
Bottlenecks affecting the 'Big Sale' of government owned houses

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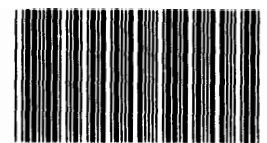


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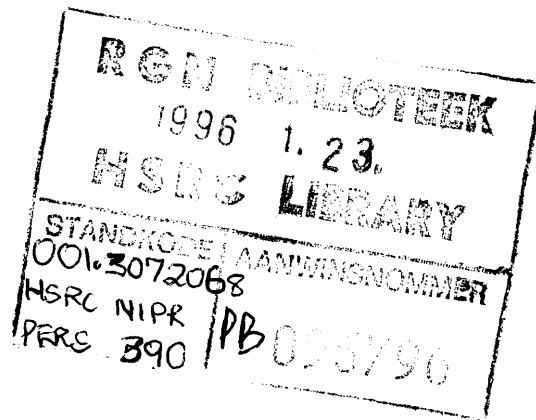
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OPSOMMING

Hierdie verslag het betrekking op 'n ondersoek na die knelpunte, wat die sogenaamde 'Groot Verkoop' van Regeringsbehuising onder die swart bevolking op die Rand, beïnvloed. Die studie hou rekening met die aangebode hulp van werkgewers aan potensiële kopers wat kwalifiseer om die huise te koop. Dit ondersoek ook, uit die werksgeversoogpunt, die probleme wat die "koop" inhibeer. Verder ondersoek die studie die houdings van kopers en nie-kopers ten opsigte van die aankoop van hulle huise. Dit vertolk individuele houdings ten opsigte van die 'koop' en huisbesit oor die algemeen, en dit is nie noodwendig 'n weergawe van die werklike omstandighede nie. Algehele administratiewe probleme, verklaar derhalwe nie die klaarblyklike traagheid van die "verkope" nie. Dit blyk egter dat die houdings van die mense teenoor die bestaande behuising, probleme met erfgoed (erfporsie), die harwar wat ontstaan het rondom die 99-jaar huurpag en die feit dat diegene wat gekoop het nou meer betaal as die huurders, die implementering van die "Groot Koop" beïnvloed.

SUMMARY

This report details an investigation into the bottlenecks which may be affecting the so-called 'Big Sale' of Government owned houses to their occupants among the black population on the Reef. The study considers the assistance offered by employers to potential home-buyers who qualify to purchase "sale" houses. It also examines, from the point of view of employers, the difficulties perceived to inhibit the "sale". The study further investigates the attitudes of buyers and non-buyers towards the purchase of their houses. The material presented reflects the attitudes of individuals toward the "sale" and toward homeownership generally, and thus does not necessarily portray the actual situation. Overall administrative problems alone thus do not explain the apparent tardiness of the "sale". Rather it appears that the attitudes of the people towards the existing housing, the difficulties with inheritance, the confusion created around the 99-year leasehold and the fact that those who have bought are now paying more than renters all run counter to the implementation of the "Big Sale".

INTRODUCTION

This report has been prepared in order to assess what further action should be undertaken with regard to the project investigating the bottlenecks in the sale of Government houses to their occupants. This report will focus on a small survey of employers and on the attitudes of a sample of buyers and non-buyers. It was originally recommended that 8 - 10 companies should be contacted with regard to the housing assistance they may be giving to their employees. In all 15 companies have been consulted and the findings will be presented below. With regard to the attitudes of buyers these were elicited at first through individual interviews and then through 8 group discussions. The group discussions were conducted among the employees of several firms and included owners and renters from Kagiso, Greater Soweto, (including Dobsonville, Diepkloof, and Soweto) Tembisa and Tokoza. Respondents were thus drawn from a spectrum of the major Reef black urban areas.

Because of the cluster sampling techniques adopted, it cannot be claimed that opinions are representative of any particular black population. Each response should be considered as being valid and of equal weight to the others. Given the exploratory nature of the project, all interviews and discussions were open-ended, allowing previously unrecognised issues to be raised. The group discussions were particularly successful in this context, with individuals acting as a catalyst to often heated discussion within the group. It is clear that the group discussions uncovered many deeply-felt viewpoints, and the content of the discussions shows a remarkable consistency across the Reef on certain

issues. It must be understood that the material discussed in this report reflects the perceptions of employers and employees to the "Big Sale" and not to the sale of houses generally. It is the way they perceive the situation to be rather than necessarily reflecting reality. Attitudes and perceptions mediate actions however, so we feel it is important that these perceptions be viewed seriously.

