Empirical evidence cited in Chapter Five shows that some of the extensions in Mangaung are large and impressive, and these can stand neck to neck with average suburban houses in the open market. The questionnaire made provision to evaluate the perceptions of household heads with regard to trading their houses as commodities in the market. Thus far, it has been inferred that household heads are mainly driven by housing stress, rather than financial gain, to engage in transformations. However, it is worthwhile to question whether the household heads may be in a position to trade their completed housing units in the open market should, or if, such a need arise.

A big question therefore still remains: are the transformed houses in Mangaung able to be traded in the market, and if so, what do they contribute in terms of the secondary housing market in the city? The next section attempts to answer this question by considering available empirical evidence on transformers' perceptions.

7.5.1 Perceptions on house values

In order to build a picture of their perceptions to housing markets, respondents were requested to give indication of the values of their houses. House values were categorised between R5 000 (and less) and values above R30 000. Estimates for the financial year 2009/ 2010 on the government housing subsidy is around R72 000; and this amount may be equated to fit well with the value of a normal unaltered rental core house of the study area of Mangaung. It may be inferred that the majority of household heads are aware of significant changes they have effected in their core houses, and that these changes carry a specific monetary value. In the questionnaires, some household heads have been able to estimate their house values to well beyond R200 000 and even up to R500 000, with the average house value being R27 933. These values support the views of estate agents who deal specifically with secondary housing markets in the study area. A statistical

estimation of house prices of the secondary housing market in the township, specifically in the old rental stock, is not more than 4% of the market share (Mashiane, 2009). Transformed houses in the rental market fetch values up to R400 000. This amount is a lower value compared with the national average of 8% noted in Section 7.3.2 above. What needs to be contextualised at this juncture is that indeed the secondary housing market in the study area is not active; however, willing sellers are well aware of the worth of their improved assets. The extended family culture in the township dictates that households occupy the “family house” for life, and there may be no mobility, and hence no active secondary market as expected. This argument highlights strongly that the political economic assumptions have omitted the strong role of social factors in housing privatisation processes.

7.5.2. Households considering selling their houses

As previously noted, it is expected that the majority of household heads have extended due to housing stress and may not be in a position to sell their houses. In the case where certain households may consider it necessary to sell, the questionnaire made provision to assess the intention and perceived selling price. Table 22 and Figure 20 below provide the percentage split of those considering to sell/not to sell and the accompanying reasons respectively.

Table 22: *Households considering selling their units in Mangaung, 2008*

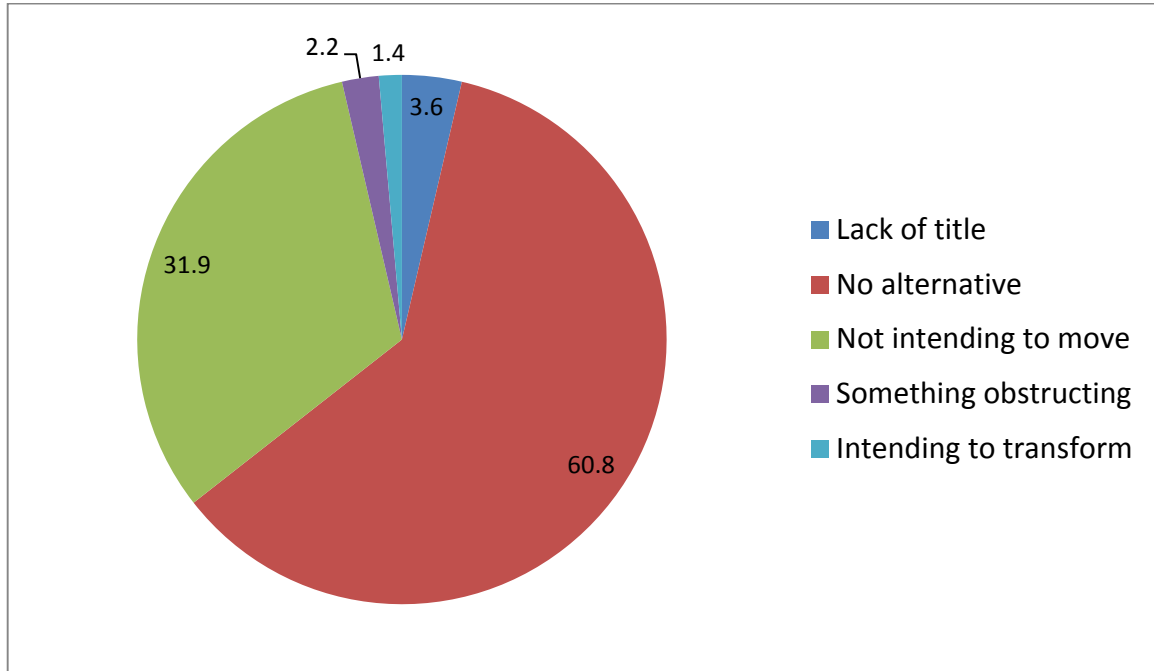
Household willing to sell / not sell their units	(n)	(%)
No	362	92.8
Yes	22	7.2
Total	384	100.0

Missing = 6

Table 22 shows that the overwhelming majority of household heads have no intention to sell their houses (93%). It was noted in Chapter Five that the profile of households comprises mainly heads that are above 50 years old who are already retired, and may feel wary to move elsewhere. This tendency should be viewed in contrast to trends in the developed countries where household heads are mainly eager to move house but are short

of the appropriate market to purchase their houses. Another view that could be considered is that township life comprises strong social ties and dwellers feel comfortable to be in the same environ for as long they can. This tendency is also picked up in other cities of developing countries, especially Ghana (as noted in Chapter Five).

Figure 20: Reasons for not selling the housing units in Mangaung, 2008 (%)



n = ??

