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HOUSING & URBAN SETTLEMENT

**Municipal housing
stock in Sol Plaatje:
Quo Vadis?**



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Municipal housing stock in Sol Plaatje: Quo Vadis?

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EXECUTIVE SUMMARY

1. The report aims to analyse the current situation as well as possible future scenarios in respect of the existing municipal stock in Kimberley (former white area) and in Roodepan (former Coloured area).
2. The following objectives are set:
 - Provide an overview of the current municipal housing stock in SPLM with specific reference to Kimberley.
 - Provide an overview of the current management costs and investments in these housing units.
 - Analyse the socio-economic status of the current dwellers in these housing units in terms of:
 - How the residents experience their current housing situation.
 - Their ability to afford alternative housing options or to pay a market-related price.
 - The socio-economic situation should the units be privatised.
 - Develop and analyse possible future scenarios in respect of how to manage the existing council housing stock in SPLM (with specific reference to Kimberley).
3. Methodologically the report is based on two approaches. First a household survey involving 266 households (approximately 1/3 of households) was conducted. Then the basic management information obtained from SPLM was analysed.
4. The SPLM has 758 rental housing units. Of these units, 408 are located in Roodepan, the former Coloured suburb of Kimberley; The rest are located in Beaconsfield, New Park in the former white group areas of Kimberley and Moghul Park in the former Indian group areas of Kimberley.
5. Although the majority of state-owned housing units have been privatised in Galeshewe, municipal-owned units in Roodepan and Kimberley remain in council hands.
6. Management information suggests that the current rentals are approximately 60% of market-related rentals.
7. According to the latest valuations the municipality has assets worth R15.6 million. In market terms this could, however, be considerably higher.
8. Current income from rental housing seems to cover basic operational costs but not long-term maintenance – especially not in the case of the Roodepan Flats.
9. The socio-economic profile of residents suggests that the SPLM has attempted to increase the percentage of higher-income residents in these units over the past four years. The average income of residents in municipal units is R2 543. The average income is the highest in Beaconsfield (R2981), followed by New Park (R2706), Roodepan (R2396) and Moghul Park (R1714).
10. The average household size increased in the Kimberley Flats from 2.1 in 2002 to 3.1 in 2006. In Roodepan the number of dependents decreased slightly from 3.3 in 2002 to 3.2 in 2006.
11. Most of the residents (66%) in municipal housing units suggest that they are residing in these units because they have nowhere else to go. Nearly 80% of the residents in Roodepan and 100% of the residents in Moghul Park gave this response.

12. The location of Roodepan outside Kimberley should also be seen as a reason why only 0.6% of the residents suggested that they chose to stay there due to it being close to their place of employment.
13. Although the levels of satisfaction with rental units in Kimberley are fairly high, only 10.8% of respondents in Roodepan indicated that they were “happy” with their units.
14. The main suggestions made by respondents in order to improve their housing situation related to an improvement in general security, as well as an improvement in basic maintenance (especially in Roodepan).
15. Although the respondents are all currently renting nearly 95% of them would like to own a house. However, the current increases in house prices make this virtually impossible for most of these residents.
16. Overall, residents in municipal units spent nearly 22% of their incomes on rentals. This is considerably lower than the 30%-maximum norm for this housing sector. The percentage is lowest in Roodepan where the rentals are also markedly lower than in Kimberley. In New Park the percentage is approximately 27%.
17. Overall, the amounts respondents are willing to pay in the various locations are approximately 20% lower than the actual rentals that they are currently paying.
18. Approximately 75% of respondents are paying more at the moment than they are willing to pay, which suggests that people might be prepared to pay more than they would prefer to pay if the market requires this sort of behaviour.
19. Only about 20% of the current residents would be able to afford market-related rentals (15% in Roodepan and 25% in Kimberley).
20. An increase in rentals in Roodepan without a considerable improvement of the housing stock will assuredly be met with resistance.
21. Although no figures were available in terms of current payment levels, the figures suggest that 30% of residents in Kimberley and 20% in Roodepan are high risks to default on their rentals.
22. The report outlines four different scenarios with their respective pros and cons, namely maintain the status quo; maintain the rentals as part of the municipal housing stock, but increase the rentals to at least 80% of market rentals; sell the units off to an SHI or privatise the units.

1. Introduction and background

The provision of state housing stock was a world-wide phenomenon since the Second World War. This was the case especially in Britain where the state played a crucial role in reconstructing the settlement environment in the aftermath of the war. It was thus not long before this approach became conventional wisdom in many parts of the developing world. Yet, state-provided housing was not without its own peculiar problems. Many of these housing units were constructed in a standardised manner with very little scope for a variety of needs and they seldom reached the poorer sections of the population. Such housing could moreover not be afforded by most governments. With the rise to power of the Conservative Party in Britain in 1980, the party brought with it a set of neo-liberal policies. In respect of housing this meant that a large number of council-owned housing units were privatised, this privatisation taking place either to individuals or to social housing organisations.

The South African housing scene (especially for black people) is not much different from the international experience since World War II. However, its apartheid history provided a specific racial dimension which cannot be ignored. State-owned and state-constructed housing units in the former black townships of South Africa was a common policy approach since the apartheid government came into power in 1948. More than 500 000 such housing units were constructed in townships across South Africa. At the same time a number of flats were also constructed in areas designated as either coloured or white according to the Group Areas Act. In the white areas they were developed in order to cater for the housing needs of impoverished whites.

When state housing was privatised in Britain, South Africa followed the same privatisation route. Initially black owners were given the opportunity to buy the rental housing units in which they were residing. However, since 1990 they were given the opportunity to receive title transfer for housing units with a market value of less than R7 500 (according to the R7 500 discount scheme). Virtually all housing units in former black townships were transferred to owners in this manner – a policy also subsequently pursued by the post-apartheid government. Although, a number of housing units in former white suburbs were transferred, this transfer did not reach all the units in these areas. Arguably one of the reasons was the fact that they were worth much more than the R7500 allowed for by the policy guideline. The same reality applied in the former coloured townships. Meanwhile the discount benefit scheme has been extended to an amount equal to the housing subsidy.

The Sol Plaatje Local Municipality (SPLM) in Kimberley, has been no exception in this regard. Almost all the apartheid-constructed housing units in Galeshewe have been privatised to individuals. However, the flats in former white Kimberley and in Roodepan (a former coloured area) have remained in the hands of the Council. A number of reasons have resulted in pressure to rethink the current situation. Amongst these are:

- The fact that, in terms of long term maintenance, these housing units are costing the SPLM more than they receive in rental payments.
- The basic condition of these housing units is either poor or deteriorating, especially in Roodepan. The fairly good quality of housing units / flats in Kimberley should at the same time be acknowledged.
- The low levels of rental income and the management of these units have been continuous challenges.

- They new social housing policy makes provision for the transfer of such housing units to recognised social housing institutions.

Thus, more than 10 years after the demise of apartheid, the SPLM still holds title to housing stock created before 1994. The question is how to deal with this situation. What are the options? What are the advantages and the disadvantages of each of these options?

2. Aim, objectives and outline of the report

Against the above background this report aims to analyse the current situation, as well as possible future scenarios in respect of the existing municipal stock in Kimberley (former white area) and in Roodepan (former coloured area). In respect of this aim the following objectives are set:

- to provide an overview of the current municipal housing stock in SPLM with specific reference to Kimberley.
- to provide an overview of the current management costs and investments in these housing units.
- To analyse the socio-economic situation of the current tenants of these housing units in terms of:
 - how the residents experience their current housing situation.
 - The residents' ability to afford alternative housing options or to pay a market- related price.
 - the socio-economic situation should the units be privatised.
- Develop and analyse possible future scenarios in respect of how to manage the existing council housing stock in SPLM (with specific reference to Kimberley).

It should be stated upfront that this paper does not aim to provide a clear-cut answer to the future of municipal housing stock. What it does, is to analyse the current situation and then deal with possible options in respect of how the current situation could be addressed. In fact, the CDS is of the opinion that there is no clear answer. What is required is a Council decision informed by an understanding of the advantages and disadvantages of the various options that are available.

3. Methodology

3.1 Approach followed

Four main methodological approaches have been followed in the compilation of this report. Firstly, the information for the existing status of municipal housing stock was obtained from the housing division at the SPLM. The SPLM was also responsible for providing the overview of the existing management information in respect of costs and income. Thirdly, the latest valuations were obtained and analysed. Fourthly, the methodology consisted of 274 household questionnaires distributed amongst households in these units. This number of questionnaires provides the possibility to generalise for all the units. Table 3.1 provides an overview of the number of questionnaires completed for each of the municipal housing flats in Kimberley and Roodepan.

Table 3.1: The number and percentage of questionnaires completed in the municipal stock in Kimberley and Roodepan, 2006

Flats	Total number of units	Sample (n)	Sample (%)
Roodepan	408	157	38.4
Kimberley	350	117	33.3
New Park	84	28	33.3
Beaconsfield	218	73	33.4
Moghul Park	48	16	33.3
TOTAL	758	278	36.1

In terms of the analysis in the remainder of the paper a distinction will be drawn between the housing units in the different suburbs outlined above. This distinction is important as there are considerable differences between the municipal stock in the various suburbs.

3.2 Defining basic terms

The paper will make use of a number of terms – some being geographical – and it is therefore essential to define these terms.

Rental units in this paper refer to housing units belonging to the SPLM and which are rented out to residents. The *Roodepan rentals* refer to the 408 units in Roodepan. The term *Kimberley rentals* is used to indicate those units in Kimberley. Sometimes this includes / excludes the Moghul Park rentals. However, this inclusion or exclusion is indicated in the relevant places. In cases where no distinction is made, the terms rental units in Kimberley includes all such units in Kimberley and in Roodepan.

Kimberley refers to the urban areas of Kimberley which include Galeshewe, Roodepan, and the historically white and Indian suburbs of Kimberley.

SPLM refers to the current area falling under the jurisdiction of the SPLM. This includes Kimberley but also comprises of the commercial farming areas and Ritchie. At an institutional context it refers to the Council governing the Municipality.

4. Outline of the document

In order to achieve the objectives of the document the report is structured in the following way.

- First, it provides an overview of existing housing stock under the control of the SPLM in Kimberley. This includes an overview of the available stock. Essentially, it provides an overview of the current value of these units, current valuations, current rental and a comparison of current rentals with market-related prices. In addition it sketches the picture of cost and income for the SPLM.
- This above description is then followed by an overview of the socio-economic situation of current residents. This socio-economic analysis amongst others reflects on the gender composition, age, the percentage of South African citizens, mean and median household size, income, and rental and services payment behaviour.
- This socio-economic situation forms the framework for a discussion on the evaluation of residents' current housing situation, as well as future housing preferences. The

section also reflects on residential mobility, current housing size and infrastructure access, means of transport to work, and suggestions on how their current residential environment can be improved. Responses in respect of the availability of alternative housing options are also discussed. Finally, future housing preferences are also discussed.

- The focus then turns to a discussion of affordability. Various aspects in respect of affordability are discussed in detail, for example income patterns, employment profile, savings, access to credits, current payment behaviour, willingness to pay, and comparative payments for the various size of units available. The analysis in this discussion concludes a detailed discussion in respect of affordability.
- The last section of the paper compares the different housing options available to the SPLM in respect of the municipal housing units.

5. An overview of the existing housing stock

5.1 Background

An understanding of the current management and cost structure of rental housing in SPLM is pivotal in that it provides an overview of the total cost structure of rental housing. Before the analysis is conducted, it should be noted that the SPLM has also changed its rental price approach since the previous report in 2003. In 2003, the basic approach was a sliding scale where rentals were determined by income, but this model to a large extent favoured the higher-income people as they paid significantly less (percentage wise) than the lower-income people. One of the consequences of this initial sliding scale was that residents who could afford to pay a very small amount. Obviously, very little cost recovery took place in this respect. Although this trend can generally be expected, it should also be noted that the higher-income people still did not pay market-related prices. At the moment the SPLM evaluates all the applicants and allocates a rental price for the applicant in relation to their incomes. This section provides overviews of the sizes of existing municipal housing stock, current valuations and market-related rentals, the costs involved in managing the municipal housing stock, and of the current financial status.

5.2 Size of existing flats

An overview of the size of these units is provided in Table 5.1 below, while the latter part of this section will attempt to provide an overview of the average age of the occupants and the number of dependants.

Table 5.1: The size of existing municipal housing stock in Kimberley, 2006

Existing flats	Bachelor flat	One bedroom	Two bedrooms	Three bedrooms	TOTAL	Average number of bedrooms
<i>Roodepan</i>	0	72	168	168	408	2.24
<i>Roodepan (%)</i>	0	17.6	41.2	41.2	100.0	-
<i>Moghul Park (Flamingo)</i>	0	12	16	20	48	2.17
<i>Moghul Park (Flamingo) (%)</i>	0	25.0	33.3	41.7	100	-
<i>New Park</i>	12	12	54	6	84	1.9
<i>New Park (%)</i>	14.3	14.3	64.3	7.1	100	-
Holland	12	9	12	3	36	1.5
Newton	0	3	18	3	24	2
Tiffany	0	0	24	0	24	2
<i>Beaconsfield</i>	0	66	152	0	218	1.7
<i>Beaconsfield (%)</i>	0.0	30.3	69.7	0.0	100	-
Impala	0	14	38	0	52	1.73
Herculus	0	24	36	0	60	1.6
Eugene	0	6	24	0	30	1.8
Krisant	0	10	22	0	32	1.69
Eureka	0	6	14	0	20	1.7
Jonker	0	6	18	0	24	1.75
Total	12	162	390	194	758	2.03
Total Percentage	1.6	21.4	51.5	25.6	100	-

* Source: SPLM information, 2006

A number of comments need to be made with regard to the above table:

- Two-bedroom flats make up the highest percentage of flats in the Sol Plaatje Local Municipality area, namely 51.5%. This is followed by three-bedroom flats (25.6%), one-bedroom flats (21.4%) and bachelor flats (1.6%). The average size of all rental housing units in Kimberley is 2.03 bedrooms per dwelling.
- In Roodepan, however, the percentages of two-bedroom and three-bedroom flats are the same, namely 41.2%. The average size of rental dwellings in the Roodepan Flats is 2.24 bedrooms per unit.
- The average number of bedrooms per unit in Roodepan is 2.24 versus an average for Moghul Park of 2.17 bedrooms per unit. In Beaconsfield the average size is 1.7 bedrooms per flat and in New Park it is 1.9 bedrooms per unit.