THE INVOLVEMENT AND SUPPORT OF EMPLOYERS

The companies contacted consisted mainly of large firms. Most appeared to be concerned about the welfare of their employees, and this included their housing requirements. Generally the strategy adopted toward the 'Big Sale' simply was to support it through existing employee housing programs. A number of companies also made special short term loans available. On the whole, though, it was evident that although most companies had promoted their own housing support programs few had investigated why there had been such a poor response in the context of the mass housing sale.

Employee response to the "Big Sale"

The numbers of employees taking up the financial support offered to them by their employers, particularly to purchase government-owned houses was consistently low. One company had given the task of promoting the sale to a personnel officer who had visited all their plants explaining the company's program. In one plant he personally spoke with the staff and guided them through the steps necessary for the purchase of government houses. Only 10 out of 250 qualifying employees came forward. In broad terms, among the companies consulted, around 10% of suitably qualified

employees had opted to purchase their government-owned houses.

Company support packages

Support varies from company to company but many companies have made available loans of around R1 500, at around 4% interest, repayable over 3 - 5 years. This amount is sufficient to cover the sale price for most tenants. Some of these loans are offered on an unsecured basis or using pensions as security. Bonds have also been made available. These, allowing larger amounts, are used by employees interested both in making alterations to their houses as well as for those purchasing them. Individual companies have secured building society bonds for their employees when these are required. Among the companies surveyed, however, these have seldom been modified for house purchases in the 'Big Sale'.

One company, where the employees are unionised, had taken no action on the housing sale at all. When the 99-year leasehold became available they set up a support program but only 12 out of around 1 500 qualified employees availed themselves of the benefits. The support had been organised as a result of union members appealing through their unions for housing benefits. In the context of this particular company it appears that an initiative to support the "Big Sale" has not been made by the union.

General Comments

One company held that a major obstacle to the purchase of existing housing among their employees was the fact that many were young and

therefore did not have a house registered in their name. Parents were apparently hesitant to give houses to their children in case they were displaced. The young people also felt that if they took over their parents houses many other family members would want to live with them. The younger people therefore tended to seek new dwellings.

On the East Rand companies have found the East Rand Board to be somewhat unsupportive in the context of the sale. It seems that the ERDB is reluctant to negotiate sales until land is surveyed. By contrast it appears that the West Rand Development Board will accept applications regardless of whether the land is surveyed or not. A company on the East Rand has found that the process of getting a new property registered, that is already cleared for 99-year leasehold, takes over 6 months. Delays of this kind have apparently come to the notice of employees and this has created a resistance, killing the interest and enthusiasm of the employees to explore the purchasing option. As one man stated: "I went to enquire about the sale early last year but was told to come back in November. I have not been back."

Another obstacle identified by a number of companies is that the employees do not see any advantage in home ownership when compared with their present rental situation. Many employees hold that it is cheaper to rent than to buy. As one manager stated: "My employees only seem to see things in terms of what exists today and not what might occur to-morrow." At present rents are cheaper than purchasing, where loans have to be repaid and where site charges remain a major portion of the monthly "rent". Some companies have played the role of a "shepherd",

guiding their employees through bureacratic procedures with the Board concerned, filling in forms and estimating costs. One buyer had been helped by HOME, an estate agency set up by the Development Boards and the private sector, and this individual was one of the few owners who felt unreservedly confident that the sale was to her advantage. A few companies have negotiated with the various Development Boards so that if they have an employee who wants to purchase a house they have a contact person to whom they send the prospective buyer. In some cases company officials take employees to the Development Board office themselves. It has been found that employees who go directly to the Development Boards are often discouraged by their first contact and give up any attempt to pursue the intended purchase.