Figure 20 further shows that the household heads seem to be stuck in their environment, where more than 90% is either not intending to move or have no alternative. However, as noted above, the lack of moving house should necessarily not be seen from a negative light. A note should be taken as debated in Chapter Three that township dwellers were denied urban rights for a long time. Current heads of household are presently in their mature age and are simply enjoying the acquisition of freehold and the achievements made through self-help housing. Household heads gave specific reasons to support the reasons forwarded on intending not to sell. The main thread that runs through these specific reasons is also about attachment to what is considered a family home. The elderly would note that they intend to give the house to children and grandchildren as part of inheritance. It is anyway normal in African traditions to have more than one

generation living under the same roof as noted in Chapter Two and Chapter Three. This aspect strengthens our argument that the political economic discourse should consider the importance of social theory in housing policy development.

In the case of those who intend selling (7.2% in Table 22) it seems that the reason to sell may be because of matters not related to financial gain, such as a nuisance in the neighbourhood like noise or location closer to taverns, and not necessarily to move up the housing ladder. Those intending to sell were optimistic that someone will be interested in buying their house (80%). It may be inferred that these household heads are proud, confident of their hard earned transformations, and value their houses to be marketable.

Household heads were also requested to provide a clue of the destination of their preference should they decide to sell. Respondents were given options to choose in terms of anywhere safe, bonded housing estates within the township, affordable former white suburbs or a city outside the province. More than 96% of the respondents did not even choose the desired place of relocation. This may corroborate what has been indicated in Figure 20 that there is overwhelmingly no intent to move house.

In practice, there is however a strong tendency for the township folk to sell their houses from nearby bonded estates in favour of more serene or quieter new township suburbs such as Grassland. It is in these new quiet suburbs where they build larger houses through self-promotion. I would like to infer that in a case where township dwellers may opt to move house to the suburbs, it may be when they are relocating from the bonded township suburbs that were built in the mid-1980s such as Bloemanda, and the household heads are younger. Again, households that move to the former white suburbs mainly consist of young, educated and high income couples that are only associated with the township because their parents live there.

Overall the section above reveals that social factors play a role in political economic housing discourses. The secondary housing market may be moribund, but this is more out of social than financial influences.

7.6 Subletting and other economic activities

Household heads were requested to state if they had someone lodging from them. We know by now that transformations mainly occur as a result of housing stress in the developing countries, and to a lesser extent as a motive for economic reasons. This section assesses the extent of subletting by looking at the rate of subletting, intention to sublet for economic purposes and method of subletting. Table 23 and Table 24 below show the trends of lodging in the study area, and the relationship between transformations and lodging respectively.

Table 233: *Trends in lodging for transformed and non-transformed units in Mangaung, 2008⁵*

Level of transformation	Rate of lodging (%)		
	Yes	No	Total
Transformed	16.2	83.8	100.0
Not transformed	2.0	98.0	100.0
Total	7.0	93.0	100.0

n = ???

Table 24: *Housing extensions done for lodging purposes in Mangaung, 2008*

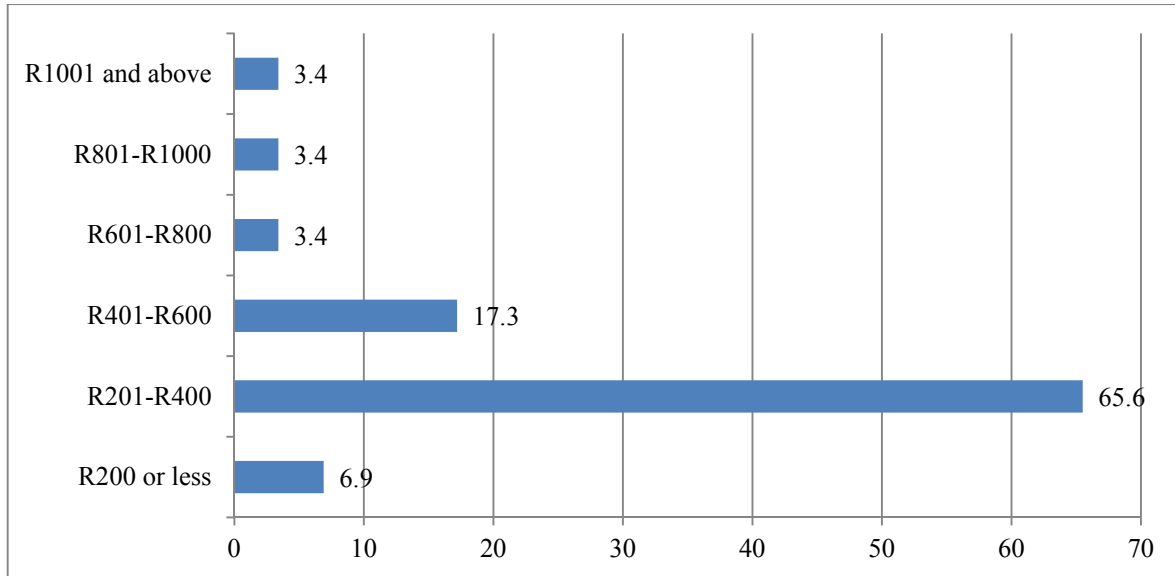
Extensions for lodging	(n)	(%)
Yes	15	11.3
No	122	88.7
Total	137	100.0

According to Table 23 just about 16% of transformed houses have lodgers compared to 2% in non-transformed houses, with a total of 7% lodging rate in the study area. Table 24 shows that just more than 11% have extended their dwellings for subletting purposes. We may infer that subletting does not seem to be dominant in the study area as in other cities such as Cape Town and Soweto where values of 50% – 100% have been recorded irrespective of whether there is transformation or not (see Section 7.3.1). This is probably because of the availability of peripheral low-income housing such as in Bloemside and other surrounding informal settlements.