5.3 Current valuations and market related rentals

This section provides an overview of the current valuations and estimates of market-related rentals. However, before the available data are assessed, a number of methodological notes should be made:

- The following estimated averages for the size of units were taken: bachelor flats (35m²); one-bedroom units (45m²); two-bedroom units (55m²); three-bedroom units (70m²).
- The valuations that were provided were used to determine the Rand price for every square metre.

- The above figures were then transposed to the estimated price by calculating the estimated price per square metre with the size of the units.

The information per unit is captured in Table 5.2 below.

Table 5.2 Valuations and market-related rentals per unit in the municipal housing stock in Kimberley, 2006

Flat names	Valuation	Suggested market price				Estimated price per unit iro the valuation			
		1 bedroom	2 bedroom	3 bedroom	Bachelor flat	1 bedroom	2 bedroom	3 bedroom	Bachelor flat
Impala	1200000	900	1200	0	0	19853	24265	30882	15441
Herculus	1750000	1000	1300	0	0	25735	31454	40033	20016
Holland	970000	1300	1700	2000	900	25752	31475	40059	20029
Newton	760000	1300	1700	2000	0	25618	31311	39850	19925
Tiffany	760000	0	1700	0	0	25909	31667	40303	20152
Eugene	1100000	1100	1500	0	0	31132	38050	48428	24214
Jonker	720000	900	1200	0	0	25714	31429	40000	20000
Eureka	640000	900	1200	0	0	27692	33846	43077	21538
Krisant	950000	1000	1300	0	0	25753	31476	40060	20030
Flamingo	1900000	600	800		400	39583	48380	61574	30787
Roodepan	4859000	300	500	700	0	9020	11025	14032	7016
Average	1560900	930	1567	2350	1300	28176	34438	43830	21915
Average excluding Roodpan / Flamingo	983333	933	1600	2000	900	25907	31664	40299	20150

Before a number of comments can be made in respect of the above table it should be noted that the municipal valuations that were provided, are, in the opinion of the CDS, markedly less than the anticipated market value. Estimates are that market prices could be three or four time higher. This was confirmed by an estate agent in Kimberley. Further evidence of this lies in the fact that the unit prices in Roodepan and elsewhere are much the same. This probably suggests that the valuations have not considered the current quality of these housing units in detail. Despite this reality, a number of comments need to be made:

- According to the current valuations, the SPLM owns assets of R15.6 million. However, this figure could potentially be higher if one considers the earlier comments in this regard.
- The suggested market-related prices provided by the SPLM seem to be market related.
- The average value for bachelor units is just under R22 000; for one-bedroom units R28 000; for two-bedrooms approximately R35 000 and for three-bedroom units approximately R44 000.
- The average monthly market-related rentals (Roodepan and Flamingo excluded) are R900 for bachelor flats; R933 for one-bedroom flats; R1600 for two-bedroom flats and R2000 for three-bedroom flats.
- It should also be pointed out that the monthly rental price per unit in Roodepan and Flamingo is considerably lower than in the other areas. However, the price per square

metre is more or less similar in Roodepan and the other areas. This anomaly should be considered in respect of the assessment given above.

5.4 An overview of specific cost in respect of rental housing units in SPLM

Before an understanding of the income patterns in respect of the municipal rental units can be provided, an in-depth analysis is required of the expenses that the Municipality has in this regard.

5.4.1 Expenses for individual units

Each of the units has an individual responsible for the maintenance of the units. The required maintenance is done at the time when the municipal rates and taxes are paid. Table 5.3 provides an overview of the expenses per unit.

Table 5.3: Expenses per municipal rental unit in Kimberley, 2006 as budgeted

Expenditure items	Impala	Hercules	Holland	Newton	Tiffany	Eugene	Jonker	Eureka	Krisant	Flamingo	Roodepan	Total	% of total
Salaries	66109	120115	69770	65846	71064	149683	72025	73704	79743	71243	421010	1260312	43.1
Allowance – Bus	0	3500	4250	0	10256	13674	0	3431	0	0	8511	43622	1.5
Allowance - Long service	3419	5902	3419	10256	3954	13235	10256	3954	10836	9450	12869	87550	3.0
Bonuses – Leave	3954	7282	3954	0	8540	7908	3954	7547	3954	3954	18646	69693	2.4
Pension fund	9030	6945	8540	4206	0	17118	7900	9061	7547	8316	40278	118941	4.1
Group life insurance	1458	7365	1384	0	568	1384	1588	1462	9030	1275	5112	30626	1.0
UIF	503	1460	477	606	47446	907	581	503	610	512	2884	56489	1.9
Wages	47446	87386	47446	50478	300	94892	47446	47446	47446	47446	225241	742973	25.4
Workmen's compensation	299	275	300	300		565	300	300	320	290	2221	5170	0.2
Medical Aid	0	0	0	0	0	0	0	0	0	0	40248	40248	1.4
Hire of labour	0	0	0	0	0	0	0	0	0	0	65000	65000	2.2
Maintenance	47500	48000	40000	25000	30000	33000	20000	20000	30000	28000	250000	571500	19.5
Rates and services	90349	131661	70580	45538	40763	55888	40592	33600	62965	81060	442108	1095104	37.4
Electricity	3500	9500	6000	6600	12000	9500	6836	3660	8000	3000	20322	88918	3.0
Insurance	3749	4000	3380	2896	2849	3330	1570	1309	2064	3061	35440	63648	2.2
Rates	18850	49249	12500	11770	4266	9434	6836		14960	26190	74200	228255	7.8
Refuse removals	15000	13412	13200	6700	5820	8268	6678	5250	8026	13102	109000	204456	7.0
Sanitation	21750	24500	15500	10672	9328	13356	10672	11381	12415	20207	153146	302927	10.3
Water	27500	31000	20000	6900	6500	12000	8000	12000	17500	15500	50000	206900	7.1
Total	203958	299776	180350	136384	141827	238571	132617	127304	172708	180303	1113118	2926916	100.0

The following broad comments should be made in respect of the above table:

- Just over 43% of the budget is allocated to salaries of the staff responsible for daily maintenance at the respective premises.
- Approximately 19.5% is allocated to maintenance. It is noteworthy that despite the relatively poor condition of the units in Roodepan, this percentage is still only 22%. This suggests that there are no funds available for a longer-term maintenance strategy
- Rates and services make up a further 37% of the on-site costs in respect of the housing units

5.4.2 Overall expenses

In addition to these direct expenses, a number of other costs should also be considered. These include the costs of managers, legal costs, long-term maintenance costs, and other operational costs. However, it was not possible to obtain this information.

5.5 An overview of the current financial status of rental accommodation

The section above provided an overview of the current income and expenses per each of the units. A number of possible scenarios have been build around the system:

- First, the potential income, considering the current market price, is outlined
- Then, the income according to the agreed contracts is calculated should everybody pay.
- The current income is determined taking into account the percentage of households currently in arrears for more than one month.
- Next, current payment is considered at an 80% payment rate (this is regarded as the most realistic scenario).
- A scenario for a 90%-payment rate is also provided.
- The next column represents the expenses per flat as budgeted.

Table 5.4: An overview of potential and real income and of expenses in the municipal rental units in Kimberley, 2006

Units	Potential income at market price	Current income: all pay	Current real income*	Current income at 80% payment rate	Payment 90%	Expenses on flat (budgeted)	Current arrears
Impala	58200	28311	9255	22648	26046	16997	102698
Herculus	70800	35491	23069	28393	32652	24981	54852
Holland	48900	26049	14472	20839	23965	15029	28494
Newton	40500	24552	14322	19642	22588	11363	28442
Tiffany	40800	23172	12552	18538	21318	11819	19154
Eugene	42600	28272	15078	22618	26010	19864	49974
Jonker	27000	20216	10951	16173	18599	11051	20893
Eureka	22200	14440	11552	11552	13285	10609	21769
Krisant	38600	23543	8093	18835	21660	14392	41930
Flamingo	28800	17985	7494	14388	16546	15025	219551
Roodepan	223200	174318	87159	139454	160373	92760	n.a
Total per month	641600	416349	213997	333079	383041	243890	587757
Total per annum	7699200	4996192	2567959	3996954	4596497	2926682	n.a
Total per month (excl Roodepan)	418400	242031	126838	193625	222669	151130	587757
Total per annum (excluding Roodepan)	5020800	2904376	1522051	2323501	2672026	1813564	7053084

* Calculated in terms of the percentage of people being in arrears

Overall, the rental units have, at market price, the potential to contribute approximately R7.7 million rand per annum in revenue. However, because the units are rented out by the Municipality at about 60% of the market price, the potential income at a 100% payment rate adds up to nearly R5 million. The three different scenarios in respect of payment rates are also reflected. It is the opinion of the CDS

that the 80%-payment level is probably the most applicable. The most prominent evidence to suggest that the payment rate indicated by the respondents differs from that of the present reality comes from the Flamingo flats in Moghul Park. These units have the highest arrears, the lowest comparative income, but 100% of the respondents indicated that they actually pay their rentals. Surely, the actual payment rate must be somewhat lower. Therefore, considering the 80%-payment level, the following conclusions can be made:

- The income is about R1 million more than the direct expenses on the municipal units.
- However, this does not include the salaries of the staff working at the central housing office. Secondly, this further does not include the operational costs at the central office. Such operational costs could include normal office costs, but also costs such as legal costs and systems costs. Thirdly, it also does not take into account long-term maintenance nor the amounts required to upgrade the current units. Fourthly, it should also be noted that the municipal rentals do not need to cover any capital costs.

Finally, it should be mentioned that the current arrears amount to nearly R600 000. This also means that nearly 55% of all residents are in arrears with more than one month's payment.

In conclusion, a number of observations should be made:

- The fact that rentals are at about 60% of market-related rental prices, increases affordability over a spectrum of possible beneficiaries.
- Even at current prices the ability to fully recover costs seems bleak.
- Taking the best scenario, the Municipality does break even in respect of the total salary and operational bill. However, long-term maintenance is probably excluded from this equation.
- Market-related prices will probably result in a large number of people being displaced in the longer term.
- Simultaneously managing a system to select beneficiaries, managing their payments and addressing non-payment might increase the pressure on the municipal human resource base.
- Thus, although the Municipality currently probably breaks close to even on the residential units, the longer-term consequences should also be considered. For example, the long-term maintenance of these units should be considered.

6. Socio-economic profile

This section will attempt to provide a broad overview of the main socio-economic attributes of residents in the flats in Kimberley (Moghul Park, New Park and Beaconsfield) and Roodepan. In relevant cases, comparisons are made with the data from 2002/03. Table 6.1 provides a general overview in respect of the main socio-economic attributes of the respondents during the survey.

Table 6.1: An overview of the main socio-economic attributes of the respondents in municipal rental units in Kimberley, 2006

<i>Attribute</i>	<i>Ratio / percentages or averages</i>
Male / female ratio	21.2 : 78.8
Average age	42.6
Median age	39
Percentage South African citizens	100.0%
Percentage of respondents with at least a Grade 11 or Grade 12 Certificate	39.4%
Percentage of one-person households	15.1%
Average household size	3.6
Median household size	3
Average monthly income (Rand)	R2 543
Percentage currently paying rent	98%
Percentage currently receiving government grants	45.3% (50% of which is pension)
Percentage having received a housing subsidy	0.7
Percentage that owning / having owned property before	0.4
Number of households with two incomes	26.6

However, before the current situation is assessed in more detail the following comments with regard to the methodology for gathering the information should be made:

- People do not always divulge their true income.
- Informal exchange of money is usually not reflected.

A number of comments should be made considering Table 6.1 above:

- The male: female ratio seems very much weighted in favour of females. Methodological considerations could have played a significant role in this regard. Some of it is that percentage-wise more females might have been at home. Although most of the interviews were conducted after 16:00 in the afternoon, some were conducted earlier. Yet, this high ratio of females does not seem unusually high if we consider that the 2002 survey indicated that the ratio for the Kimberley rentals was similar. The Roodepan ratio was different in the sense that 60% of the respondents in 2002 were males.
- There are 39.4% of the respondents with at least a Grade 11 or Grade 12 Certificate. This corresponds with the figures for 2002, when 45.5% of the Kimberley rentals and 37.9% of the Roodepan rentals had the same qualifications.
- The average payment of 98% is highly unlikely as Section 5 has already reflected on the arrears in especially Moghul Park and Roodepan.
- The percentage of one-person households for all the flats is 15.4%. However, this percentage varies largely between Roodepan and the New Park flats where 3.8% and 46.4% of the households are single-headed households. It also seems to be similar to the findings in 2002. In the 2002 survey, 3.5% of the Roodepan flats were occupied by single-headed households and 39.4% of the Kimberley flats (which included Moghul Park, Beaconsfield and New Park).
- Aspects in relation to the average household size are discussed in more detail below.

Many of these aspects will again be referred to during the remainder of the text. Yet, at the same time a brief overview in which the various areas are compared might also be helpful (see Table 6.2).

Table 6.2: The socio-economic attributes of the current residents in municipal-owned rental units in Kimberley. 2002¹

	Average age	Median Age	Average number of dependants	Median monthly income (Rand)	Average monthly income (Rand)
Kimberley flats – contracts (2002)	57	56	1.03	1255	1119
Kimberley flats – survey (2002)	47.2	43	1.1	n.a	2696*
Kimberley flats – survey (2006)	43.3	n.a	2.1	n.a	2543
Roodepan flats – contracts (2002)	44	43	3.2	n.a	459
Roodepan flats – survey (2002)	39.6	38	3.3	n.a	1143*
Roodepan flats – survey (2006)	42.1	40.5	2.9	n.a	2396
Moghul Park – survey (2006)	45.9	45	2.3	n.a	1714
Beaconsfield – survey (2006)	39.5	34	2.0	n.a	2981
New Park – survey (2006)	51.9	50	2.1	n.a	2706

Kimberley flats = Beaconsfield, Moghul Park and New Park

Information for 2002 from the 2003 market study report; Information 2006 from the survey

** It should be borne in mind that that the average for the Kimberley flats of 2696 in 2002 was determined by the sampling procedures which required individuals with an income above R1500 per month. Therefore, in the case of the Kimberley flats, a comparison with the amounts indicated in the contracts is probably more reliable.