EMPLOYEE COMMENTS OBTAINED THROUGH INDIVIDUAL INTERVIEWS

The following are a range of comments which have been elicited from a number of people interviewed individually. It will become clear that slowness to purchase is much less of an overtly bureaucratic problem than an attitudinal one. The homeowners and potential owners in this group question overwhelmingly the benefits of home ownership and are suspicious of the motives of the government, and therefore are hesitant to trust the goodwill and incentives being offered in the context of the "Big Sale". The huge discounts and the apparent urgency of the sale lead many to view the purchase of government houses with considerable caution. They wonder what the catch is. In an attempt to encourage 'the sale' when it was seen to be flagging, the amount of the deposit was decreased. Rather than acting as an incentive people questioned further the reason for the decrease and the reason for pressuring them to purchase. Some of the major reasons inhibiting the sale are the following:

Political influences

In Soweto it appears that the Sofasonke Party actively suggested that tenants should not purchase their homes. They argued that "you have already paid for it through your rent payments over the last 20-30 years". It seems that they proposed that when they came to power they would see to it that the homes were given to the present tenants. This has not happened but it must have made people question the mass sale. Further negative sentiment appears to have been engendered by some trade unions. The hints emerging from the survey were not substantiated.

Houses are not seen as acceptable

A number of homeowners explained their reluctance to purchase in terms of the unacceptability of existing housing stock. Many stated that the houses they presently occupy are not the houses they would want to own, and that they would rather wait until more acceptable houses become available. Of course those people living in semi-detached houses have particular difficulties and exhibit a strong reluctance to purchase. This is not always the case, however, as some respondents would rather purchase in their neighbourhood, even if this means buying a semi. Such a view seems to be more prevalent amongst the older members of the sample. The younger people are less area bound and more often are prepared to move. Houses in urban townships are seen by some to represent an urban base, but many do not see their permanent home as being in the city and would rather invest in a house in a rural area. We were told by a number of respondents that this appears to be a prevalent approach amongst the Zulu and the Shangaan.

Registry of illegals

One of the requirements we were told of regarding house purchase in urban townships is that the applicant must declare and register all those adults who will live on the site. Some homeowners fear that such registration will expose illegal tenants and therefore to prevent this happening they do not pursue the purchasing option.

Advantage of 99-year leasehold

The 99-year leasehold of the property is not viewed positively by many who can see no clear advantage to buying a house under this system. They claim that while house rents do not increase the site service charges continue to increase, and this increase is the same for tenants and owners. The only advantage of leasehold in the eyes of some is that it enables a prospective homeowner to obtain a building society loan. It is perhaps significant that people see loans from development boards and building societies as being much the same thing. It still implies that someone else owns the house, and payments are in effect 'rent'. When asked who owns their houses, respondents often reply that they belong to the Perm or the UBS and not the so-called homeowner.

Problems with the Development Boards

Bureaucratic and often well intentioned regulations cause friction between officials and would-be purchasers. A number of specific problems came to light in the survey, and there may well be more of a

similar kind which require identification and explanation. It appears that the Development Boards require that both husband and wife must be physically present at the office when they are applying to purchase a house. People are not aware of this and failure to comply causes antagonism and delay. The Boards insist that couples present themselves because it has been found that women do not always know that their husbands are buying houses and if a divorce is being processed, the wives may not claim a percentage of the house in the divorce settlement. In one case we were told of a woman who went to a Development Board office and while waiting in the queue the woman spoke to a friend, and to her dismay, she discovered that the friend had come to purchase her home which her husband was in the process of selling without her knowledge.

Another point of friction arises in the common situation where the registered tenant is elderly and it is the children who can afford to buy the house. Officially they have to have their parents transfer the tenancy to them, and they are required to sign an affidavit stating that their parents and the members of the family presently occupying the house will be accommodated. If a guarantee is refused, the children forfeit their right to purchase the house.

Another case described by respondents was that of a single man who went to the office and wanted to purchase his mother's house. He was told that he could not do so until he was married. Eventually it was found that as long as he had a dependent, whether this was his wife or his mother, he was able to purchase the house.

The purpose of requirements such as these is unclear to many respondents in the survey. When these issues were discussed in the course of the interviews many respondents were grateful that protective clauses had been introduced because they safeguard the rights for instance of women and the elderly.

Defaults

This is another administrative area which should be clarified. Some respondents claimed that if one defaulted at any stage during the purchase one could lose any money already paid. Issues of this sort must compound distrust of the system and increase resistance to house purchasing on the grounds that money invested may be lost.