⁵ The percentage for transformed was for those who have actually transformed their units (137)

Household heads were further asked to state the amount of money they made from monthly rentals from tenants; their responses are featured in Figure 21 below.

Figure 21: Monthly rentals from tenants in Mangaung, 2008 (Rand)



n= ??

Figure 21 shows that household heads offering lodgings mainly earn between R200 – R400 per month with an average of R377.80. The amounts are similar to those recorded in subletting trends in Port Elizabeth where households mainly profit around R250 per month from subletting. The study area comprises the majority of household heads who earn below R1 500 as noted in Chapter Five and these monthly earnings contribute 26% of their average income. It is inferred that this is the category that may prioritise subletting in order to boost their monthly pension stipends by about a quarter, which is quite significant. Some views in the literature have expressed that the majority of landlords in townships are not that well off, and they almost fall in the same income category as their tenants. This type of economic activity may not provide handsome profits such as other home based enterprises like spaza shops and taverns. However, it is a relatively passive business activity which may allow the household head to engage in other job creation activities to further boost their monthly earnings.

Respondents were further asked to indicate the residence of lodgers within the housing compound (see Table 25 below).

Table 25: Types of rooms for lodgers in Mangaung, 2008

Types of rooms	(n)	(%)
Backrooms	21	75.0
Room in the main house	6	21.4
Both	1	3.6
Total	28	100.0

Table 25 shows that out of the 10% of households who engage in subletting, almost three quarters of these households accommodate their tenants in the backrooms. It is, however, surprising that there is a significant 21.4% who accommodate tenants in the main house. In this case, the inference may be that the tenants accommodated in this manner may be somewhat related to the main household members or at least well known to them. As previously noted, kinship is a common trend amongst township dwellers, and this may be its manifestation. It may further prove that subletting in the study area may not be practiced through a profit motive, but is a practice more aligned to compassion for relatives who come from far and wide in search of education or jobs in the city. Finally, the argument raised in the literature that housing privatisation may lead to landlordism does not seem valid as the lodging patterns are modest.

Overall, the section above showed that the dominant economic activity applicable in transformations is lodging, though it is far more modest than elsewhere in the country. This inference corroborates assessment made in Section 7.5 in Chapter Five where the intention to add rooms for lodging is more dominant than any other economic intention.

7.7 Conclusion

This chapter focused on four critical issues in housing finance and markets, *viz.* the marginalisation of low-income end users in housing finance, the reliance of low-income end users in their own savings for housing consumption, the trends of secondary housing

markets in the townships, and the context of lodging and other economic activities in the transformed rental houses.

The Neo-Marxist critics argued against low-income housing privatisation in South Africa and forwarded some opinions. Firstly, that the tenants are too poor to afford the disposed rental units let alone to transform them. Secondly, that the majority of those who will afford to buy them would trade them in the market and create a large landlord monopoly. Thirdly, the tenants would have to rely on credit finance and subsequently face infinite exploitation by financial agencies. However, the tendencies on the ground that emanate from this chapter provide another view on the role of privatisation in the livelihood of low-income households.

Firstly, the tenants have overwhelmingly relied on their own savings to achieve their transformations. Secondly, there is strong potential for the secondary housing market though it is currently moribund due to other social influences. Thirdly, there is no trace of the alleged landlordism as tenants are practising subletting in a modest form.

In terms of the main argument on political economic discourses another finding in this chapter is that housing privatisation, through transformations, does not necessarily lead to a functional secondary market. The lack of a secondary market might be related to social influences that are at play and inhibit household heads from moving up the housing ladder. These influences are quite positive and include the acquisition of urban citizenship that has long been fought for. Once again, a point has been made that political-economic criticisms fell short of recognising the critical role of social factors in housing privatisation.

CHAPTER EIGHT: CONCLUSION AND FUTURE RESEARCH

8.1 Introduction

I have reasoned in this study that the theoretical underpinnings of housing studies are mainly built on from binary political-economic foundations. On the one hand, conventional economic theory, mainly built on new-liberal principles, suggests that privatisation is required to ensure that markets work better. In the housing field, privatisation is mainly seen as a way to ensure the initiation of a secondary housing market. On the other hand, Neo-Marxist views argue that privatisation leads to a range of negative impacts, such as eventual homelessness and the lack of affordability of housing bonds. The main problem with these two political and economic viewpoints is that they are blind to other social theories and ignore, to a large degree, the historical context of housing, especially in South Africa. The debates in this study point out that the path dependency theory (with historical methodology as a sub-approach) in housing policy discourses provides additional understanding of privatisation, especially in the South African context.

8.2 Reconsidering conventional wisdom on housing privatisation

This section considers three aspects. In the first place it is argued that the Neo-Liberal view standpoints on housing privatisation are not always valid. The second section challenges the Neo-Marxist views and finally, this section compares the findings from Tipple's work with that of the case study.

8.2.1 Neo-Liberal views on housing privatisation

Neo-Liberal views on housing privatisation consist of three main arguments:

- Housing privatisation leads to the development of secondary housing markets;
- The main reason for housing transformation (housing improvements) is related to the increase in housing values; and
- Ownership is a precondition for housing privatisation.

8.2.1.1 The development of the secondary market

In Chapter Three it was pointed out that one of the main arguments from proponents of the pro-market argument is the importance of creating a secondary housing market through housing privatisation. In the developed world it is emphasised that the state and private capital provide housing to households that are likely to see these assets as commodities and trade them in the market. The assessment of the development of the South African housing policy in Chapter Four focused, amongst other things, on the development of a post-apartheid housing policy which emphasised the importance of housing markets. Issues of housing privatisation and the development of a secondary housing market are core themes running through the De Looer report; the work of the National Housing Forum; the post-apartheid housing policy; and *Breaking New Ground*.