Although there are a number of methodological problems in comparing the 2002 information with that of 2006, a number of trends should be noted from the above-mentioned table:

- The average age of the respondents in the Kimberley flats (including Beaconsfield, Moghul Park and New Park) has decreased considerably over the past 3-4 years. In the 2002, the average age - according to the survey - was 49.6 years compared with 43.3 years in 2006. The main reason for this is probably a further increase in the deracialisation of the municipal residential units in the former Kimberley white group area. To a large degree these flats are losing their initial focus on white people only – which historically have been older white people.
- The increase in the number of dependants from 1.1 in 2002 to 2.1 in 2006 for people in the Kimberley flats further supports the above argument of an increasingly diverse population in the Kimberley municipal units. In Roodepan there has been a small decrease in the number of dependants – from 3.3 to 3.2 between 2002 and 2006.
- The opposite is true in the case of Roodepan. The average age for the respondents in the Roodepan flats has increase from 39.6 years to 42.1 years between 2002 and 2006. This is probably an indication of people residing in these units for longer because very few alternatives exist. The trend in respect of the older population is also visible in the fact that the number of dependants in Roodepan have decreased from 3.3 in 2002 to 3.2 in 2006.
- The report will later reflect in more detail on affordability and income. At the moment it should be noted that not much difference exists in respect of the average incomes between Beaconsfield, New Park and Roodepan. In the case

¹ The median is also used as a source because the mean does not always give an indication of how skewed the data actually is.

of Moghul Park the household incomes seem considerably lower. Considering an average inflation of 15% since 2002, it seems as if the Municipality has managed to increase the proportion of households with higher incomes in the municipal housing units.

Having provided this broad overview of the socio-economic change and attributes of households residing in the municipal housing units, the emphasis now shifts to an evaluation of the current and expected housing situations.

7. Evaluating the current housing situation and future preference

The section provides an overview of the following aspects:

- Reasons why residents have settled in their current housing situation
- An evaluation of their current housing situation
- Number of years residents have been residing in current housing
- Current housing and infrastructure situation
- Possible suggestions to improve the situation

7.1. Reasons why residents reside in their current housing

Residents were asked for the main reason for living in their current location, as well as whether they were considering locating permanently in the area. The answers per area are represented in Table 7.1 below.

Table 7.1: Reasons why residents settled in the specific municipal residential units in Kimberley, 2006

Reason	Beaconsfield	%	Moghul Park	%	New Park	%	Roodepan	%	Total	%
Close to work	14	19.7	0	0.0	10	37.0	1	0.6	25	9.2
Family living here	22	31.0	0	0.0	3	11.1	31	19.6	56	20.7
Nowhere else to go	31	43.7	15	100.0	8	29.6	125	79.1	179	66.1
Other	4	5.6	0	0.0	6	22.2	1	0.6	11	4.1
Total	71	100.0	15	100.0	27	100.0	158	100.0	271	100.0

The following key comments should be made in respect of the answers as reflected in the above table:

- Overall, municipal residential units have become the place of residence for people with very few residential alternatives available. Nearly two-thirds of the residents have indicated that they are residing in municipal units because they have nowhere else to go. It is significant that in the case of Roodepan nearly four out of every five respondents (79.1%) indicated that they had nowhere else to go. In the case of Moghul Park, 100% of the respondents gave this response. Although considerably less at 43.7% and 22.2%, of the residents in Beaconsfield and New Park, respectively, reacted by indicating they had nowhere else to go.
- The second most important reason indicated by the residents for settling in their specific area was that their family live in the area. Overall, 20.7% of the respondents gave this response. The highest percentage came from the residents in residential units in Beaconsfield (31%). In Roodepan 19.6% of

the residents indicated proximity to family as being the main reason for their current location.

- Significantly 9.2% of the residents indicated proximity to work to be the main reason for their current choice of location. The lowest percentage in respect of this answer is found in Moghul Park (0%) and Roodepan (0,6%). In contrast, New Park (37%) and Beaconsfield (19.7%) registered the highest percentages. The proximity of the municipal housing stock in New Park and Beaconsfield to the CBD and to job opportunities in contrast with the peripheral location of Moghul Park and Roodepan is apparent from these responses.

The high percentage of people indicating that they have nowhere else to go is probably indicative of the fact that that municipal rentals are being provided at rental amounts below market price and that very few alternatives would be available. At the same time, this high percentage of respondents indicating that they have nowhere else to go is probably also an indication that any policy approach aimed at changing the current status quo should consider the impact of such change on the current residents.

In addition to the above question, the residents were also asked whether they considered their current location as a permanent location. The results are reflected in Figure 7.1 below.

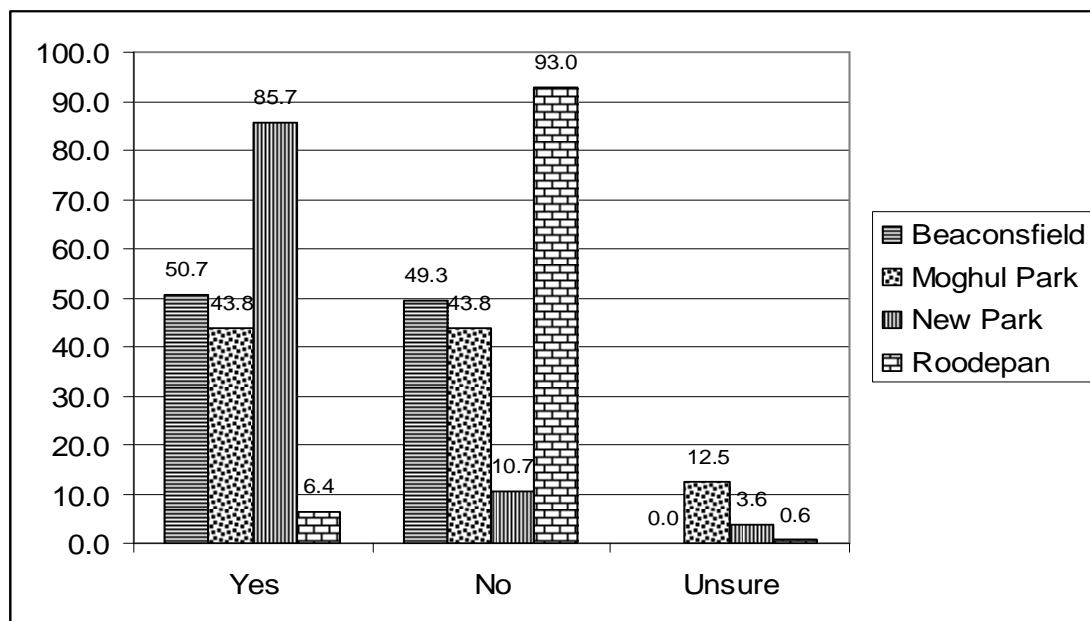


Figure 7.1: The percentage of residents in municipal residential units in Kimberley who consider their current location as permanent, 2006

To a large degree the answers reflected in the above figure confirm the conclusions arrived at in respect of the reasons why respondents have located in their current residential units. The lowest percentages of residents to have indicated their current housing situation as a place of permanent residence came from Roodepan where only 6.4% of the residents chose this option. In fact 93% indicated that they did not consider their housing units in Roodepan as permanent. This high percentage of people not wanting to reside in the Roodepan flats on a permanent basis is probably again an indication of the poor conditions of these units, and of the fact that these residents indicated that they had nowhere else to go.

There is, however, another perspective to be shared in this regard. Rental units usually (although not exclusively) reflect a transitional form of housing. The fact that a large percentage of respondents living in the municipal units (other than Roodepan) indicated that they would like to reside there on a permanent basis should be noted (85.7% in New Park, 43.8% in Moghul Park and 50.7% in Beaconsfield). This is in contrast to the results from respondents in the private rental units, where only 37.5% of suggested would reside there permanently. This is probably an indication that a large number of residents of these municipal rental units also do not have any other viable alternatives.

Overall, the results from this section suggest that:

- A large percentage of people residing in municipal housing stock in Kimberley (Sol Plaatje Local Municipality) reside there because of very few alternative choices and also because of the low rentals available.
- There is a considerable degree of dissatisfaction with the rental units in Roodepan.
- The municipal rentals in the former white group areas (Beaconsfield and New Park) play a significant role in ensuring proximity to work.
- Rental housing performs less of a transitional housing function than in private rentals, which again suggests that the lower rentals required in these units probably draw a number of older, low-income people to these units.

7.2 Evaluating the current housing situation

The above section suggested that a large percentage of the residents (two-thirds) have located in municipal residential units because very few alternatives were available. There were also hints of the poor conditions of units in Roodepan. This section takes the assessment a bit further by reflecting directly on responses about resident's levels of satisfaction (see Figure 7.2).

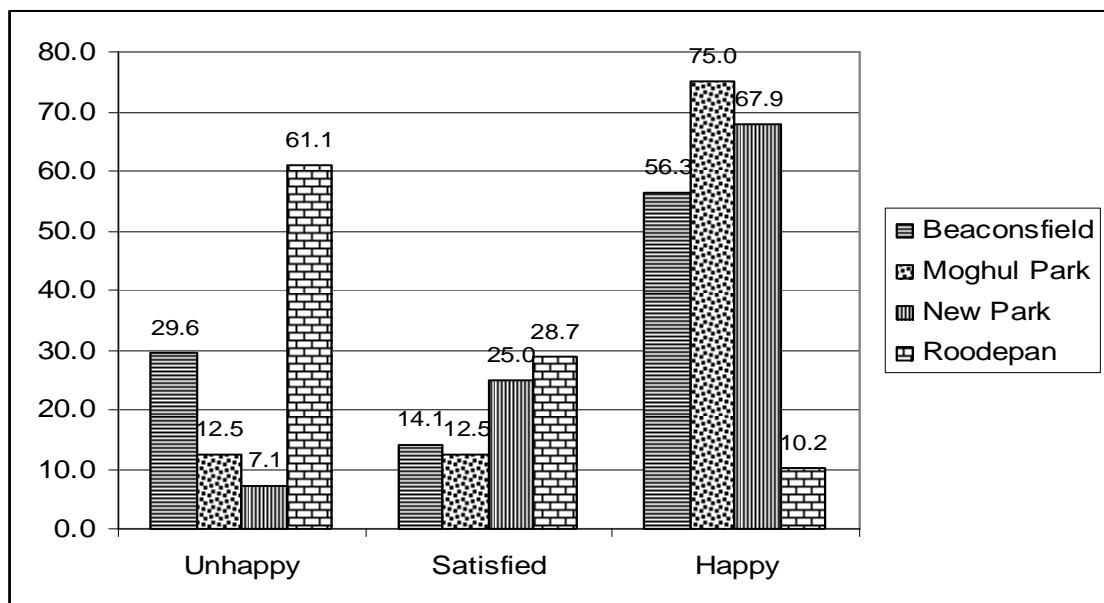


Figure 7.2: *Levels of satisfaction of residents of the municipal housing stock in Kimberley (Sol Plaatje Local Municipality)*

The following comments need to be made in respect of the levels of satisfaction reflected in the above figure:

- The highest levels of dissatisfaction are recorded in Roodepan, where 61.1% of the respondents indicated that they were unhappy with their residential environment.
- At the same time it should also be acknowledged that there seems to have been a decline in terms of the percentage of unhappy respondents in Roodepan. In 2002 69% of the respondents said that they were unhappy.
- Considering the poor conditions in these residential units, this does not come as a surprise. The levels of dissatisfaction are considerably lower in Beaconsfield (29.6%), Moghul Park (12.5%), and New Park (7.1%). In 2002, approximately 34% of the residents of Kimberley rental units (including all three of the above) indicated that they were unhappy.
- The highest levels of satisfaction were recorded for the units in Moghul Park (75%), New Park (67.9%) and Beaconsfield 56.3%.

Generally, there seems to have been a decrease in the percentage of households indicating that they were unhappy. The reasons for the above trend are not clear, but the fact that higher-income people have been settled in these units might be a contributing reason.

The emphasis now shifts to a more detailed understanding of the residents' reasons for being unhappy. The reasons for being dissatisfied are recorded in Table 7.2 below.

Table 7.2: Reasons for being unhappy in municipal rental units in Kimberley (SPLM), 2006

Reasons for being unhappy	Beaconsfield	%	Moghul Park	%	New Park	%	Roodepan	%	Total	%
Negative social / neighbourhood evaluation (n)	0	0.0	1	50.0	1	50.0	32	33.3	34	28.1
No security & unsafe (n)	4	19.0	0	0.0	0	0.0	16	16.7	20	16.5
Not enough privacy / overcrowded /not quiet/ noisy / (n)	0	0.0	0	0.0	0	0.0	18	18.8	18	14.9
No other choice/ prefer another housing option (n)	3	14.3	0	0.0	0	0.0	12	12.5	15	12.4
Living conditions poor (n)	8	38.1	0	0.0	0	0.0	4	4.2	12	9.9
Environmental conditions not up to standard /dirty (n)	3	14.3	0	0.0	0	0.0	5	5.2	8	6.6
Rent too high (n)	1	4.8	0	0.0	1	50.0	5	5.2	7	5.8
Facilities not up to standard (n)	1	4.8	0	0.0	0	0.0	4	4.2	5	4.1
Not satisfied with proximity to work (n)	1	4.8	1	50.0	0	0.0	0	0.0	2	1.7
Total	21	100.0	2	100.0	2	100.0	96	100.0	121	100.0

The following comments should be made in this regard:

- The table firstly supports earlier suggestions that the largest degree of dissatisfaction is present in Roodepan.
- Considering the reasons for dissatisfaction, 28.1% of the respondents indicated a negative social environment as being the most prominent negative reason. In Roodepan 33.3% of the respondents gave this response. Although 50% of the respondents in Moghul Park and New Park gave the same responses, it should be mentioned that only two respondents were actually dissatisfied.
- The second most prominent reason for being dissatisfied is around safety and security. Overall, 16.5% of the respondents gave this response. In Roodepan the percentage was 16.7%, and 19% in Beaconsfield.
- Not enough privacy, overcrowding and noise were the third largest negative response in that 14.9% of the respondents reacted in this way. It should also be noted that this response only came from respondents in the Roodepan flats.
- It is noteworthy that 12.4% of the respondents suggested that they resided in the municipal flats as they had no other choice. In this regard, 12.4% of the respondents in Roodepan suggested this, while 14.3% of the respondents in Beaconsfield gave the same reason.
- The fairly high percentage of people (38.1%) in Beaconsfield who indicated that living conditions were poor should also be noted.
- It should be noted that only a small percentage of respondents suggested that the rentals were too high. This small percentage is significant in relation to affordability issues to be discussed later in this document.