COMMENTS FROM EMPLOYEES OBTAINED THROUGH GROUP DISCUSSIONS

In order to expand the sample of owners and potential owners across the Reef it was decided to set up a number of group discussions. This was arranged with the co-operation of a number of companies who invited employees across several seniority ranks to attend one-hour sessions. These discussions focussed on reasons for purchasing 'Big Sale' houses, or not, as the case may be. As the members of the group gave their reasons these were recorded for all to see on large sheets of paper. It was hoped that this would avoid unnecessary repetition. The comments which are listed below are taken from these records. It becomes

apparent that almost all of those who bought did so more from a sense of insecurity than in cognisance of the oft exalted gains of 'home-ownership'. As a result there were in fact few who had bought who were totally positive about doing so. Many now pay more in monthly payments than they had in the past when they paid rent, and this did not make them 'happy' as one man stated.

Confusion about the purchasing process, how costs are calculated, and the way in which many buyers were handled by the administering authority left many suspicious and in some cases angry. Confusion is compounded when one discusses the 99-year leasehold. Many felt that they simply continued paying rent - the result of the site charges being called a site rent. Some felt that the Government could not be trusted and that what was law today could change tomorrow. As one man said "the Government hasn't reached a conclusion so the 99 years allows them time to decide on the township life and our future." The recent statements by the State President, indicating that freehold will replace the 99-year leasehold system will confirm the fickleness of Government, a fickleness which many cited as a reason for not moving fast on the purchase of government-owned houses.

The following are the comments. An attempt has been made to sort these into categories so as to show how different individuals expressed attitudes to specific issues.

At the end of each quote is a code number. This serves to identify

the place of residence of the respondent. The codes work as follows:

K = Kagiso

pa, pb ia = Soweto

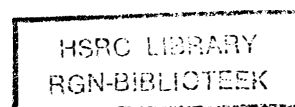
ib and ic = Tokosa

R = Tembisa

COMMENTS SUPPORTING THE PURCHASE OF GOVERNMENT-OWNED HOUSES

General Positive Comments:

Those supporting the sale did so because they saw advantage in terms of investment in the purchase. Some for instance saw the potential of the house as an investment which could be sold realizing gains. These gains could then be used for retirement or the purchase of another house. Obviously with time first-hand knowledge of the profits which may be made from house sales may become more established but this was not made explicit in all the group discussions. Perhaps exposure to such advantages should be encouraged - such as publicizing sales in the newspapers. Past experience in capital investments such as cars have shown that one never fully recovers the total amount of one's investment let alone yielding a profit. In a number of the group discussions participants asked why houses appreciated in value with age whereas nothing else they possessed had the same market value. In fact second hand items seem to decrease in monetary value.



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"I know of a man who was going to the homeland and sold his house for R24 000 having bought it for R2 000. This could happen to me but what happens if I die. I don't think that my wife will get the house." ib5.

"It is amazing that although the price is cheap the people are still hesitant about buying it." pb5.

Comments relating to security and ownership:

It became most apparent that the major reason for purchasing a house was to permanently secure shelter/housing in an urban area and thereby secure the other urban rights which are dependent upon residence. Housing being an incredibly limited commodity has given it high value. Parents would see their purchasing of the house as a way of securing it for their children - a place in which to live in the city. They know the pressures they had lived under in the past and wanted to obviate these for their children. The security of ownership will also allow and encourage people to alter their houses which in the past they have felt might be a wasted investment.

Reinforcing this insecurity has been the fact that many tenants have had their houses sold from under them. Administering authorities have used a number of avenues such as non-payment of rent to sell houses to other interested parties, so the feeling of insecurity as a tenant is well founded. It has meant that most often people have purchased houses for negative reasons rather than because they feel positive about the advantages.

"Buying the house I can secure a loan. They are also sold at a very reasonable price. It will be possible to extend and make it more convenient and habitable." pb4.

A woman said: "I felt insecure especially if my husband should die, so I purchased the house to avoid this." pa5.

"Being a homeowner means that you can't be evicted for non-payment of the site charge." pa4.

"I feel more secure because I have bought the house. Now my family can own it after my death." pa4.

"People are thrown out of rental houses, but by buying it you can avoid that." pb4.

"You feel more secure if you buy. I have lived in this house for 12 years and didn't alter because I would have lost on the value of the improvements as there was no compensation for improvements. Now I've got plans in the pipeline." ia.

"If you rent and you are unable to pay the rent you can be put out of the house. But if you buy you feel more secure. Also if you have bought it you can get a prospective buyer and sell your house and make a lot of money - some gains around here are ~~±~~R20 000." ia.

"I bought because my children would get a house and it would possible to change." ib4.