At the same time, it should be recognised that Turner (widely acknowledged as the father of self-help housing) has warned that for many low-income households, the most important aspect is the creation of living space. In fact, Turner argues that few low-income households see their housing units as commodities (Chapter Two); this, despite the fact that the World Bank had economised his basic principles.

The evidence from Chapter Seven suggests that despite virtually all the state housing units being privatised and 50% being transformed, there is little evidence of a secondary housing market. There are three aspects emanating from the study area that suggest that transformers are unlikely to engage in secondary housing market processes. Firstly, household heads are well aware of the benefits of the market, but are unwilling to sell. More than 80% of household heads were aware of the value of their houses; however, more than 90% of household heads were unwilling to sell. Secondly, more than 96% of household heads showed no inclination to relocate, hinting that they are not willing to move up or down the housing ladder. Thirdly, real and apparent bond ownership is about 3% and 8% respectively, indicating a low value on houses acquired or disposed through mortgage systems. How should one thus understand the above reality? The theories of path dependency and historical methodology suggest that the historical context of housing and housing policy development should be understood. Chapter Four provided a

historical perspective on black housing. To a large degree, apartheid prevented black people's access to urban South Africa. Thus, housing privatisation mainly means final security of tenure in urban South Africa. Consequently, few people are willing to sell their units and for many, it is not a commodity, but rather a way of ensuring access to urban South Africa against the historical lack of urban land tenure for black South Africans.

8.2.1.2 Housing improvement is a way of increasing house values

Linked to the above argument, in respect of the development of a secondary housing market, self-help and housing privatisation in developed countries were often seen as ways to increase housing values (Chapter Two and Chapter Three). In contrast to these views, Turner argues that the importance of the user value of housing to low-income households should be recognised and Tipple (Chapter Three) fundamentally asserts that privatisation leads to an improvement in living space and not necessarily in house values.

Against conventional wisdom within Neo-Liberal thinking that house improvements are done to increase the house's value, findings of this study suggest that the main reason for improvement can be related to housing stress. In Chapter Five empirical evidence in developing countries shows that more than 80% of households transform because of housing stress. Likewise, the most common feature of transformation in the study area is the addition of bedrooms, and this is mainly to deal with the question of privacy. Moreover, 79% of transformers in the study area extended their dwellings in order to combat housing stress compared with only 9% for financial gain. The main factor for transformations therefore, remains housing stress, as housing units are mainly extended to increasing living space. This aspect is therefore in contrast to the Neo-Liberal view that emphasises the importance of the increase in housing values as a generator of assets.

8.2.1.3 Ownership is a prerequisite for housing transformation

In general, Neo-Liberal proponents argue that home ownership is a prerequisite for housing transformation. In Chapter Three the debates show that the developed world became pre-occupied with the essentials of home ownership. Policy developments after

the Second World War swayed towards homeownership, with other alternatives given less attention. Home ownership also became an essential part of the World Bank housing policies. Although elements of self-help housing have been eminent in South Africa, the dominant housing policy until the mid-1970s was focused on the provision of rental housing. The study argues that the provision of ownership has been a crucial element in the transformation process, but there is also evidence of transformation taking place before actual transfer. Beinart (1971) and Masihleho (1979) agree that there was evidence of transformations in parts of Soweto in the early 1970s, long before the Great Sale of 1983 (Chapter Four). In Chapter Five the evidence from the study area shows that the relationship between transformations, deeds records and purchasing reveals interesting developments. For instance, in the period succeeding the 1983 Great Sale, there were more transformations (25.2%) than there were deeds registrations (17.7%). Furthermore, there seems to be anecdotal evidence of unit transfers that were not necessarily accompanied by deeds registrations to receive ownership (see Chapter Five). This aspect may also be understood through historical methodology that shows that urban low-income families were more concerned with belonging to the urban domain rather than by purchasing units through formal mechanisms. The formalities of seeing tenure in terms of the formal issuing of a title deed was a remote matter to families who had for so long been denied urban rights. Therefore, it is not surprising that housing extensions took place immediately after purchasing, with less concern given to whether the property had been formally registered or not. Overall, it suggests that extensions take place due to a feeling of security of tenure and not necessarily because of ownership.

The evidence provided above suggests that the arguments of Neo-Liberal proponents are not always valid within the case study in Mangaung. I argue that two aspects contribute to this. First, the dominant notion of housing stress overshadows economic reasons for housing extensions and the development of secondary markets. Furthermore, it is my contention that this reality can be understood only against the historical exclusion of black people from urban South Africa under apartheid.

8.2.2 Neo-Marxist views on housing privatisation

The study outlined a number of arguments critical of housing privatisation. These arguments were mainly from Neo-Marxist perspectives. This section summarises and challenges a number of these perspectives. The following aspects are contended:

- that privatisation increases the financial burden on the household;
- that privatisation leads to landlordism; and
- that privatisation leads to housing speculation and the displacement of the poor.

At the same time, I argue that Neo-Marxist proponents do not consider the importance of local job creation and architectural diversification brought about by privatisation.

8.2.2.1 Privatisation increases the financial burden on households

Neo-Marxist thinkers have conventionally reasoned that transferring the housing stock to the tenants will come with financial strain. They argue that it becomes the role of the state and not the private market, to take care of the housing needs of the poor. In Chapter Three it was argued that housing privatisation has increased the financial burden on households residing in originally rental units. This problem was also identified as one of the possible problems associated with privatisation in South Africa (Dewar, 1982b; Mabin and Parnell, 1983).