In terms of the qualitative comments received the following important comments should be mentioned specifically in respect of Roodepan:

- There is much of noise over weekends.
- There are many problems with people.
- They steal, especially from the new tenants and they swear at them.
- Circumstances are not good.

- Lights do not work properly.
- Children do not have a play area.
- They are desperately looking for another place.
- Everybody interferes in each other's lives. There is no privacy.
- Flats are not safe for children.
- There are always problems with the children.
- They have small children to look after and it is too dangerous.
- It is the children who make trouble.
- Rentals are high, but they do not improve the building.
- It is not a pleasure to stay here.
- They have no other choices.
- There is no privacy.
- People make a toilet of the stairs.
- There are problems with the cockroaches, but council does nothing.
- The rent is too high.
- The service of council is not good enough.
- I live here only to have a roof over my children's heads.
- Since I came here, it feels like I am in prison.
- The drain is a problem. The cockroaches and mice are too many.
- There are too many gangsters.
- There are too many people who smoke weed.
- There is a lot of trouble at the flats. Especially over weekends we do not feel safe.
- There are too many Shebeens. People drink too much.

These qualitative comments together with the categorised aspects mentioned in Table 7.2, provide evidence of the poor living conditions in the Roodepan area. It seems that gangsters are present, that alcohol misuse is common and that the general maintenance of units is problematic.

The reasons for dissatisfaction having been considered, the emphasis now shifts to an assessment of the reasons provided for being happy (very satisfied). The following main reasons were recorded:

- A positive overall evaluation (28%). Most people reacted that they were satisfied with the flats.
- A positive evaluation of the neighbourhood (23%). These respondents were mostly happy with the neighbourhood.
- Quiet and peaceful (22%). It should be noted that nobody from Roodepan gave this response.
- Proximity to facilities (12%). It should be noted that this response was only applicable in the case of New Park and Beaconsfield.
- Safe and secure (10%). Only respondents from New Park and Beaconsfield suggested this reason.

Considering the above situation, the question arises as to what can be done to improve the levels of satisfaction of people residing in municipal residential units. The following comments should be made in this regard:

- The quality of the living environment in Roodepan seems to be unacceptable. Not only do people experience the environment in a negative way, but overcrowding and security issues also play a significant role.
- There also seems to be evidence that living conditions in Beaconsfield are deteriorating.
- The peripheral location of Roodepan certainly does not help to address aspects of access to general social and economic facilities.

There is obviously no simple answer to addressing these issues. Improving the living conditions of people in Roodepan requires extensive funding to upgrade the current situation – something which the financial analysis has already suggested not to be available from the SPLM. What seems surprising is that, compared with 2002, there are fewer unhappy people. Even if the percentage of unhappy people remains very high.

7.3 Number of years residing at current location

The number of years residents have been residing in the current housing unit provides an indication of the degree to which the residential stock has become either a permanent place of residence or performs a transitional housing function. The longer people reside in these units, the more it becomes an indication of a permanent housing option and that there are very few alternative choices available. Figure 7.3 suggests evidence from the survey in this regard.

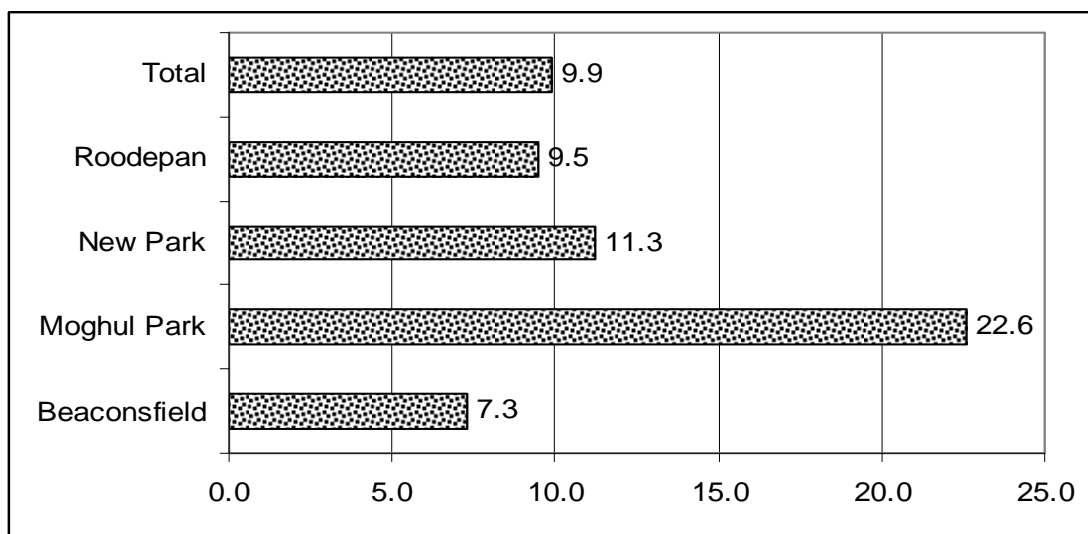


Figure 7.3: Average number of years at current location for municipal housing stock in Kimberley (SPLM), 2006

Overall, it seems as if people resided in these housing units for a considerable time. On an average, municipal housing stock tenants have been residing in these houses for 9.9 years. The tenancy period is significantly longer in Moghul Park where the average period has been 22.6 years. The second longest period has been recorded in New Park (11.3 years), followed by Roodepan (9.5 years) and Beaconsfield (7.3 years).

7.4 Current housing size and infrastructure access

This section reflects briefly on the housing size of interviewees, as well as their access to infrastructure. Although the report has earlier reflected on the reality of housing

size in the municipal rental units, it is important to reflect on the housing sizes of the units of those who were interviewed. Table 7.4 outlines the housing sizes occupied by those who were interviewed.

Table 7.4: Housing sizes of the respondents in municipal housing stock Kimberley, 2006

Number of bedrooms	Beaconsfield	%	Moghul Park	%	New Park	%	Roodepan	%	Total	%
One	9	14.1	7	58.3	5	23.8	19	13.3	40	16.7
Two	54	84.4	5	41.7	15	71.4	49	34.3	123	51.3
Three	1	1.6	0	0.0	1	4.8	75	52.4	77	32.1
Total	64	100.0	12	100.0	21	100.0	143	100.0	240	100.0

Though the housing size data supported by the SPLM do not altogether correlate with the information gleaned from the interviewees, they do however reflect similar information. The survey indicates that 51.3% of respondents resided in two-bedroom units. The figures provided by the SPLM suggest that the percentage is 51.5%. However, the survey included a smaller percentage of one-bedroom units, and a larger percentage of three-bedroom units. For example, the survey included 16.7% one-bedroom units, compared with the 21.4% reality. Furthermore, 32.1% respondents having three-bedroom units were included in the survey compared with the 25.6% reflecting in the figures provided by the Municipality. This can probably be ascribed to the methodology in that it was probably more difficult actually to find people in one-bedroom units at home than in the others as the households were probably smaller.

In addition to the above, all residents reported having access to waterborne sanitation and water in the house. This has serious implications for the SPHC which makes use of alternative sanitation. However, this will be discussed in more detail in the report dealing with the market size in SPLM.

7.5 Means of transport to work

The location of housing units in relation to the place of employment is one of the crucial aspects in respect of housing (see Figure 7.3).

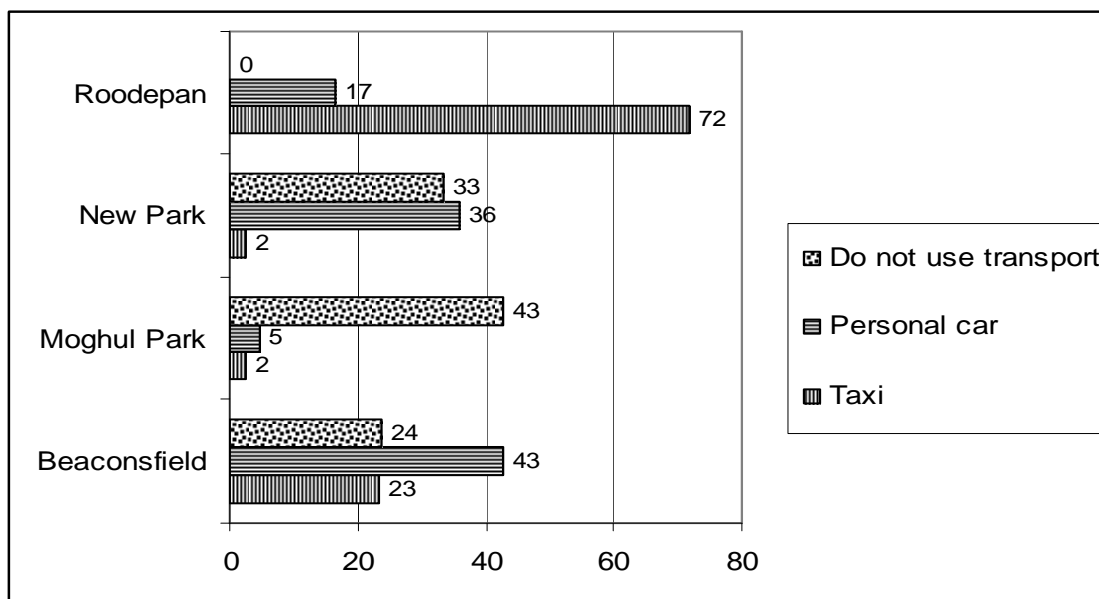


Figure 7.4: *The mode of transport used to travel to work by respondents residing in the municipal rental stock in Kimberley, 2006*

As can be expected, the largest percentage of respondents using a taxi come from Roodepan (72%). The fact that Roodepan is located so far beyond the Kimberley inner-city area is the main reason for this response. In New Park and Moghul Park the percentages of respondents not using any transport are fairly high – 33% and 43% respectively. Overall, the results confirm the importance of appropriately well located housing – something which, owing to apartheid planning policies, was not applied to the Roodepan situation.

7.6 Suggestion to improve current situation

To a question as to whether something could be done to improve their situation, 56% of the respondents replied in the affirmative.. The highest percentage came from Moghul Park 68.8% followed by Roodepan (58.4%). The lowest percentage was recorded in New Park (46.4%) with the second highest in Beaconsfield (53.3%). More importantly, the question is what can be done to improve the current situation. The following aspects were mentioned:

- Improve security (37.4%);
- Improve basic maintenance (18.1%);
- Improve the basic social condition of the units (15.5%). It should be noted that nearly 80% of those residents mentioning this aspect were located in Roodepan;
- An improvement in basic living conditions is required (11.6%);
- Improvement in the available social amenities is required (10.3%).

Although the above situation reflects that much can be done to improve the situation, it is especially the social environment in Roodepan which is a problematic.

7.7 Alternatives to current housing situation

Respondents were also asked whether they would have an alternative should they find themselves in conflict with their landlord (in this case the Municipality). In this regard 23.6% indicated that they would have an alternative and the remainder responded that no alternative was available. Respondents also had to justify their answer. Nearly two-thirds of those respondents indicating that they would be able to find alternative arrangements suggested that they would find accommodation with relatives or go back “home”. Yet, consider more than 80% of those indicating that they lacked an alternative said that they would have nowhere to go.

7.8 Future housing preferences

Considering the evaluation of the current housing situation, respondents were asked to reflect on their future housing preferences. Aspects that were considered included tenure options, the number of rooms required, acceptability of alternative sanitation systems, and a range of micro housing options.

7.8.1 Tenure

The preference for various types of housing is reflected below in Figure 7.5.

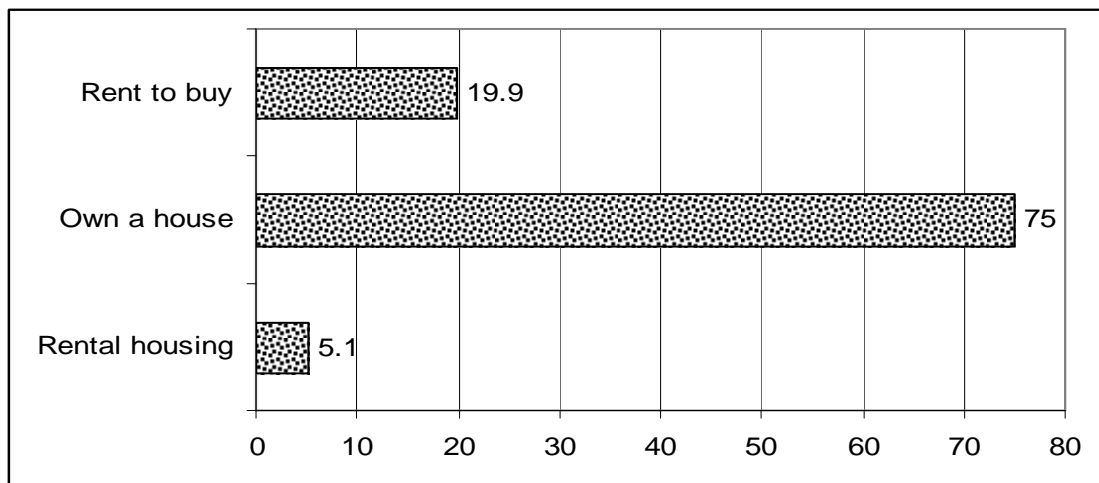


Figure 7.5: *Tenure preference of respondents residing in municipal housing units in Kimberley, 2006*

Table 7.5 suggests that 75% of all respondents would like to own their own house. A further 19.9% would like to rent with the aim of buying later, while 5.1% emphasised the fact that they preferred rental housing only. There seemed to be no significant gender differences in respect of the responses. Although a small percentage more females than males preferred rental housing (5.6% vs 3.7%), more males than females preferred the rent-to-buy option (25.9% vs 17.7%). It is significant that in Roodepan 99.2% indicated that they preferred to own a house. This is probably a reaction to their negative experiences (already alluded to) in respect of the rental housing in Roodepan. The wish to own a house should also be compared with the reality of property prices in Kimberley. These prices have risen considerably over the past four years, this resulting in house prices having in most cases doubled. So, despite the expressed desire to own, very few would actually be able to afford the instalments.