"I'm unsure about the future so I bought the house for my children."

pa3.

"I bought the house because it could be an advantage to the family as a security. If there are no houses available for them I could accommodate them." pb5.

COMMENTS AGAINST SUPPORTING THE PURCHASE OF GOVERNMENT-OWNED HOUSES

General Negative Comments

It is of note that predominantly the discussions focussed on the negative aspects of the sale. More especially there was discussion on issues relating to the sale which were either misunderstood or raised further questions and doubts which had not been answered and had led people to distrust the 'Big Sale' campaign. What follows first covers a wide range of negative issues and then focusses on more specific aspects such as 99-year leasehold, the administration of the sale, cost factors, effects on inheritance of the house and default problems.

On a number of occasions during the group discussions participants questioned why they were treated differently from the other race groups. Many said that it always appeared that laws were especially made for them and that they were treated differently from members of the white population. Many said that they wanted the same options and opportunities which others had. Many had paid for their 30-year leasehold in the past and had considered that as purchase. Now with 99-year leasehold they were required to pay again.

Many asked that should this law change would they have to pay yet again in the future. Past experience also influenced people's decisions, for instance in Alexandra Township where people had freehold property rights and these had been withdrawn. Why, they asked, should they in the light of past experience trust the new dispensation.

Some discussants stated simply that they did not want to purchase the house they were renting because this was not the house they wanted to buy. They intended to do this in the homelands when they retired.

"Why should the way land is handled be different in the townships to what happens in the white areas?" k1.

"There seems to be no advantage in this. I bought under 30 year leasehold because I believed it was advantageous, but I still pay the same. If you now purchase you still pay the same - you don't pay the house rent but you still pay the same for the service rent. Can the house be expropriated? Can you be evicted if you don't pay the service rent?" k2.

"Why are you not buying your house?" "I plan to buy a house in the homeland and therefore don't want this one as well." pa3.

"I'm not buying my house because I don't see any advantage in it. If I need maintenance now I can call the Development Board. Those houses are old." pa1.

"If you buy your wife a big house you have done your job and you are not needed anymore. The same can happen if you have an insurance policy. You have to be careful and it makes one think that it is much better to rent. Look at the exclusive areas such as Dube and Rustenburg where the men have built their wives big houses. There are now many women and few men." pbl.

"I don't want to buy because my parents lost their house which they owned in Alexandra - which the government bought from them at their price which was low. You never know they might change their minds and they'll buy it back again." pb5.

"I live in the semi-train house so I'm not allowed to buy." ial.

Comments relating to 99-year leasehold

Perhaps this issue more than any other focussed on the distrust and lack of credibility which exists. For instance issues were raised like the following:

"What is the 99-year leasehold? It means you pay until you die and then your children pay until they die." ib3.

"How does 99-year leasehold differ from the 30-year leasehold? Will a person pay again at the end of the 99-years? Will the children start paying all over again if they inherit the house? What does it mean to own the house but not own the land? 99 years is a long time - who knows what will happen in that time?

"In 1956 my father bought the house for R500. Now in 1986 my mother must buy it again. The government's law changes every year. By the time you reach 99 years you have to pay again." pb3.

"We need clarification on the difference between the old system of 30-year leasehold and the present system of 99-year leasehold. What happens at the end of 99 years?" kl.

"Does one have to pay to renew the 99-year leasehold?" pa2.

"There is a problem with the 99-year leasehold. How long will it last? How long will the Government last? Will it all get changed again? Will my grandchildren still get it? You just can't trust the government's word because they change all the time." pa1.

"The Government should have thought through what comes first - the land then the house not the other way around. The land is far more important than the house." pa6.

"Do my children have to renew the 99-year leasehold when I die. How do they do that? There is nothing in the papers which one is given which clarifies these issues. Most people have doubts about these issues and so are hesitant to purchase a house." pa6.

"If the 30-year lease expires then what happens?" pa6.

"I don't understand the extra payment for the 99-year leasehold." pb2.

"How can you buy what is on the top of the land and not the land itself." pb1.

"If I die having bought on the 99-year plan and my children don't continue paying the rent they will lose the house." ib5.

"I know of an old man who bought his house and then he died. They then sent his wife back to the homelands with the proceeds of the house which were around R2 500. They set the price and said she couldn't. They could sell it for R26 000 but what happened to the difference?" ib5.

