

THE CONTRIBUTION OF HOUSING PROJECTS TO LOCAL ECONOMIC DEVELOPMENT: THE CASE OF DUNBAR, CATO MANOR

By

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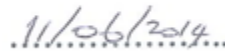
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DECLARATION

I, Sithembiso Justice Siyafana Langa & 210232668, hereby declare that the treatise/ dissertation/ thesis for Students qualification to be awarded is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.



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Date

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ABSTRACT

The purpose of this study was to gain a better understanding of how the provision of housing can influence Local Economic Development. This was done through a study of housing provision in Dunbar, Cato Manor in eThekweni Municipality. While welfare programmes lead to perpetual dependency on government, the study concludes that housing provision linked to Local Economic Development can empower people in an informal economy. This can inform future studies on how the improvement of service delivery can translate into the improvement of the people's lives.

ACRONYMS

ASGISA	Accelerated and Shared Growth Initiative
ATM	Automated Teller Machine
CMDA	Cato Manor Development Association
CEO	Chief Executive Officer
DPLG	Department of Provincial and Local Government
GEAR	Growth, Employment and Redistribution Strategy
IDP	Integrated Development Plan
LED	Local Economic Development
NGO	Non-Governmental Organisation
RDP	Reconstruction and Development Programme
SEDA	Small Enterprise Development Agency

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CHAPTER 1

1.1 INTRODUCTION

The primary goal of the ANC government since 1994 has been to restore the dignity of the previously marginalized people. One of the strategies of achieving this noble goal has been to provide decent shelter to the homeless and to shack dwellers. In 1994 there was a huge backlog of three million homeless people (Bond, 2005:122). Government has been relatively successful in providing shelter as 2.5 million houses have been built thus far (Basson, 2011:2). Despite the success, the number of new home seekers is increasing unabated. Poverty is also very high due to high unemployment.

The research was conducted to investigate the effect of a housing project on Local Economic Development (LED) in the informal settlement of Dunbar in Cato Manor, falling under the jurisdiction of eThekweni Metropolitan municipality in Kwa-Zulu Natal. Observing their living conditions, it became clear that the majority of Dunbar residents still live in absolute poverty. A specific minimum level of income is needed to satisfy basic needs such as shelter, food and clothing in order to ensure continued survival (Todaro, 2009:54). Job creation is central to the improvement of people's lives. According to development economists, the economy is not only measured in terms of growth but its capacity to address socio-economic problems such as poverty, inequality and unemployment (Todaro, 2009:16).

Local Economic Development (LED) is the only realistic development option available for "the poorest of the poor who are marginalized by the western-dominated global economy" (Binns & Nel, 1999:391). LED can potentially help the people of Dunbar to generate some form of income. The problem with the LED strategy in Durban is that it is fragmented, as development programmes involving tourism, the service sector and informal businesses are not coordinated. They are not linked to the municipal Integrated Development Plan (IDP) as each industry is conducting its own activities without aligning them to the eThekweni Integrated Development Plan. To make matters worse, it is the municipality that identifies development projects and communities are passive recipients of municipal services. For example, eThekweni Metropolitan municipality has identified areas of development in order to make Durban a "gateway

to Southern African trade”. Some townships such as Inanda, Ntuzuma, Kwa-Mashu, Mpumalanga and Clermont were identified for development in order to achieve the goal of making Durban ‘investor friendly’ (eThekweni IDP:2012/2013:95). Cato Manor, the subject of this research, is 5km away from Durban but it was not identified for development as part of “Southern Africa’s gateway”.

It is thus the responsibility of Dunbar residents and the greater Cato Manor community to organize themselves in order to influence the direction of LED. The community should identify development projects which can be a ‘hub’ around which all LED projects revolve. Housing projects have the potential of being such a ‘hub’ or ‘driver’ of local development. In 2002, it was stated that there was a backlog of 25000 houses in Cato Manor. The majority of those houses were to be built in Dunbar (Mchunu, 2002:5). Only 7000 houses have been built thus far. There was still a backlog of 18000 houses in 2002 (NB: - currently, there is no data on the number of houses which have been built from 2002 to date). The construction of houses has led to the emergence of a number of construction companies. The provision of housing can attract other businesses as households have other needs. This can happen if education and training are integral parts of development.