7.8.2 Preference in respect of the number of rooms required

The evidence from the survey suggests that people would prefer larger rental units. Only 3% prefer one-bedroom units. Approximately 29% suggested that they would prefer two-bedroom units and 68% would prefer three bed-room units. Obviously, this preference needs to be matched in terms of affordability – an aspect to be analysed in more detail later in this document. Furthermore, it should be noted that 45% of respondents currently residing in one-bedroom units would prefer to have three-bedroom units. Only 18% of those currently residing in a one-bedroom unit would also prefer a one-bedroom unit in future. Considering those that are currently residing in a two-bedroom unit, 63% indicated that they would prefer a three-bedroom unit. Respondents residing in three-bedroom units 12% would prefer a two-bedroom unit.

7.8.3 Other housing preferences

Various other housing preferences were determined. Table 7.5 summarises these preferences.

Table 7.5: An overview of general housing preferences in municipal rental units in Kimberley, 2006

Preference indicator	Yes (%)	No (%)
Prefer housing unit on top floor?	40.5	59.5
Prefer housing unit on ground floor?	58.7	41.3
Prefer balcony if on top floor (for those on the top floor)?	90.7	8.3
Should space for gardening be provided?	89.6	10.4
Do you often receive visitors?	88.8	11.2
Should space be provided for trading from home?	38.8	61.2
Should space be provided for children to play?	88.9	11.1
Should space be provided for cultural activities?	52.7	47.3

Although these preferences have very little bearing on the current housing situation in respect of people in municipal housing, they nevertheless are relevant to an understanding both of housing need and preferences with regard to new rental accommodation in Kimberley.

7.8.4 Alternative sanitation and electricity

What is meant by alternative sanitation and electricity was explained to respondents. Their willingness to accept these options was then tested. Just fewer than one-quarter of the respondents were willing to accept alternative sanitation. IN the case of alternative electricity, 26.4% of the respondents reacted positively. Strangely, the highest percentages of acceptance were reflected in the Beaconsfield units.

8. Affordability

This section has thus far attempted to provide an overview of the current housing situation of the respondents, as well as of certain housing preferences articulated by them. The focus will, however, now shift to determining what the affordability levels of the respondents might be. Those factors influencing the affordability of particular aspects will also be examined. Specifically the following aspects will be considered:

- Income levels of respondents.
- Employment attributes of the respondents.
- How many respondents are currently paying for their units?
- What amount are they willing to pay for their units?
- What amount are they currently paying?

- The expenditure levels of the respondents (relative to their disposable income).
- The credit-worthiness of respondents.
- The ability of respondents to save effectively.

8.1 Income levels of respondents

A thorough analysis of income provides a point of departure for the discussion on affordability. Table 8.1 provides an overview of the monthly incomes of residents in the municipal housing stock in Kimberley.

Table 8.1: Household monthly income for households residing in municipal rental units in Kimberley, 2006

Income category	Beaconsfield	%	Moghul Park	%	New Park	%	Roodepan	%	Total	%
< R1500	3	4.2	4	28.6	5	20.0	24	15.8	36	13.6
R1500-2500	31	43.1	10	71.4	11	44.0	88	57.9	140	53.0
R2501-R3500	16	22.2	0	0.0	3	12.0	17	11.2	36	13.6
R3501-R5250	19	26.4	0	0.0	3	12.0	16	10.5	38	14.4
R5251-R7000	3	4.2	0	0.0	3	12.0	7	4.6	13	4.9
More than R7000	0	0.0	0	0.0	0	0.0	0	0.0	1	0.4
Total	72	100.0	14	100.0	25	100.0	152	100.0	264	100.0
Average income	2981.25		1714.29		2706.00		2396.22		2543.66	

The following concluding comments should be made with regard to the above table:

- 13.6% of the households in the municipal housing stock earn less than R1500 per month.
- A further 53% earn between R1500 and R2500 per month. This means that nearly two-thirds of households in the municipal rental stock earn incomes of less than R2500 per month. In respect of affordability this reality increases the risk of non-payment. Although the report will later reflect on possible displacements in more detail, this also suggests that any significant increase in the rentals might result in a large number of the current residents not being able to afford these increased rentals.
- Only about 20% of households earn more than R2500 per month. In Moghul Park this percentage is 0%. Beaconsfield has the highest percentage of respondents with household incomes of above R2 500 (30.6%) followed by New Park (24.8%) and Roodepan with 15.3%.
- The average monthly household income for all in the municipal units is R2 543.66. The highest average monthly income was recorded for Beaconsfield (R2981) followed by New Park (R2706), Roodepan (R2396) and Moghul Park (R1714). It should also be noted that the average monthly incomes recorded for women respondents (R2355) were significantly lower than for males (R3081).

The above income reality coupled with the lack of payment is probably the main contributing reason for the poor state of, especially, the units in Roodepan. Obviously, the other side of the coin is that these housing units do provide some form of accommodation for those in the lower income brackets.

8.2 Employment profile

The above section provided an overview of the income profile of the respondents. Income is, however, only one aspect affecting the affordability of housing. An aspect such as the risk of becoming unemployed is also important. The following three aspects will therefore be analysed in more detail:

- Current type of employment
- The basic sectors in which they are employed in
- The number of household members contributing to the household income

Table 8.2 and Table 8.3 provide an overview of the type of employment, the sectors represented, and further analyses of the types of employment respondents have.

Table 8.2: Employment categories of respondents in rental housing in Kimberley, 2002

Type of employment	Beaconsfield (n)	%	Moghul Park (n)	%	New Park (n)	%	Roodepan (n)	%	Total	%
Pensioner	10	13.7	5	31.3	13	46.4	50	32.1	78	28.6
Elementary	11	15.1	3	18.8	3	10.7	45	28.9	62	22.7
Administrative	15	20.5	1	6.3	6	21.4	3	1.9	25	9.2
Artisan	8	11.0	0	0.0	1	3.6	15	9.6	24	8.8
Unemployed	10	13.7	3	18.8	1	3.6	10	6.4	24	8.8
Professional	9	12.3	1	6.3	2	7.1	6	3.8	18	6.6
Security	3	4.1	1	6.3	1	3.6	12	7.7	17	6.2
Merchandiser	6	8.2	1	6.3	1	3.6	9	5.8	17	6.2
Driver	0	0.0	1	6.3	0	0.0	3	1.9	4	1.5
Self employed / profession not indicated	0	0.0	0	0.0	0	0.0	3	1.9	3	1.1
Student	1	1.4	0	0.0	0	0.0	0	0.0	1	0.4
Total	73	100	16	100	28	100	156	100	273	100

From the above table, it is significant that 28.6% of the residents in the Kimberley rental units are pensioners. The percentage of pensioners is highest in New Park (46.4%), followed by Roodepan (32.1%), Moghul Park (32.3% and Beaconsfield (13.7%). This confirms the role played by these housing units in respect of provision of housing for lower-income and socially excluded people. The people in the second highest group are employed as elementary workers (22.7%). It should furthermore be noted that 8.8% of those respondents were unemployed. This analysis is taken further in Table 8.3.

Table 8.3: Employment per industry of respondents residing in rental accommodation in Kimberley, 2002

Category	Beaconsfield		Moghul Park		New Park		Roodepan		Total	
	n	%	n	%	n	%	n	%	n	%
State	23	36.5	6	54.5	15	55.6	67	46.2	111	45.1
Private	28	44.4	4	36.4	5	18.5	60	41.4	97	39.4
Municipality	2	3.2	1	9.1	6	22.2	3	2.1	12	4.9
Self-employed	1	1.6	0	0.0	0	0.0	9	6.2	10	4.1
Parastatal	3	4.8	0	0.0	0	0.0	2	1.4	5	2.0
NGO/CBO	1	1.6	0	0.0	0	0.0	3	2.1	4	1.6
Mines	2	3.2	0	0.0	1	3.7	1	0.7	4	1.6
Financial institutions	3	4.8	0	0.0	0	0.0	0	0.0	3	1.2
Total	63	100	11	100	27	100	145	100	246	100

The evidence from the above table suggests that one in every two people work in the public sector. This provides a fairly stable basis for rental housing.

8.3 Savings

Although it should be acknowledged that respondents in the formal sector will have some form of savings through their pension funds, it is worthwhile to consider the current savings that households have. Once again, this might give some indication of the ability of these households to overcome certain shocks on the income or expense sides. From the data it seems that only 12.7% of the respondents indicated that they did have some saving. However, when asked for figures, only three respondents divulged the actual amounts. Overall, this is probably an indication that savings are generally fairly limited.

8.4 Access to credit

The other way of obtaining cash is by means of accessing credit. An analysis of credit is however not only important in assessing the credit worthiness of the respondents but also gives an indication whether or no they are overburdened by their credit. Overall, 42.1% of the respondents indicated that they had access to some form of credit. An overview of the number of households with access to credit per geographical category is provided below (see Figure 8.1 and Table 8.4).

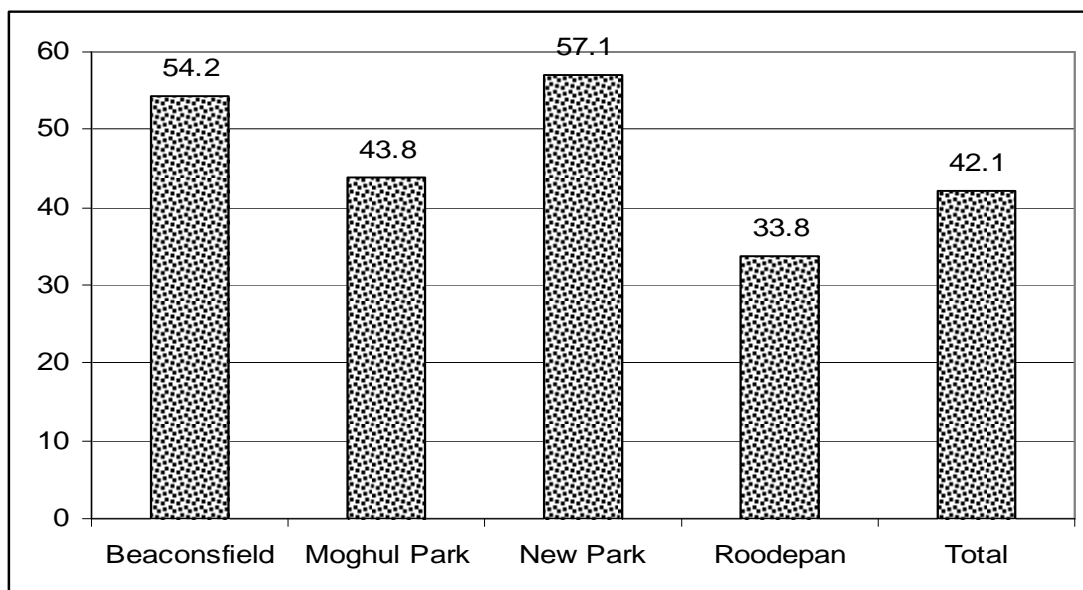


Figure 8.1: *Percentage of respondents residing in the municipal housing units in Kimberley in 2006 with access to credit.*

The highest percentages of households with existing credit repayments are found in New Park where 57.1% of the respondents have access to credit. In Beaconsfield the percentage is 54.2%, followed by Moghul Park with 43.8% and Roodepan with 33.8%. A more detailed analysis of the type of credit as well as credit repayment is provided in summary form for the all the respondents from the municipal housing stock.

Table 8.4: *The credit repayment profile of respondents in municipal housing units in Kimberley, 2006*

Type of credit	Number of respondents	Percentage	Repayment per month (Rand)
Hire purchase	19	12.3	693.16
Credit card	20	13.0	338.50
Loan	14	9.1	476.27
Clothing account	97	63.0	389.35
Other	4	2.6	876.39
Total	154*	100.0	582.38
Average credit per household			245.32

However, only 115 households have access to credit

The following comments should be made in respect of the above table:

- The largest percentage of types of credit come in the form of clothing accounts (63%). In addition, 13% have credit cards and 12.3% some form of hire purchase.
- The average monthly repayment amount is R582.38 per month for those who do repay their credit. On average, the monthly repayment amount is R245.32 per month taking into account all the households.

8.5 Current payment culture

Although we have earlier reflected on the percentage of people actually paying their rent, a number of further comments should be made in this regard. The survey suggested that 98.1% of the respondents did pay their rentals and 92% paid their municipal bills. Figure 8.2 provides an overview of the average rentals paid for the various areas.

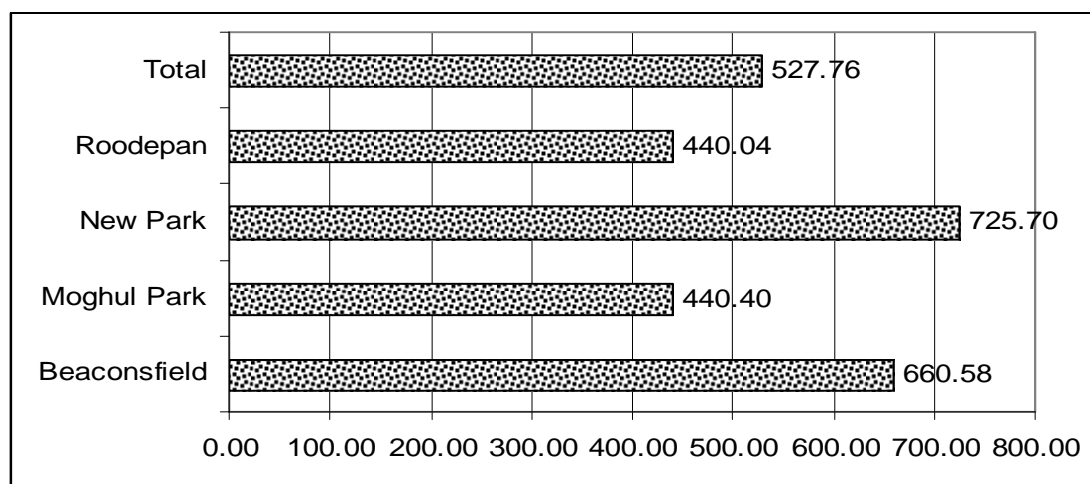


Figure 8.2: Average monthly rentals paid by the respondents for the municipal rental units in Kimberley, 2006

The amounts reflected above do not differ much from the figures provided by the SPLM. In the case of Roodepan, the SPLM figures suggest that the average monthly payment should be R427. In the case of the New Town flats the amount calculated for the Municipality is R996 per month, R374 for Moghul Park, and R689 in Moghul Park. Although methodological issues might have contributed to this situation, there may also be other points which should be highlighted. In Roodepan and Moghul Park the average payments recorded in the survey are less than those recorded in the municipal database. In the other two areas the rates expressed by the respondents are again markedly higher than the figures received from the SPLM. Although it is not the aim to analyse the reasons for these discrepancies in more detail it, could be some confirmation that the highest levels of non-payment are found in Roodepan and Moghul Park.