There are three cases in the study area which provide evidence that privatisation may not have created financial strain on residents in the case study. Firstly, in Chapter Five it is noted that transformers are relatively better off than non-transformers. In essence, the extenders are relatively financially prepared and empowered to deal with the financial demands of transformation. The majority of transformers are pensioners (40%) who use their long-term savings to extend the original core house. Secondly, in Chapter Six, transformers are prepared to use paid labour for their extensions (89%). These payments are mainly done in terms of cash, which is an indication that they do not need to engage in increasing debt in order to extend their units. Thirdly, in Chapter Seven, about 83.6% of transformers use their own finances to do extensions. Moreover, there is recorded a

mere 3% of houses that are bonded. Overall, what emerges from the evidence is that minimal exposure to formal finance, cushions the tenants from postulated financial strain.

8.2.2.2 Housing privatisation leads to landlordism

The literature review in Chapter Two attempts to explain that landlordism has been associated with cramped inner cities of the developed world, even long before the Second World War. Neo-Marxist thinkers are quick to observe that the freedom of acquiring the erstwhile state housing stock in the developing world has led to the same fate. This was also the case in South Africa, where researchers warned against this problem (Mabin and Parnell, 1983; Mayekiso, 1996). There are two aspects investigated in the study area to evaluate if there is any tendency towards landlordism. Firstly, empirical evidence in Chapter Seven shows that ownership of more than one property in the township is extremely rare. There was only 2% of household heads who said that they had another house and in most instances, the house was located outside Bloemfontein (Mangaung). This aspect speaks to the historical movement of black urban dwellers from the rural hinterland to urban centres to look for work. Secondly, only 16% of transformed houses are used specifically for lodging purposes. The percentage for all households is at 7%. At the same time, rental incomes are extremely low showing that rental accommodation through privatisation is extremely moderate and does not result in the exploitation of lodgers. This indicates that transformers are not in a drive to acquire and transform rental units *en masse* in a quest to accumulate wealth through running lodging houses. It therefore appears that the evidence in the study area does not corroborate the conventional Neo-Marxist thinking that privatisation leads to landlordism. Once more, the historical context suggests that housing privatisation and subsequent transformations should be understood against the lack of urban tenure for black South Africans. Housing extensions are done within the financial constraints of the household, while lodging income is moderate.

8.2.2.3 Housing privatisation leads to the displacement of the poor

The theory presented in Chapter Three highlights that Neo-Marxist thinkers postulate that privatisation will eventually lead to housing speculation and displacement. Chapter

Three shows that it is true that significant percentages of households in developed countries are displaced or remain in undesirable but improved neighbourhoods. Conversely, evidence for developing countries presented in Chapter Four emphasises that families tend to stay in one neighbourhood for generations in the extended family form. The question remains as to whether there is evidence of this particular pattern in the study area.

In Chapter Seven, household heads who were asked to indicate if they intended moving house accounted for less than 1%. Additionally, about 93% of household heads had no intention of selling. Those who did not intend to sell indicated that they had no alternative or were simply not intending to do so. It may therefore be assumed that speculation occurs only in a market that is active and has available stock for acquiring and selling. It does not appear to be the case in the study area. A way of explaining as to why there may be no speculation or displacement could, once again, be found in the suggestions of the historical context. The households in the study area have achieved their lifetime goal of belonging to urban South Africa. Therefore, any dissuasion to leave and move elsewhere does not work. It is argued therefore that once more, the Neo-Marxist thinking on housing displacement fails to observe the influence of social factors.

8.2.2.4 Neo-Marxist thinking does not consider the importance of local jobs and architectural diversification

The developed world is pre-occupied with accumulating savings when households engage in self-help housing in general (Chapter Two). Thus, the majority of labour in self-help projects is carried out by families themselves. In contrast, self-help is the main way of providing shelter in the developing world. Extenders engage other agents such as friends and relatives in the delivery of housing shelter. Arguments in South Africa were dominated by views (also raised by Mabin and Parnell, 1983), that limited privatisation is a process taking place in a barren social and economic space. Little attention is devoted to the possibilities of job creation through privatisation and the role privatisation plays in changing monotype housing typologies. In Chapter Six, the findings in the study area show that local builders, as well as households, play an important role in being delivery

agents, once the household has decided to extend. For instance, it is noted in Chapter Six, that labour for transformations in the study area is sourced from the contractor who must be supervised and paid, is by far the largest number of cases (89.7%). There are also instances (5.2%) where friends and family assist, but must still be paid. Chapter Six has also indicated that an overall investment of R420 million has been created through privatisation processes. At the same time, the architectural change created by transformations has also changed at least 50% of the monotype state housing structures created under apartheid. Essentially, the Neo-Marxist viewpoints fall short in failing to recognise the positive impact of privatisation on local economies, social tendencies and investment.

Overall, a comparative analysis of the two sections above, reveals that both Neo-Liberal and Neo-Marxist thinking do not conclusively explain the nature and development of housing privatisation. I maintain that a reflection on the role of the historical context is required, before any conclusive assessment can be made, using these two opposing political and economic viewpoints (Table 26 summarises these main findings).

8.2.3 Comparing Tipple with the Mangaung case study

The theory presented in the opening chapters in this dissertation highlights that Tipple's work reflects an effort to emphasise the importance of social theory in housing processes. Tipple in the main, argues that the circumstances of poor urban transformers should be viewed as more a strength, rather than a weakness in the housing environment.