"On the 99-year lease you rent the land for 99 years. At the end I'll be old but I will pay rent until I die. Then the children start again and they will continue paying." ib6.

"The 99-year lease must be scrapped. You are renting the land plus the house." ib6.

"With 99-year lease you can buy everything but you still pay the site rental." ib6.

"99-year leasehold? It means that if I build a big house after 99 years the municipality will take it back." ib6.

"After 99 years it must be mine." ib4.

"The Government hasn't reached a conclusion so the 99 years gives them time to decide on a township life and our future." ib4.

What becomes clear from the comments is that rather than being seen as an advantage, the 99-year leasehold and the confusion as to its meaning has tended to cloud issues and is viewed as a typically complicated Government solution which treats blacks differently from everyone else.

Comments relating to the administration of the big sale

A wide range of issues were noted in terms of the administration of the 'Big Sale'. Confusion existed as to the way in which house prices were calculated. People did not feel sure they could trust the sale prices because procedures of calculation were not explained and people were given different prices. Further problems focussed on the papers which were required by the Board concerned. These included birth certificates of children, evidence of dependants, witnessing by the wife etc. Often these requirements were not made clear at the outset and thus resulted in unnecessary hassles and return visits. Some queried why extra amounts were demanded after the house price had been calculated and finances arranged with the bank. The delays created by the slowness of surveying made some lose interest. This was particularly evident amongst discussants from the East Rand. In the West Rand it is possible to purchase the property regardless of whether it has been surveyed. A number of the participants particularly in the East Rand complained that although they had bought the house they were still being charged as tenants while also paying back the loan they had raised for purchasing the house. Some who stopped paying the rent after they had paid the purchase price to the Board were even sent letters due to rent defaults.

"People don't understand the sale. It has not been explained. We don't understand how the houses are costed and the discount procedure." kl.

"The councillors don't understand the sale. They are Government Boss Boys anyway. And if they don't understand how can they tell the people. We don't even know who is selling the house - whether it is the West Rand Development Board or the Councillors or who." k3.

"There is a problem that when you fill in the forms you are just told to sign - but the forms are not explained and you are not sure what the terms are, how the leasehold works and how it is renewed etc." pa2.

"Some say that you have to live in the house for a minimum of 5 years before you are able to sell." When asked who had said this the individual replied that this was the government's rule. ia4.

"In Tembisa the Town Council has not advertised the sale so how can they expect people to know. They hand out notices when the rent is paid but often the person paying the rent is not the head of the household and so they don't value the notice they receive and throw them away." ra2.

"People are suspicious because for 7 years we have had an electricity levy but only now are some of the areas getting electricity. So we are not sure whether the Town Council can account for everything. We have also had a sewerage levy for a number of years but we have still got the bucket system." ral.

"There was a notice of the Big Sale but the procedures are not clear. At the office all they ask is do you qualify; only later you might find that your wife does not qualify or that your children were not born in a prescribed area. As you go into it you find out all sorts of reasons." pa2.

"An individual can't sell his house on his own as the board will set the price." ial.

"I have never recieved a slip saying that I've bought the house only a receipt for payment." ib1.

"When you get the papers they are always in Afrikaans so one can never be sure what they say."ib1.

"When I wanted to buy I got the Board to list all the costs. I took this to the bank and received a loan for the amount asked. Then when I went with the check back to the Board I was told that I was still R100 short. I paid this and only received a slip of paper with the Board's stamp on it and no signature or description of what it was for." ib1.

"In this group there are a number of us who have been called in because, although we have bought our houses, we still seem to be listed as renters. At the office they tell us that we are defaulters but we have now bought our houses. When I complained they sorted it out but I have still not received the extra money that had been paid." Among the group coming from Tokosa most had had identical problems. ib3.

"I have bought but the house is not registered so I am still paying rent, having already paid for the house." ib2.

"We are being robbed here. These people are just getting rich. My friend here lives close to me in a house built at the same time. I paid R6 000 for my house and he paid R4 500. How can that be?" ib2.

"I asked the board the price of my house. I was first told R1 500, and then R1 200. Now they don't know and say they are still surveying. How can you trust these people." ib3.

"I went to the Board and they gave me a price but said that I couldn't buy it until November. They didn't say why and I haven't been back." ic2.

"Many people go to the Board but they can't buy because they are still surveying." ic2.