Taking the above average payments further Table 8.5 provides an analysis of the average monthly rentals expressed in terms monthly household income.

Table 8.5 Average monthly rentals expressed as a percentage of average monthly income for municipal rental housing in Kimberley, 2006

Area	Average monthly rentals (Rand)	Average monthly income (Rand)	% of income - 2006
Roodepan	440	2396	18.36
Moghul Park	440	1714	25.67
New Park	726	2706	26.83
Beaconsfield	661	2981	22.17
Total	549	2543	21.59

The following comments should be made in respect of the above table:

- The figures suggest that the SPLM has changed the payment structure as explained earlier. In 2002 the average percentage of income paid to rent was 11%. The 2006 figures suggest that this has increased to 21.6%.
- The repayment percentage is highest in New Park (26.8%).
- The lowest percentage of monthly rentals, expressed in terms of average monthly income, is found in Roodepan (18.4%).

There seems to be some scope for an increase in rentals if are consider the percentages reflected in Table 8.5. However, this might be extremely difficult to justify in especially Roodepan where the physical condition of the unit is extremely poor. Thus, increasing the rentals without improving the basic conditions in Roodepan is likely to be met with severe resistance.

8.6 Willingness to pay

Rental accommodation is highly dependent on what residents are willing to pay for their accommodation. Table 8.6 gives an indication of the amounts that residents are willing to pay in respect of rental accommodation.

Table 8.6: *An overview of the amounts respondents are willing to pay per month in municipal units in Kimberley, 2006*

Amount willing to pay per month	Beaconsfield	%	Moghul Park	%	New Park	%	Roodepan	%	Total	%
R0-R100	0	0.0	1	6.7	1	3.7	7	4.5	9	3.3
R101-R200	4	5.6	1	6.7	0	0.0	28	18.1	33	12.3
R201-R300	9	12.5	1	6.7	4	14.8	46	29.7	60	22.3
R301-R400	7	9.7	4	26.7	2	7.4	28	18.1	41	15.2
R401-R500	9	12.5	5	33.3	3	11.1	12	7.7	29	10.8
R501-R600	14	19.4	0	0.0	6	22.2	14	9.0	34	12.6
R601-R700	7	9.7	0	0.0	1	3.7	6	3.9	14	5.2
R701-R800	15	20.8	2	13.3	1	3.7	7	4.5	25	9.3
R801-R1000	4	5.6	1	6.7	3	11.1	6	3.9	14	5.2
R1001-R1200	0	0.0	0	0.0	3	11.1	0	0.0	3	1.1
R1201-R1400	0	0.0	0	0.0	1	3.7	0	0.0	1	0.4
R1401-R1600	3	4.2	0	0.0	1	3.7	0	0.0	4	1.5
Above R1400	0	0.0	0	0.0	1	3.7	1	0.6	2	0.7
Total	72	100.0	15	100.0	27	100.0	155	100.0	269	100.0
Average willing to pay	569		433		681		357		450	
Average current payment	660		440		726		440		549	

The following should be noted in respect of Table 8.6:

- Overall, the amounts respondents are willing to pay in the various locations are approximately 20% lower than the actual rentals currently being paid.
- More than one-third (37.9%) of the respondents were willing to pay an amount less than R300 per month.

- Approximately 23% of the respondents indicated that they were willing to pay more than R600 per month.
- At the same time only 3.6% of the respondents were willing to pay amounts in excess of R1000 per month.

Generally, the picture portrayed above does not reflect an overeagerness to pay. At the same time it should be acknowledged that the respondents are already paying more for their units than the amount they are willing to pay. Hence, it is possible to stretch the willingness to pay a bit further.

8.7 Comparative payment for different sizes

The purpose of this assessment is to investigate whether there is an increase in payment between different housing sizes. Figure 10-1 compares the amount that employed respondents are willing to pay for a bachelor unit and a one-bedroom unit. Figure 10-2 compares the amount that respondents are willing to pay for a one-bedroom unit as compared with a two-bedroom unit. Figure 10-3 compares the amount respondents are willing to pay for a two-bedroom unit and for a three-bedroom unit. It should be noted that there were some outliers, and that they were excluded from the figures.

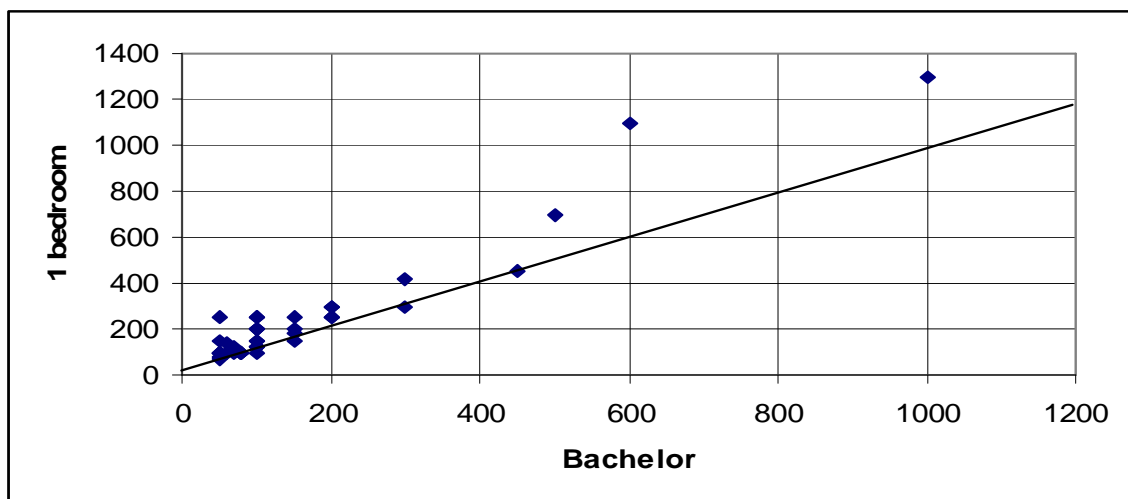


Figure 8.3: *A comparison of payment for one-bedroom and bachelor units for respondents residing in municipal housing stock in Kimberley, 2006*

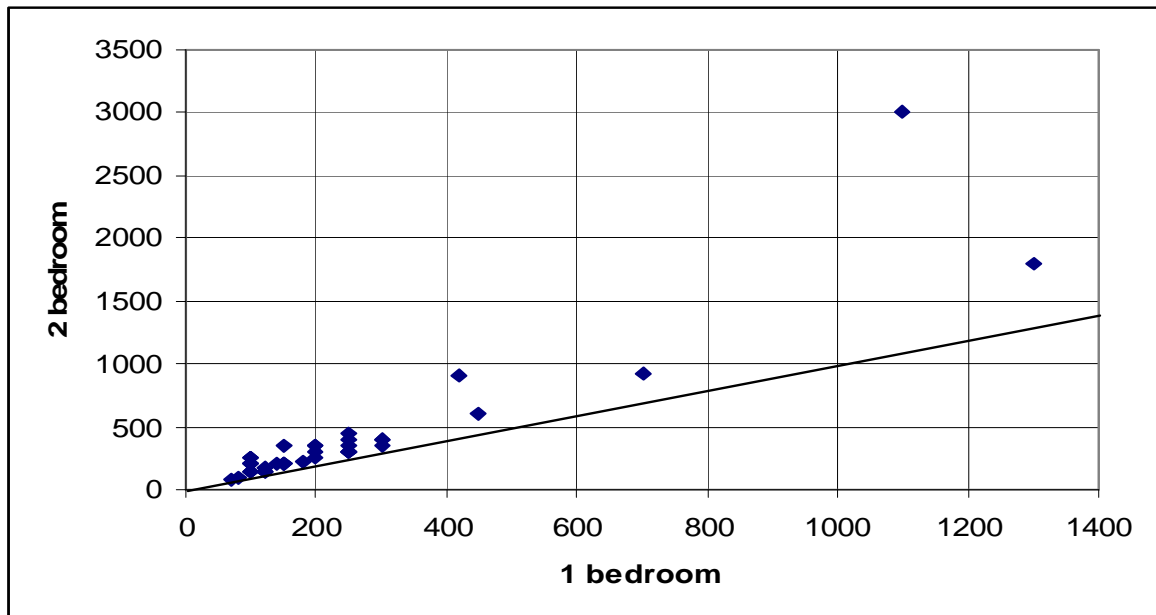


Figure 8.4: *A comparison of payment for one-bedroom and two-bedroom units for respondents in municipal housing stock in Kimberley, 2006*

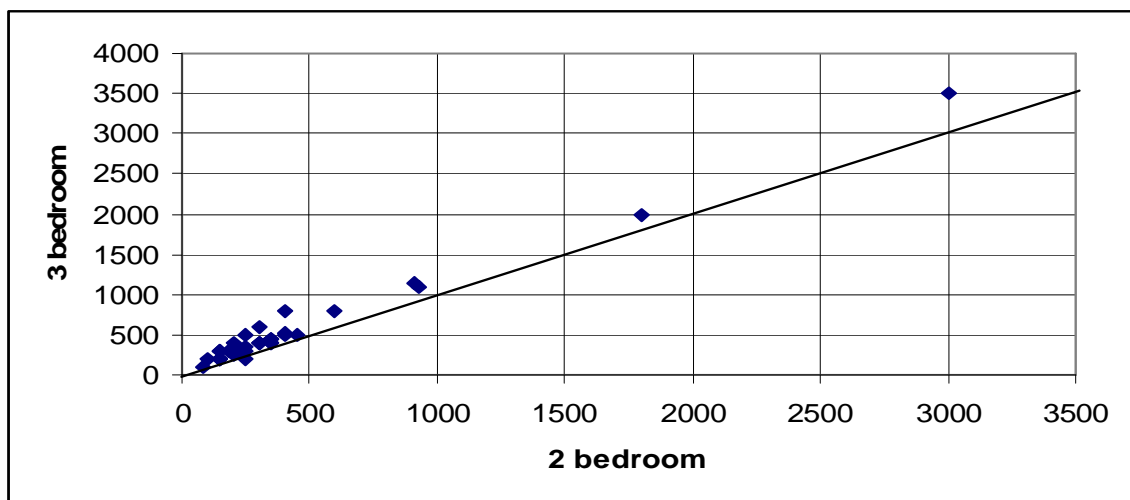


Figure 8.5: *A comparison of payment for two-bedroom and three-bedroom units for respondents in municipal rental units in Kimberley, 2006*

Figures 8.3 – 8.5 suggest that most of the residents in the municipal rental units recognised that large units require an increase in rentals. For example, according to Figure 8.5, the vast majority of residents suggested that the rentals for three-bedroom units should be more than those for two-bedroom units. The same trends are visible in Figure 8.4 and Figure 8.3, where two-bedroom and one-bedroom units and also one-bedroom and bachelor units are compared.

8.8 A comparison of what respondents are willing and able to pay

Payment behaviour is of the utmost importance in respect of rental housing. Respondents were asked to reflect on both the amount they are able to pay and also that which they are willing to pay. Figure 8.6 provides a comparison in this regard.

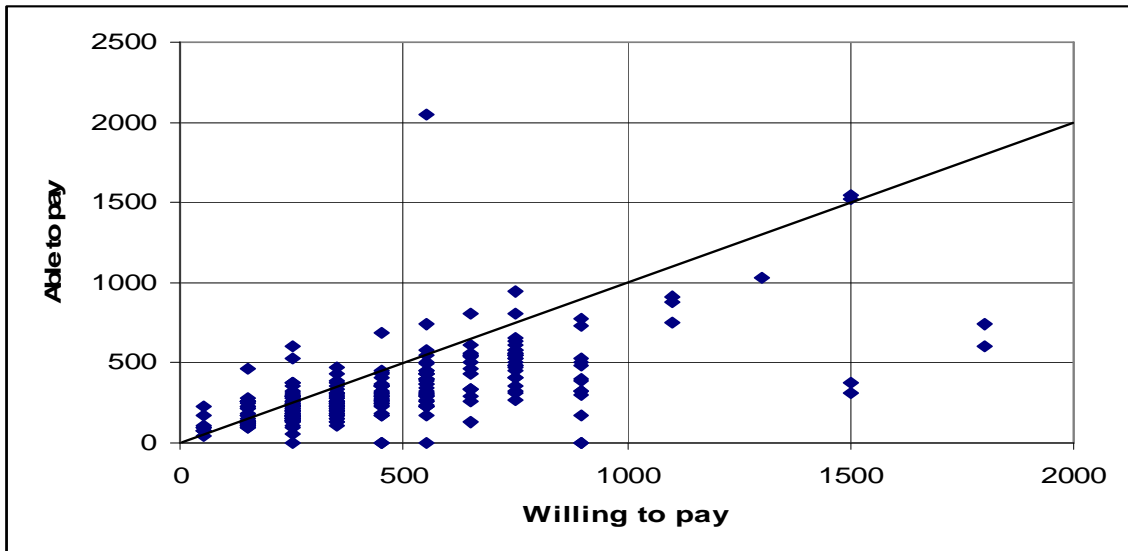


Figure 8.6: A comparison of what respondents in municipal housing units are willing to pay and that which they are able to pay, in Kimberley, 2006

The figure shows that in about a three-quarters of the cases the respondents are, on average, willing to pay much more than they are able to pay for renting a unit. This is probably some indication that, should the rentals rise significantly, the ability to pay would decline considerably.