The Dunbar residents have been neglected for a long time. Serious intervention will be essential as the lack of economic activity in the area came into existence as a result of colonialism and urban-biased policies leading to high urbanization. Cato Manor was named after the Governor, George Cato who settled in Durban together with other white people at the beginning of the 19th century. Towards the end of the 19th century, Africans from rural areas relocated to Cato Manor in search of jobs in order to pay tax. Urbanization of the African majority continued throughout the 20th century and increased in the 1980s. There was no strategy in place for dealing with this rapid urbanization (Mchunu, 2002:6).

During the 1990s, the Cato Manor Development Association was formed in order to champion the cause of the development of Cato Manor. In 2002, before its dissolution, it came up with development strategies for the improvement of the lives of the people of Cato Manor, and since then, the government has invested substantially in housing the people of Cato Manor. The majority of houses were built in Dunbar due to the severity and seriousness of the problem of homelessness in that area. Despite the

government intervention in Dunbar, most of the residents are still living in absolute poverty. Hence, this study was conducted to identify challenges hampering the creation of sustainable LED, notwithstanding huge investment in the provision of houses. It is maintained by the researcher that strategic housing projects can potentially lead to economic activity in Dunbar.

1.2 THE AIM OF THE STUDY

The study was conducted to explore strategies of generating LED through housing. It also attempted to find out whether the lives of the people are improving as a result of housing projects in Dunbar. The betterment of the people's lives is assessed through the capacity of the residents to access businesses and job opportunities. The perpetual dependency of the RDP homeowners on the government is not the epitome of a sustainable developmental strategy. Binns and Nel (1999:59) argue that development programmes should be aimed at achieving self-reliance; and self-help strategies are regarded as an ideal model of extricating people from the yoke of poverty. Hence, the study intended to identify loopholes in the current housing project hindering the community of Durban from achieving self-reliance and breaking the cycle of perpetual dependence on government.

The findings can be useful for future studies on the same topic as Dunbar is too small to be generalized. The researcher collected first-hand information on the material conditions of Dunbar which is a reflection of the high poverty rate in urban informal settlements in South Africa. Dunbar residents provided the researcher with an opportunity of evaluating the effect of the current housing project.

1.3 THE SIGNIFICANCE OF THE STUDY

The significance of the study is that the information will be available for the policy makers to evaluate the impact of housing on LED in Dunbar. Decision makers should be able to correlate the findings with the needs of other poor communities who are the recipients of RDP houses. Furthermore, the government can use the findings to make an informed decision on whether to retain the current housing and LED policies or formulate new policies, after studying research findings and embarking on further studies on the subject.

eThekweni Metropolitan Municipality can benefit from the findings as it is responsible for the provision of houses in Dunbar and greater Cato Manor. Furthermore, eThekweni Metropolitan Municipality will be provided with an opportunity of comparing the recommendation of Cato Manor Development Association (CMDA) and the findings of the study. Most of the development projects in Cato Manor are taken from CMDA Recommendations (Mchunu, 2002: 10) and the study has the potential of benefitting the Nelson Mandela Metropolitan Municipality as it works in partnership with the Nelson Mandela Metropolitan University Institutional Research Theme of Sustainable Human Settlements.

1.4 RESEARCH PROBLEM

There is a high poverty rate in Dunbar despite the government's massive welfare programme and its investment in housing projects motivated the researcher to seek to answer the question.