"We have insurance but we are never told what this covers because if we have damages we still have to pay. Does the insurance cover fire or storm and water damage? We don't know. Even if we try and find out about the insurance they don't tell us." i3.

"Our Company gave a guarantee to the bank which enabled us to get a loan from the bank. However if the building society had given the loan they would not have given the money until the bond was registered. As yet we don't think our houses are registered in our names, that is why some of us are still paying rent and the Board is just holding our money." i2.

Comments relating to issues of cost

Many discussants felt that there was no clear advantage in owning a house. In a number of the areas surveyed the householders who had

bought their houses were now required to pay more for services, such as being required as a condition of ownership to install a water meter which meant that water was more costly than under the rental condition. In comparing the monthly charges among group members who either owned or rented it usually resulted in highlighting the fact that the owners paid more. Of course being homeowners meant that maintenance matters were now also the individuals' responsibility. Confusion also reigned over the way in which the house prices were calculated. A number of comments revealed the lack of understanding of interest paid on loans and also on why payments on the house loan reduced the capital amount so slowly. Many queried what in fact they were purchasing. Surely, they said, it is more important to own the land than the bricks and mortar. And when you purchased you still had to pay the site rental which went up, and for maintenance. The comments below give some indication of the problems which discussants had regarding costs in a broad sense.

"Do people still pay rent when they purchase the house?" kl.

"I clubbed together with a number of others to get an electric cable put in on our street. Later others also connected but they never paid a portion of the fee's as we had done. I have tried to get the money back but the Board people say nothing." ia3.

"As the price of the house is related to age the longer you hold it the cheaper it will be to purchase." pa2.

"As I can't buy for cash yet and have problems raising the loan. I'm waiting until I have saved enough." pa2.

"In Soweto there is confusion between Dobsonville, Diepmeadow and Soweto because each area pays on a different scale. Even water can cost more or less depending on the area." pa3.

"Before I owned the house I didn't pay separately for water. Now I do, and so in fact it costs me more than it did before." pa3.

"I don't understand the interest rate if I take a loan - and then it keeps going up." pa3.

"There is an advantage of not paying some rent but the service charge is still the same. Now that I own it I have to pay for a water meter and pay water on a metered basis which is more expensive than what I paid in terms of the rental charge." pa4.

"The people who have bought are paying more." pb2.

"Obviously by buying the house we no longer pay rent but now water and electricity are separately metered and so the house has become more expensive than before." pb5.

"Even if you buy you still have to pay the site rent which is ±R15, water R28, sewerage levy R4, electricity levy R4. However, the house rent is only R34." Ra1.

"What I don't understand is that when you buy a car and sell it after a few years you will get less for it than you paid for it. Now with a house we are told that you can sell it for more. How is that possible?" Ra3.

"If you take a loan you end up paying so much more for it over many years. I recently bought a car and had a bank loan. Within 3 years I had paid off the bank but the house, which didn't cost much more, I will still be paying for years to come. Why is that? I still don't own it. I much prefer the bank's system than the building society." ia3.

"I bought the house in 1978 for R1 800 - now it would be far less. But I find no advantage - in fact I pay more per month because of the increased costs for water etc." ia3.

On charges it was found that people living in Greater Soweto paid different monthly instalments. In the group the man who owned on 99-year leasehold paid the most in monthly charges. With both site rent and the separate metering of water and electricity this could be as much as R90. As one person said: "Those on 99-year leasehold are paying high money - they must pay for the survey, for the meter and then the costs per month whereas others pay a flat rate." pb3.

"All you are buying is the bricks. You still have to pay the site rent and that goes up. And then you have to pay for maintenance of the house as well." ia2.

"The interest charges just keep increasing and it doesn't look like I am paying anything off on my loan. I started at R5 000 and after 5 years

I'm still owing R4 900." ib3.

"I was told that if I bought I would pay less rent - but it is not less." Ra4.

"It is a waste of money buying these houses." ib4.

"I'm confused about the sale. One day you hear one price and the next day another. This person buys for R1 400 and another R1 300. So I'm just waiting." ic2.

"I bought my house because I thought it was a good idea. But now I am still paying the same amount so I'm unhappy." ic2.

"A woman had altered her house. When she came to buy it the Board included in the price the value of the alterations she herself had completed - so she paid for these twice." ic3.

"I thought that if I bought I would pay less. But I am paying more." ic4.