8.9 The relationship between what respondents are willing to pay and what they are actually paying

Taking the analysis further we outline, in Figure 8.7. below, the relation between what residents are willing to pay and what they are actually paying.

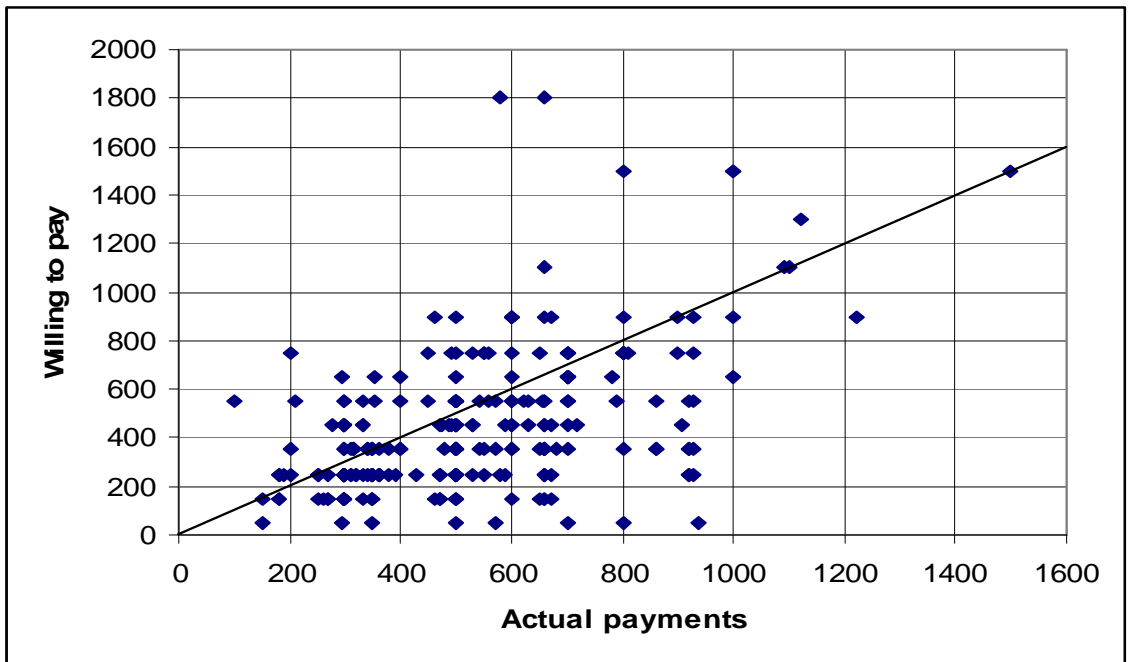


Figure 8.7: A comparison of what respondents in municipal housing units are willing to pay and what they are able to pay in Kimberley, 2006

The above figure suggests that in approximately 75% of the cases the actual payments are higher than the amounts the respondents are willing to pay. In practice this probably means that it is possible to some degree to stretch people's payments beyond what they are willing to pay. Furthermore, approximately 25% of the residents are willing to pay more than they are currently paying. Considering the implications for affordability, it seems as if 60%-80% of all residents occupying municipal rental units at the moment will not be able to absorb an increase of approximately 20%. At the same time though 20%-30% will actually be able to cope with such an increase.

8.10 Discussing affordability

8.10.1 Rentals in comparison with income

Table 8.7 provides an overview of the average rentals paid (per income group) for Roodepan and the Kimberley rentals (Moghul Park, Beaconsfield and New Park). The averages were determined on the middle-of-the-range option for the various income groups.

Table 8.7: A comparison of rentals and income for municipal rental stock in Roodepan and Kimberley rentals, 2006

Income categories	Roodepan (% in income group)	Roodepan average rentals	Roodepan (% of income on rentals)	Kimberley (% of income group)	Kimberley average rentals	Kimberley (% of income on rentals)
<R1500	15.3	393.30	39.3	10.9	487.17	48.7
R1500-R2500	58.7	416.13	23.8	46.4	562.71	32.2
R2501-R3500	11.3	504.76	22.4	17.3	704.21	31.3
R3501-R5250	10.0	504.67	16.8	20.0	789.36	26.3
R5251-R7000	4.7	555.71	12.3	5.5	951.83	21.2
Average in relation to income	n.a	438	18.3		646	23.34

- The average for income groups was taken to determine the percentage of income paid towards rentals. In the case of the income category below R1500, an average of R 1000 was used.
- Kimberley in the table refers to units in Moghul Park, New Park and Beaconsfield.

Considering that a norm in this industry is that households should not pay more than 30% of their income on rentals, the following should be noted in respect of the figures revealed in Table 8.6:

- The lower income households are virtually stretched fully in terms of the percentage they pay on rentals. For those households earning less than R1500 per month, the percentage is close to 40% - depending on what the average is. As noted earlier, this is beyond the norm.
- The percentage decreases with an increase in income. This might be an indication that the current rentals in respect of the higher-income people are still very low and could potentially be increased. However, this has a bearing on only 25% of residents in the Kimberley rentals, and on 15% in Roodepan.
- The problem in respect of increasing rentals in Roodepan is that the current state of the buildings is poor. No person would pay more for these units without a considerable improvement in the basic living conditions.

To further elaborate on the issues at stake, Figure 8.8 provides some indication of how the current rentals per type of unit compare with the market-related prices. In this Figure differentiation is made in respect of Roodepan, Moghul Park and the remainder of the units in Kimberley.

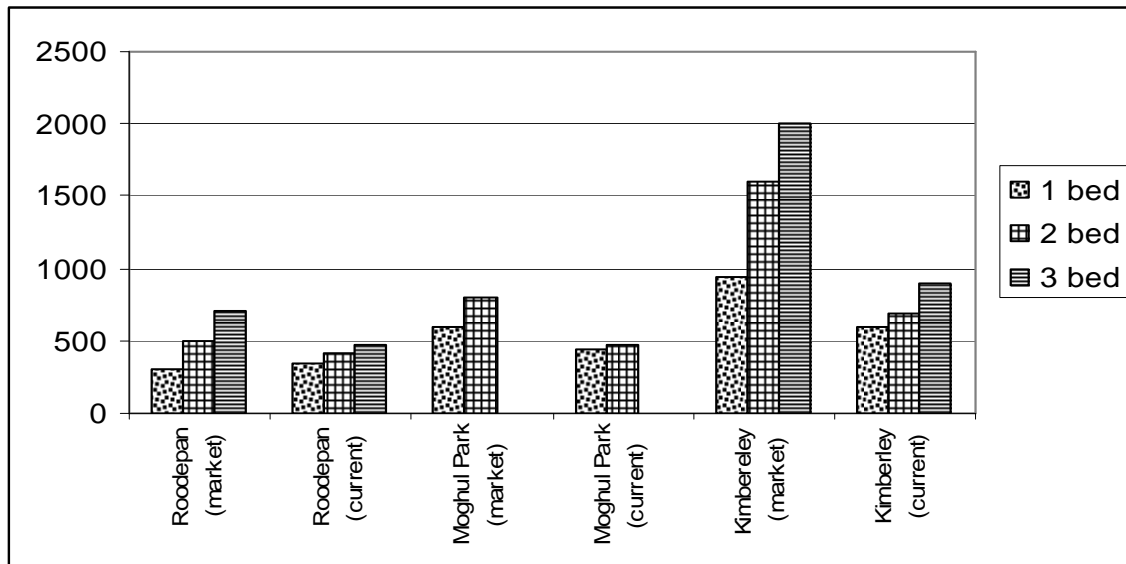


Figure 8.8: *Municipal and market related rentals compared for Municipal units in Roodepan, Moghul Park and Kimberley (Beaconsfield and New Park), 2006*

What seems evident from the Figure above is that the market-related rentals in Kimberly are considerably higher than the current rentals charged by the SPLM. The differences are less marked in the case of Roodepan and Moghul Park.

Overall, the above evidence suggests that there is an inherent tension between asking more market related rentals, affordability and the ability to provide residential units of an acceptable standard. The current situation will in the long run, only drain municipal finances even further, or result in a deterioration of municipal stock, or even displace up to 70% of resident should rentals be increased.

8.11 Disposable income

The emphasis now shifts to determining the disposable income of the different income groups. The disposable income for each income group is set out in Annexure B. The following methodological procedures should be noted:

- It was calculated at the bottom and top end of each category.
- Calculations do not include credit accounts and rent as stated in the database.
- The database only includes employed participants.
- Disposable income totalling zero has been excluded.
- Table 8.8 and Table 8.9 differentiate between Kimberley and Roodepan.

Table 8.8. is a summary of the data in Annexure B.

Table 8.8: Summary of affordability indicators per income category for respondents in municipal-owned rentals in Kimberley (Moghul Park, Beaconsfield and New Park), 2006

Indicators	R1500 and lower		R1501-R2500		2501-3500		R3501-R5250		R5250 – R700	
	Below	High	Below	High	Below	High	Below	High	Below	High
Median disposable income	-237	362	-120	1050	-209	789	-48	1700	1589	1338
No of respondents in category	12	12	52	52	20	20	22	22	6	6
Number of households overspending	9	3	24	3	13	2	6	0	0	0
% of households overspending	75	24	48.2	5.7	65	20	27	0	0	0
Estimated default percentage	49.5		26.9		42.5		13.5		0	

An expected overall default rate of 27.9% can be expected. However, if the basic systems are in place this could decrease to lower levels. The highest levels of defaults can be expected in those households earning less than R1500. What also seems evident from the above figures is that the higher the income, the lower the risk for non-payment. (although the risk seems higher in the case of the R2501-R3500 income group). Aspects of cross subsidisation are thus advisable in this regard.

The results for Roodepan are reflected in Table 8.9 below.

Table 8.9: Summary of affordability indicators per income category for respondents in municipal-owned units in Roodepan, 2006

Indicators	R1500 and lower		R1501-R2500		2501-3500		R3501-R5250		R5250 – R700	
	Below	High	Below	High	Below	High	Below	High	Below	High
Median disposable income	-318	281	76	1076	639	1638	1214	2963	2323	4072
No of respondents in category	24	24	88	88	17	17	15	15	7	7
Number of households overspending	16	4	30	4	1	1	1	1	1	0
% of households overspending										
Estimated default percentage	41.7		19.3		5.8		6.8		7.1	

At first sight the affordability levels in Roodepan seem at first sight better than in the Kimberley rentals. An overall default rate of just less than 20% seems to be applicable. However, it should be borne in mind that the rentals in Roodepan are probably 50% lower than those charged for the Kimberley units.

9. Possible scenarios

This section considers the three possible scenarios in respect of the future of the municipal units in Kimberley. The possible scenarios will be addressed in terms of

three tables. Each table consists of a description and, the positive aspects as well as the negative aspects related to the scenario. This overview of scenarios is considered to constitute the summative outcome of this report.

Scenario 1: Maintain status quo

Description	Positive	Negative
The scenario entails the	<ul style="list-style-type: none"> Rentals of 40% less than market value Address needs of the poorer section of the rental market. SPLM remains in control 	<ul style="list-style-type: none"> Current income does not include a long-term maintenance plan Long-term maintenance becomes a problem Roodepan flats deteriorate even further Will keep on draining municipal budgets in the long run Efforts to evict non-payers are politically loaded

Scenario 2: Units remain municipal stock – increase rentals when turnovers take place

Description	Positive	Negative
The units remain the stock of the Municipality, but a special effort is made to increase the percentage of higher-income people – The management of the stock could also be outsourced to an external agency	<ul style="list-style-type: none"> SPLM remains in control 	<ul style="list-style-type: none"> The upgrading of the flats (especially in Roodepan) cannot benefit from state funding for social housing as the SPLM cannot register as an SHI Some displacement of the poor takes place as between 60-70% of the current residents would not be able to afford market-related rentals

Scenario 3: Transfer / sell units off to a social housing institution

Description	Positive	Negative
The units are transferred or sold off to a social housing institution	<ul style="list-style-type: none"> Municipality no longer needs to manage the units any more One entity manages the stock An SHI has access to social housing subsidies that could ensure that the current status of the units is upgraded 	<ul style="list-style-type: none"> SPLM loses political power in respect of units What will happen to the existing staff? Possible displacement of the poor

Scenario 4: Privatisation

Description	Positive	Negative
The units are privatised in terms of sectional title	<ul style="list-style-type: none"> The responsibility of maintenance, etc, is transferred to the individual 	<ul style="list-style-type: none"> Complex operational procedures to determine relevant owners (who is the legal owner?) Displacement of the poor which might sell their units to speculators

The above discussion provided an outline of the pros and cons in respect of a possible decision. The report in general provided evidence in respect of the possible decisions to be opted for.

10. Conclusion

This report assessed the current situation of municipal rentals in Kimberley. It attempted to assess these rentals from the following points of view:

- The current financial realities of these units for the SPLM
- The basic socio-economic characteristics
- The current residents perceptions of the quality of their rental residential environment
- The future housing expectations of residents
- Affordability-related issues

The study has six main findings:

- The current levels of cost recovery (rentals are approximately 60% of market-related rentals) covers the existing operational costs but they exclude the long-term maintenance costs. The deterioration of the Roodepan flats provides evidence in this regard.
- Should market-related rentals be charged, it is estimated that between 60% and 70% of households will not be able to afford such housing.
- The SPLM has attempted to improve affordability levels by changing their initial 2002 sliding scale, with the emphasis on the affordability of individual households.
- Residents in Roodepan are highly unhappy with their housing situation, yet, the residents in the units in Kimberley are fairly positive.
- Affordability remains a long-term challenge, with only 20%-30% of the current residents appearing to be able to afford market-related rentals.
- Four options have been highlighted, each with its pros and cons aspects.

NEEDS ASSESSMENT & AFFORDABILITY QUESTIONNAIRE

All the fieldworker instructions are in italics

Please fill in the following before starting the interview

<i>Fieldworker name:</i>		
<i>Fieldworker supervisor:</i>		
<i>Date:</i>		
<i>Interview type</i>	<i>Beneficiary list</i>	<i>0</i>
	<i>Private rentals: Historically coloured</i>	<i>1</i>
	<i>Private rentals: Historically white</i>	<i>2</i>
	<i>Private rentals: Historically: black</i>	<i>3</i>
	<i>Private rentals: mixed</i>	<i>4</i>
	<i>Roodepan: Municipal rentals</i>	<i>5</i>
	<i>Kimberley: Municipal rentals</i>	<i>6</i>
	<i>Roodepan: waiting list</i>	<i>7</i>
	<i>Kimberley: waiting list</i>	<i>8</i>
	<i>Informal settlements</i>	<i>9</i>

This paragraph should be read as an introduction.