Table 26: Neo-Liberal and Neo-Marxist views and their comparison to the findings in this study

Neo-Liberal views on housing privatisation	Findings in this study
Housing privatisation will lead to a secondary housing market which, in turn, leads to the development of new credit markets.	<ul style="list-style-type: none"> • Turner emphasises that the transformers improve their houses to achieve user value, rather than trade in the market (Chapter Two). • The Mangaung case study shows that transformers are not inclined to enter the secondary market but remain attached to their houses (Chapter Seven).
Housing transformations are made because of the need to increase house values.	<ul style="list-style-type: none"> • Tipple argues that public housing is inadequate, and therefore, housing stress is the main reason for housing transformations (Chapter Two). • The Mangaung case study shows that the main objective of transformers is to add living space, rather than improve the commercial value (Chapter Five).
Ownership or secure tenure is a precondition for housing transformations.	<ul style="list-style-type: none"> • Tipple’s work has indicated that many transformations take place despite the absence of secure tenure (Chapter Three). • The Mangaung case study shows that a large percentage of transformers did so without secure tenure (Chapter Five).
Neo-Marxist views on housing privatisation	Findings in this study
Housing privatisation increases the financial burden on households through bonds.	<ul style="list-style-type: none"> • Tipple argues that in transformations, housing consumers become producers of housing and rely on their own resources (Chapter Three). • The Mangaung case study shows that eight out of ten transformers use their own savings (Chapter Seven).
Housing privatisation leads to landlordism.	<ul style="list-style-type: none"> • Tipple’s work shows that transformers are mainly subject to housing stress and do not own more than one property (Chapter Five). • The Mangaung case study shows no correlation between ownership of more than one property and transformations (Chapter Five).
Housing privatisation leads to housing speculation and the displacement of the poor.	<ul style="list-style-type: none"> • Tipple argues that transformations are likely to encourage social cohesion (Chapter Four). • The Mangaung case study shows that transformers improve their dwellings for the benefit of themselves and future generations, with no intention of moving (Chapter Seven). • 93% do not want to sell their units.
Neo-Marxist views ignore local job creation and the diversification of housing architecture through privatisation.	<ul style="list-style-type: none"> • Tipple argues that local income multipliers are likely to be larger from transformations (Chapter Two). • The Mangaung case study also supports the view that transformations make use of local labour (Chapter Six). • Significant change in the housing typology of the area.

Tipple’s contentions are compared to the findings made in this study, with a further body of theory being factored into the discussion to explain the agreements or disagreements between the study and Tipple’s work. In a quest to contribute towards a more solid theoretical understanding of privatisation, self-help and transformations in South Africa, there are four key points from Tipple that are discussed.

Firstly, Tipple argues that housing stress occurs because low-income state housing is not adequate to accommodate extended families. The study confirms, to a large degree, Tipple’s argument in respect of housing stress in that 79% of the transformers did so

more to accommodate their households than for financial gain. However, the study goes somewhat further in that it relates to housing stress in the South African context against the historical lack of urban tenure for black South Africans. Policy developments have shown that there was a disinclination by the state to allow urban rights for urban blacks throughout the 1900s.

Secondly, Tipple contends that housing privatisation leads to significant local economic multipliers. The study mainly confirms Tipple's viewpoint in this respect, in that the developing world scenario reveals that households are willing to spend through the hiring of agents in the neighbourhood, as just more than eight out of every ten households have employed someone to do their transformations. In giving out work, transformers contribute towards the upliftment of the local building industry and pump in significant capital in labour and material costs, locally.

Thirdly, many transformations take place despite the absence of secure tenure. Tipple's work has shown theoretically, that there was a consistent effort in the countries of his study to finally confer freehold rights to tenants (refer to the example of Egypt in Chapter Three). In South Africa, the state had turned a blind eye to transformations efforts. While the state was being indifferent to transformations in South Africa, it had become public policy to systematically deny freehold and therefore, urban rights to tenants. This policy position resulted in the generation of social protest that manifested itself in different ways, including tenants disregarding the importance of tenure and the economics involved. Thus, the empirical evidence in the study area shows that at the expected point of harmonisation, there were still more transformations (25%) compared to title registrations (17%). This study is in agreement with Tipple's observations; however, the social context resulting from policy development in South Africa is that purchasing was seen as immediate entitlement.

Fourthly, housing consumers become producers of housing and rely on their own resources. The finance systems in the developed world work in favour of housing consumers through allowing them mortgage finance. On the other hand, the finance

systems in the developing world are still in their infancy, resulting in housing consumers relying on their own resources. This study concurs with Tipple’s views that households spend on their housing what is within their financial capabilities (see Table 27).

In summary, over and above the main debate on the role of social theory in influencing the binary political-economic debate presented in Table 26 above, I conclude the study through the discussion of a further two key findings.

Table 27: Tipple’s arguments and their comparison to the findings of this study

Key points made by Tipple	Findings in this study	Explanation
Public housing is inadequate and housing stress is the main reason for housing transformations.	Evidence shows that 79% of transformers in the study area extended to combat housing stress, compared to only 9% for financial gain.	Housing stress is a common phenomenon in the developing world. Privatisation in Mangaung is no exception in this respect. Housing stress in the South African context should also be understood against the historical lack of urban tenure.
Housing privatisation leads to significant local economic multipliers.	Evidence shows that more than 83% of household heads prefer to use skilled local labour and spend approximately R420 million in materials and labour.	Local builders have benefited significantly from the transformations processes.
Many transformations take place, despite the absence of secure tenure.	Secure tenure is not an exclusive requirement for extensions in Mangaung. Evidence shows that in the period succeeding the 1983 Great Sale, there were more transformations (25.2%) than there were deeds registrations (17.7%).	This phenomenon should be understood against the historical lack of urban tenure for black South Africans. Transforming a house is a way of indicating security of tenure.
Housing consumers become producers of housing and rely on their own resources.	The majority of households in Mangaung have used their own resources to do extensions. Evidence shows that more than 83% of household heads have used their own savings.	Low-income consumers are not seen as lucrative lenders by the banks, and thus, they mostly rely on their own savings. To a large degree, this suggests that housing is seen more as a social asset than an economic one. As argued in the study, this can, to a large extent, be related to the absence of historical urban tenure for black households.