Comments relating to inheritance of the house

People saw the potential for their children to inherit the house but they also saw the problems which this might create. Some of the discussants actually raised situations in which they were directly involved where this would be a problem. What became clear is that,

although one might inherit the legal right to the house, other members of the family would still have a social right to live in the house if they had grown up in it.

"If you buy there could be a problem with the children even if there is a will as they will fight over the house." pb3.

"Because we are 4 brothers and 2 sisters in the house it will give my mother a problem if she buys it - so we are not encouraging her to buy it." pa2.

"People see their house as 'home'. They have a social right to it regardless of who 'owns' it in a legal sense. This comes about because they were born there and can therefore return whenever they wish." pb4.

"My parents left the house to my brother and myself. The board will only let one of us buy it. My brother now has a shop in the homelands and he doesn't want to lose his urban rights especially for his children so won't let me buy for myself. So all I can do is go on renting." pa3.

Comments relating to problems of default on payments

Defaults have operated as a great pressure. In the past it was interesting that people still doubted whether purchasing would in fact secure the house for them completely and avoid eviction. Obviously this point has not been clarified in the publicity which accompanied the sale and has made some resist-purchasing because on this issue they see no gain in purchase of the house.

"I'm not clear what happens when there is a default - can one be evicted if you own?" pa2.

"Renting is better and cheaper but you could be evicted." ial.

"Even though I have bought I still feel insecure. If you default and someone pays the outstanding amount they can buy the house." ib1.

CONCLUSION

Popular response to the massive sale of government-owned houses, particularly among blacks, has come nowhere near the reaction that might have been expected were the sale to be viewed from a purely economic standpoint. There is little doubt that houses in black townships are being offered for sale at extremely low prices, even by the standards of the black community. Yet despite incentives in the form of discounts, and even reports of massive profits accruing to owners reselling houses, the sale has progressed slowly. This study has investigated various bottlenecks relating to the "Big Sale", ranging from administrative problems to multiple occupancy of rented houses. Many of the bottlenecks reported may have little substance in fact, but they exist in the minds of buyers and potential buyers, and also in the minds of employers who may and may not choose to support the "Big Sale". It is these attitudes which influence the actions of potential buyers and potential supporters, so they are of central importance in an evaluation of the sale.

Many oft-cited preconceptions have emerged in the wake of the ailing "Big Sale" effort. These often focus on the bureaucratic legacy of black townships, and on the red tape required in the process of house purchase. This investigation has sought to move beyond the conventional explanations of the disappointing progress of the sale, and has done this in a framework of open discussion among employers and employees, both singly and in groups. The approach may not offer the neat quantifiable results that often emerge from structural questionnaire surveys, but it has allowed the gut issues to emerge, with many of these being repeated several times in various discussions. Perhaps the most important of these are the following:

- 1) Participants in the sale have often bought to ensure "security". This is sometimes vaguely defined, but is often a strategy to avoid widely feared eviction. Security sometimes also relates to the securing of finance, the provision of a home for old age, or the provision of a home for heirs.
- 2) Some owners and potential buyers have made, or are aware of profits made on resale of formerly state-owned houses. Profit appears to be a motive for buying in only a few cases.
- 3) Many non-buyers are suspicious of the motives underlying the sale and of the mechanisms that support it. These suspicions are also present among the majority of owners. Reservations relate to the organization of the sale itself, 99-year leasehold, the administrators in charge of the sale and often even to the members

of household. Policy vacillation on the part of the State, a lack of clarity and consistency in administrative procedures and costs, and even occasional overt corruption do little to allay the endemic suspicions.

- 4) Even at a coldly economic level, buyers and non-buyers question the financial benefits of purchasing houses, even at the low prices offered in terms of the sale. Potential profits aside, the almost universal experience of owners is that owning is more expensive than renting. Even when loan repayments are ignored, it is often the case that site charges, including metered water and light, exceed the total amount paid by tenants.

Overall, it is clear that the "Big Sale" has not met many of its' main objectives. One of these was that it would generate a measure of goodwill between the state and former tenants. Unfortunately, this opportunity seems to have been lost, and the sale initiative has left in its wake a degree of cynicism, mistrust and confusion.

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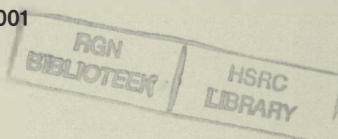
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