Hello, my name is (*fieldworker name*) and I am working for the Sol Plaatjes Municipality (Kimberley) I would like to find out more about your housing situation and needs. We are trying to find out what people need and what they are prepared to pay for housing.

We would like to interview you if you have the time. Will you please answer the following questions to the best of your ability and as honestly as possible. All the information will remain confidential and anonymous, and you do not need to answer any questions that you are not comfortable with. The more information you provide, the better it will serve to advise and inform the housing project planned for the area.

Thank you for your participation and assistance.

Please note the following before starting the interview with the respondent

Tick (✓) the applicable blocks

Gender: Male Female

- *In the questionnaire tick the applicable blocks or fill in information where necessary.*
- *Be careful when filling in the tabulated questions.*
- *If you encounter any problems, call your supervisor.*

Contact number:

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For office use only

A. PROFILE OF THE RESIDENT

I would like to ask some questions about you.

1. What is your age (in years)? Date of birth:

2. Are you a South African citizen with a valid ID document or passport? Yes 1 No 2

3. Are you a religious person? Yes 1 No 2

4. Are you currently employed? Yes 1 No 2

If NO, are you currently seeking employment? Yes 1 No 2

If NO, why not? _____

5. What is your highest school grade passed?

Standard 5 and below (Grade 7) 1 Standard 6 - 7 (Grades 8 & 9) 2 Standard 8 (Grade 10) 3 Standard 9 - 10 (Grades 11 & 12) 4

6. Do you have any formal post-school training? Yes 1 No 2

7. Do you have any informal training? Yes 1 No 2

8. How long have you been staying in the area (years)? (current location)

9. Why have you been staying in the area? (current location)

Close to work opportunities 1 Family living here 2 Nowhere else to go 3

Other reason (please specify): _____

10. Do you want to reside in the area permanently? Yes 1 No 2

11. What form of transport do you have to use most often besides walking?

Taxi 1 Bicycle 2 Personal car 3 Bus 4

12. Have you ever received a government housing subsidy? Yes 1 No 2

13. Do you own any property or housing? Yes 1 No 2

14. What is your current marital status?								
Married	1	Single / Never married	2	Widowed	3	Divorced	4	

15. If married, is your spouse working? Yes 1 No 2

INFORMATION ON THE RESIDENT'S FAMILY AND DEPENDENTS

I would like to ask you about your immediate family or dependents

1. Do you have any dependents? Yes 1 No 2

If YES, please specify how many (number):

2. Have any of your dependents/family ever received a government housing subsidy? Yes 1 No 2

3. Do any of your dependents/ family own any property or housing? Yes 1 No 2

C. THE NEED AND DEMAND FOR HOUSING

I would like to ask you about the type of housing that should be provided

1. In what type of housing would you be interested in the area?

Rental housing 1 Owning a house 2 Renting with the aim of owning later 3

If (renting) or (rent to own) is selected, answer 1.1 to 1.3.

1.1 How much rent do you think should be charged for the following per month?

A rental amount must be provided for each type of unit below

Bachelor unit/room	R
1-bedroom unit	R
2-bedroom unit	R
3-bedroom unit	R

Would you be willing to pay these kinds of rentals for housing? Yes 1 No 2

1.2 What kind of housing would you choose to rent in the area?

1-bedroom unit 1 2-bedroom unit 2 3-bedroom unit 3

1.3 Which would you prefer?

Unit on ground floor 1 Unit on top floor 2

If the unit were on the top floor, would you like to have a balcony? Yes 1 No 2

1.4 Should space be allowed for a garden at the housing unit? Yes 1 No 2

1.5 Do you currently often receive visitors? Yes 1 No 2

1.6 Should space be allowed for working/trading at your home? Yes 1 No 2

1.7 Should specific space be provided for children to play? Yes 1 No 2

1.8 Should space be provided for cultural/traditional activities? Yes 1 No 2

1.9. How much rent will you be able to pay per month for housing?

Rent per month	(✓)
R0 - R100	1
R101 - R200	2
R201 - R300	3
R301 - R400	4
R401- R500	5
R501 - R600	6
R501 - R600	7
R601 – R700	8
R701 – R800	9

Rent per month	(✓)
R801 – R1000	10
R1001 – R1200	11
R1201 – R1400	12
R1401 – R1600	13
R1601 – R1800	14
R1801 – R2000	15
More than R 2001	16

D. AFFORDABILITY TO THE RESIDENT

I need to ask you about your income and expenses to determine what kind of housing product you will be able to afford.

1. Are you currently paying rent where you are staying? Yes 1 No 2

If YES, how much (Rands)? R How often?

2. Are you currently paying for any municipal services (water, electricity)? Yes 1 No 2

If YES, how much (Rands)? R How often?

3. What is your and your wife's estimated monthly and/or weekly income? (indicate by ticking the applicable block)

Income	Weekly (✓)	Monthly (✓)
R 1500 - R2500		1
R 2501 – R3500		2
R 3501 – R 5250		3
R 5251 – R7000		4

4. I am working as _____(type of job) at _____(company)

4. Do you receive any government financial help / support? Yes 1 No 2

If YES, what type of financial help / support?

Pension 1 Disability 2 Foster grant 3 Child maintenance 4 Other government grants 5

5. Do you currently receive any financial help from your family? Yes 1 No 2

If YES, how much (Rands)? R How often?

6. Do you currently have any credit? Yes 1 No 2

6.1 Do you currently have any savings? Yes 1 No 2

If YES, what type of credit or what type of savings?

a) Type of credit	✓	Repayment per month?	b) Type of savings	✓	Current amount saved
1.Hire purchase	1	R	1. Savings account	1	R
2.Credit card	2	R	2. Stokvel	2	R
3. Loan	3	R	3. Saving scheme at bank or financial institution	3	R
4. Clothing account	4	R	4. Housing institution	4	R
5. Other:	5	R	5. Other:	5	R
6. Other:	6	R	6. Other:	6	R

7. What are your estimated weekly expenses on the following: (fill in other expenses not specifically listed)

Expenses	Weekly	Monthly
1. Rent	R	R
2. Water	R	R
3. Electricity	R	R
4. Food	R	R
5. Transportation	R	R
6. Liquor / Alcohol	R	R
7. Clothing	R	R
8. Shoes	R	R
9. Shoe repair	R	R
10. Dry-cleaning	R	R
11. Cigarettes	R	R
12. Household items	R	R
13. Lotto / gambling	R	R
14. Telephone	R	R

Other expenses	Weekly	Monthly
17. Church	R	R
18. Burial society	R	R
19. Union fees	R	R
20. Social activities	R	R
21. Stockvel	R	R
22. Cash for household	R	R
23. Furniture	R	R
24. Appliances	R	R
25. Cash sent to family elsewhere	R	R
26. Amount of savings in bank / financial institution	R	R
27.	R	R
28.	R	R
29.	R	R
30.	R	R

15. Gardening	R	R
16. Animal feeding	R	R

31.	R	R
32.	R	R

E. GENERAL

Lastly, some general questions to finish off the interview

1. How do you feel about staying in the area where you are staying now? (✓)

Unhappy

Satisfied

Happy

Why do you feel this way?

2. What is the name of the suburb you are residing in?

3. Explain the nature of your current housing unit:

House on separate stand	1	Informal settlement	3	Formal unit in backyard e.g. garage	5
Flat	2	Backyard shack	4	Other	6

4. How many bedrooms in your current house?

5. Explain your current access to sanitation

None	1	Waterborne in house	3	VIP system	5
Bucket	2	Waterborne outside house	4	Other	6

6. Explain your current access to water:

In house	1	On stand	2	Communal	3
----------	---	----------	---	----------	---

7. Would you like to change anything in the area to improve your situation?

Yes No

If YES, please specify what it is that you would like to change:

Are you willing to accept alternative forms of... (fieldworker to explain)

8. Sanitation	Yes	<input type="text" value="1"/>	No	<input type="text" value="2"/>
----------------------	-----	--------------------------------	----	--------------------------------

9. Electricity	Yes	<input type="text" value="1"/>	No	<input type="text" value="2"/>
-----------------------	-----	--------------------------------	----	--------------------------------

10. If there were conflict between you and your landlord and you had to relocate, would you have a place to relocate to?

Yes No

Explain:

11. Do you have any comments that you would like to add?

Thank you for participating in the research.

ANNEXURE B: STEM AND LEAF ASSIGNMENT

B1: KIMBERLEY RENTALS: lower END

D3.Estimated household income=
Less than R1500 per month

Frequency	Stem &	Leaf
4.00	-0 .	5678
5.00	-0 .	01134
2.00	0 .	13
1.00	0 .	5

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income= R1500-R2500

Frequency	Stem &	Leaf
3.00	-1 .	134
9.00	-0 .	555556677
12.00	-0 .	000111223344
13.00	0 .	0000223344444
13.00	0 .	5555666777788
2.00	1 .	01

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income=
R2501-R3500

Frequency	Stem &	Leaf
1.00	Extremes	(=<-1709)
1.00	-1 .	4
3.00	-0 .	678
9.00	-0 .	001123344
3.00	0 .	012
2.00	0 .	69
1.00	Extremes	(>=1371)

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income=
R3501-R5250

Frequency	Stem &	Leaf
-----------	--------	------

```

2.00 Extremes    (= < -729)
5.00           -0 . 00112
11.00          0 . 00111112234
1.00           0 . 6
3.00 Extremes    (> = 913)

```

```

Stem width:    1000.00
Each leaf:     1 case(s)

```

D3. Estimated household income=
R5251-R7000

```

Frequency      Stem & Leaf

1.00           0 . 4
1.00           0 . 9
1.00           1 . 0
2.00           1 . 77
1.00 Extremes    (> = 3644)

```

```

Stem width:    1000.00
Each leaf:     1 case(s)

```

B2: KIMBERLEY RENTALS: HIGHER END

D3. Estimated household income=
Less than R1500 per month

```

Frequency      Stem & Leaf

3.00           -0 . 012
5.00           0 . 01244
3.00           0 . 579
1.00           1 . 1

```

```

Stem width:    1000.00
Each leaf:     1 case(s)

```

D3. Estimated household income= R1500-R2500

```

Frequency      Stem & Leaf

3.00           -0 . 134
7.00           0 . 2233444
14.00          0 . 55666677888999
13.00          1 . 0000223344444
13.00          1 . 5555666777788
2.00           2 . 01

```

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income=
R2501-R3500

Frequency	Stem &	Leaf
1.00	Extremes	(=<-710)
1.00	-0	. 4
3.00	0	. 123
9.00	0	. 556678899
3.00	1	. 012
2.00	1	. 69
1.00	Extremes	(>=2370)

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income=
R3501-R5250

Frequency	Stem &	Leaf
2.00	Extremes	(=<1020)
12.00	1	. 556677788999
5.00	2	. 00023
3.00	Extremes	(>=2662)

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income=
R5251-R7000

Frequency	Stem &	Leaf
1.00	2	. 2
2.00	2	. 68
2.00	3	. 44
1.00	Extremes	(>=5393)

Stem width: 1000.00
Each leaf: 1 case(s)

B3: ROODEPAN: LOW

D3.Estimated household income=
Less than R1500 per month

Frequency	Stem &	Leaf
2.00	Extremes	(=<-1536)
3.00	-0 .	568
11.00	-0 .	02222222444
8.00	0 .	00001134

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income= R1500-R2500

Frequency	Stem &	Leaf
2.00	Extremes	(=<-1250)
3.00	-1 .	001
4.00	-0 .	6789
23.00	-0 .	0000111222222222344444
36.00	0 .	0000000001111111222222333333444444
20.00	0 .	55556666667777788899

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income= R2501-R3500

Frequency	Stem &	Leaf
1.00	Extremes	(=<-1669)
5.00	0 .	23344
6.00	0 .	555778
4.00	1 .	0234
1.00	1 .	5

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income= R3501-R5250

Frequency	Stem &	Leaf
1.00	Extremes	(=<-2065)
1.00	0 .	3
3.00	0 .	588
4.00	1 .	1234
2.00	1 .	89
3.00	2 .	000
1.00	2 .	7

Stem width: 1000.00
 Each leaf: 1 case(s)

Disposable income-LOW Stem-and-Leaf
 Plot for
 D3.Estimated household income= R5251-
 R7000

Frequency	Stem &	Leaf
1.00	Extremes	(=<-279)
2.00	2 .	12
3.00	2 .	889
1.00	3 .	3

Stem width: 1000.00
 Each leaf: 1 case(s)

B4: ROODEPAN – UPPER END

D3.Estimated household income=
 Less than R1500 per month

Frequency	Stem &	Leaf
2.00	Extremes	(=<-936)
2.00	-0 .	02
11.00	0 .	011133333333
8.00	0 .	56666779
1.00	1 .	0

Stem width: 1000.00
 Each leaf: 1 case(s)

D3.Estimated household income= R1500-R2500

Frequency	Stem &	Leaf
2.00	Extremes	(=<-250)
3.00	-0 .	001
4.00	0 .	0123
23.00	0 .	555556777777777778889999
36.00	1 .	0000000001111111222222333333444444
20.00	1 .	55556666667777788899

Stem width: 1000.00
 Each leaf: 1 case(s)

D3.Estimated household income=
 R2501-R3500

Frequency	Stem &	Leaf
1.00	Extremes	(=<-670)
5.00	1 .	23344
6.00	1 .	555778
4.00	2 .	0234
1.00	2 .	5

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income=
R3501-R5250

Frequency	Stem &	Leaf
1.00	Extremes	(=<-316)
2.00	2 .	13
4.00	2 .	5589
2.00	3 .	01
5.00	3 .	57778
1.00	4 .	4

Stem width: 1000.00
Each leaf: 1 case(s)

D3.Estimated household income=
R5251-R7000

Frequency	Stem &	Leaf
1.00	Extremes	(=<1470)
1.00	3 .	9
4.00	4 .	0667
1.00	5 .	1

Stem width: 1000.00
Each leaf: 1 case(s)