Firstly, I have indicated why I choose to agree with Tipple (2000) with regard to the importance of housing transformations as an alternative adequate shelter provision in developing countries. Theoretical and empirical evidence in the study have shown that transformations are less driven by economic motives than social needs, local resources and labour which are harnessed in various ways towards producing a liveable shelter;

active subletting and secondary markets are not necessarily related to transformations. Therefore, the majority of Tipple's observations fit well with the findings in the study area (see also Table 27 below). However, it is not always the case that Tipple's theoretical work helps to find pragmatic solutions to understanding the unique situations in the study area. In the host of countries he has studied, Zimbabwe comes as the closest analogy to South Africa (Tipple, 2000). This aspect strengthens my notion that historical context cannot be ignored in understanding housing transformations in various environments.

Secondly, I argue that the empirical evidence emanating from the study will go a long way to close the information or research gap, since it was noted in Chapter One that there is a research void in housing privatisation studies in South Africa. The postulations on the impact of privatisation were mainly formulated with the context of developed countries (Mabin and Parnell, 1983; Dewar, 1982b). Tipple and his colleagues made groundbreaking observations in the early 1980s regarding the ability of transformations to provide adequate shelter in the developing world. Yet, many theoretical observers in South Africa have failed to appreciate the positive impact of privatisation as a precursor to transformations, and rather choose to criticise privatisation as was the case in the developed world. This study and a subsequent paper in an international journal (see Marais *et al.* (2009) has thus filled a research gap in this respect.

8.3 Future research possibilities

This study attempted to delve deeply into investigating the theory of housing policy development in both developed and developing countries and South Africa, in particular. During both the processes of the literature review and the empirical investigation, a number of issues emerged which are related to the subject matter, but are not necessarily covered in this study. The following six aspects need to be researched further to improve the body of theory in housing privatisation in South Africa.

8.3.1 Formulation or regeneration of business districts or corridors

During the empirical analysis, an observation was made that some areas of the township were being refurbished at a more rigorous pace than others. This was mainly in popular

districts of the old township or mainly in corridor routes, such as Moshoeshoe road in Mangaung (Bloemfontein). From critical observations, it seems that an overall improvement in township infrastructure leads to more specific housing upgrading in the same area. This relationship between infrastructure development and the possible improvements in housing conditions is something which could be researched in future.

8.3.2 Rental housing subsidy for new property moguls

Post-apartheid housing policy has emphasised rental accommodation and subsidies through social housing institutions. However, this programme has had serious shortcomings as little attention has been devoted to the creation of rental accommodation as is evidenced within the context of this study. The question thus arises as to whether effective subsidisation of landlords which can create lodging space should not be a viable option; something that should be investigated in more detail.

8.3.3 The role of local building materials markets in owner building

Owner building is normally made easier in developing nations by virtue of access to quality local materials. Empirical evidence has shown that the transformers can afford to buy large and expensive building material, mainly from industrial areas or the city. Research is required to evaluate the capacity of local business to use networking and government support to create local materials markets which could be linked to the capacities of local 'stokvels'.

8.3.4 The impact of 'stokvels'

It has not appeared convincing that householders have used funds accumulated from 'stokvels'. Nevertheless, a common prescript from authors and community leaders is that 'stokvels' have put children through school, put food on the table and kept families' well-being intact. Research needs to be undertaken to evaluate the capacity of 'stokvels' to support large family projects, such as a family acquiring or improving a home. This process should be linked to financial intermediaries that the government introduced to assist homebuyers in the past.

8.3.5 The link between ownership and security of tenure

The study suggested that a significant percentage of upgrading takes place without formal ownership procedures being completed or being in place. However, the complexity of this relationship has only been touched on in this dissertation. It is therefore suggested that future researchers consider the relationship between ownership and security of tenure in more detail.

8.3.6 A longitudinal study

The assessment showed that neither Neo-Liberal nor Neo-Marxist viewpoints provide a clear understanding of the housing privatisation debate. It was argued that considering the historical context of accessing urban tenure, neither of these two paradigms is of much help. However, this might change as second and third generation urban dwellers might begin to think differently about their housing units. Therefore, it is proposed that a similar longitudinal study should be conducted in the future.

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ANNEXURES

ANNEXURE A: QUESTIONNAIRE USED IN THE STUDY

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SECTION A: BIOGRAPHIC AND SOCIO-ECONOMIC INFORMATION

1. Gender of the respondent (Head of household/ Breadwinner)

Male		Female	
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2. Age of respondents: _____

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3. Highest education level achieved: _____

4. Marital status of the respondent

Single	1	Widowed	3
Married	2	Divorced	4
Other	5		

5. Employment status of the respondent

Formal employment	1
Informal employment	2
Unemployment	3

6. Monthly income of the household (make sure that you calculate the income of all the people that contribute to household income)

None	1	<R800	2	R800-R1500	3
R1501-R2500	4	R2500-R3500	5	Above R3500	6

7. Number of people contributing to household income: _____

8. What is the size of your household (people sleeping here most nights of the times)? _____

9. How is the household structured?

Nuclear (respondent, Spouse and children)		Extended (respondent, children and others)	
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10. Number of respondents in a given age structure

N/A		0-7 YRS		8-15 YRS		>15 YRS	
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11. Does the breadwinner maintain another household elsewhere?

Yes	1	No	2
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12. What type of savings does the household engage in?

None	1	In house	2	Stokvel	3	Bank	4
Other	5						

12.1 If you are saving what amount have you saved?: _____

13. When did you occupy the house? _____

13.1 Did you buy this house from the Council or the previous owner?

Council	1	Previous owner	2
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14. When did you register the house in your name with a deed of title? _____

15. Where did you stay before occupying the house?

With parents	1	Backyard renting/ room renting	2	Informal settlements	3
Previously owned house	4				

16.1 Do you have another house somewhere else?

Yes	1	No	2
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16.2 Do you regard this house as your home?

Yes	1	No	2
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16.3 If no, Why not

SECTION B: HOUSING INFORMATION

1. Since you occupied this house did you extend your house or add additional accessories (internal door, tiling etc)?

Yes, Extendedd (could be an extra shack in the backyard)	1	Extended and added additional accessories	2	Only additional accessories	3
None	4				

(If yes extended or extended with additional accessories go to 2, if only additional accessories go to 3, if none go to 1.2)

1.2 What is the main reason/s why you have not extended or added additional Accessories? (go to 8)

2.1 Nature of the extension material

Permanent (Brick & mortar)	1	Temporary (iron sheets or other)	2	Both	3
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2.2. What is the number of rooms that have been added to the core house?

2.3 What functions do these additional rooms perform in your house?

2.4 What size is the extended part of the core house?

0-5m2	1	6-10m2	2	11-15m2	3	15-20m2	4
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21-25m2	5	26-30m2	6	31-50m2	7	>50m2	8
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2.5 How much did it cost to extend your housing unit?

2.6 Why did you decide to extend your house:

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2.7 Where did you get/ buy building materials from?

Bought from a community member	1	Bought from a dealer in town/ industrial area	2
Bought from a dealer in Mangaung	3	Bought from outside Bloemfontein	4

2.8 What was the main problem encountered in the process?

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2.9 Did your building plan get approved by the municipality

Yes	1	No	2
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2.10 Did the size or shape of your erf influence the type of your desired extension?

Yes	1	No	2
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If yes, explain: _____

2.11 How long did it take to complete the extension?

< 1month	1	<1 year	2	<input type="checkbox"/>
1 year-3 years	3	> 5years	4	

2.12 Did you do any extensions before 1983 OR whilst the property was not in your name yet?

Yes	1	No	2	<input type="checkbox"/>
-----	---	----	---	--------------------------

2.13 If Yes, was it out of ignorance or were you taking risk

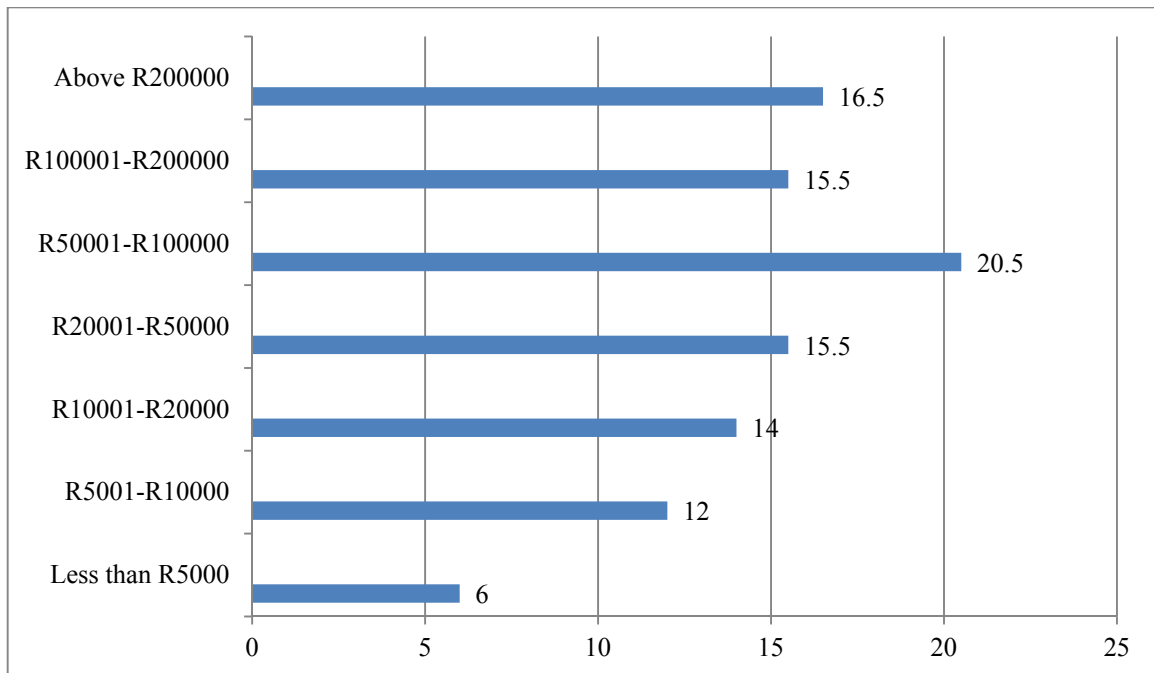
3.1 What additional accessories have been added in the core structure (e.g. floor tiling, internal doors)?

Explain: _____

**ANNEXURE B: INFLATION ADJUSTMENTS CALCULATIONS OF COSTS
(2008 values)**

Respondents were further requested to provide information on the amount expended on building materials (see figure below).

The cost of materials for transformations in Mangaung, 2008 (Rand)⁶



According to Figure 15 the majority of transformations (20%) cost between R50,001 and R100,000, with those above and below this category also dominating (15%). **The calculated average cost of material is about R31,220 in terms of 2008 values (the calculations for this average are explained in the formula below).**

end 2008 value

= median of category selected as value at base year

$$* \left(1 + \frac{(\text{inflation during base year})100}{100} \right)$$

$$* \left(1 + \frac{(\text{inflation during year after base year})100}{100} \right) \dots$$

$$* \left(1 + \frac{(\text{inflation during 2008})}{100} \right)$$

⁶Values as at end of 2008, during survey