- How can housing projects contribute to Local Economic Development in Dunbar? Delpont and De Vos et al (2011) argued that the research problem should provide the study with the opportunity of identifying problems and come up with workable solutions based on measurable outcomes. (De Vos, Strydom, Fouche and Delpont: 2011: 59) Dunbar's close proximity to the researcher and the ongoing housing project presented the opportunity of observing material conditions of both recipients and non-recipients of RDP houses and coming up with workable solutions in the form of recommendations.

1.5 RESEARCH QUESTIONS

The study intended to provide answers to the following questions:

- Do the housing projects lead to sustainable local economic activity?
- How does the housing project influence Local Economic Development (LED) in Dunbar?

1.6 REASON FOR SELECTING DUNBAR

Dunbar was chosen due to its relevance to the study as it consists of both an informal settlement and an RDP housing development; and in addition there are some eThekweni Municipality government LED programmes to address poverty in the area. These conditions provided the researcher with the opportunity of studying these variables. The researcher took the following factors into consideration in choosing Dunbar as the sample:

- Dunbar consists of both recipients and non-recipients of RDP houses; therefore the researcher was able to observe the material conditions of both categories of people
- Dunbar was accessible due to its proximity to the researcher, therefore there are no costs involved in conducting research.
- The availability and willingness of Dunbar residents to take part in the survey was also a reason for the selection of Dunbar.

The community of Dunbar was chosen because it enabled the researcher to examine economic development and the real conditions of the people. The researcher was able to come up with some recommendations in order to influence housing and LED policies to yield positive results in as far as sustainable economic development is concerned.

1.7 OVERVIEW OF THE CHAPTERS

The study consists of five chapters dealing with the different aspects of the research

Chapter 1

The chapter discusses the aims of the study. It also includes the research questions essential in narrowing and sustaining the focus of the study.

Chapter 2

The scope of the literature review for this study includes relevant government policies, publications on Cato Manor projects, and journals reflecting the views of the experts on the subjects of poverty and local economic development.

Chapter 3

This chapter outlines the qualitative and quantitative research methods used in the study. Data collection techniques which include questionnaires, surveys and interviews are explained.

Chapter 4

In Chapter 4, the research findings are communicated. They are mainly based on the fieldwork comprising the views of the research subjects as well as input by experts on the topic under discussion. The chapter also includes the analysis and synthesis of the findings.

Chapter 5

This chapter provides recommendations and conclusions drawn from the findings, as well as from published material and the views of the experts.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

When the ANC government took over in 1994, it was faced with the challenges of high unemployment, poverty, inequality, a huge housing backlog and a lack of economic activity, especially in the informal settlements.

A number of policies have been adopted to address socio-economic problems, namely, the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution Strategy (GEAR) and the Accelerated and Shared Growth Initiative (ASGISA) (Mohr & Siebrits, 2007: 235).

Despite some criticism, the RDP has been relatively successful. Its achievements are as follows:-

- The number of households living in formal dwellings increased from 64% in 1996 to 74% in 2008.
- A significant improvement was recorded in households with clean water as the access to clean water increased from 64% in 1996 to 77% in 2008.
- The number of social grants' recipients increased from 2 million in 1996 to 13 million in 2008 (Basson, 2011:2).

The study intended to assess the effectiveness of housing policy in promoting self-sufficient communities. According to the Head of Research in the Human Settlements Department of the eThekweni municipality (interview, 05/06/2012) one of the indicators of the success of any development programme is its ability to provide additional resources to help households to achieve their educational and employment goals. This means that people should not be dependent on the state or any agent of development for their survival.

Hence, it is important to examine whether development policies are able to generate sustainable economic activities at local level. Most scholars of Local Economic Development stressed the importance of producing people who are responsible for

their own development. This chapter will discuss various theories of development in order to craft an appropriate theoretical framework which can inform the understanding of sustainable LED in Dunbar through housing policy. Furthermore, the study will also examine current housing policies and different approaches to LED.

2.2 NEO LIBERAL VIEWS ON DEVELOPMENT

The ‘father’ of the Neo-Liberal school of thought, Adam Smith, stated that the “invisible hand of the market” will improve the collective welfare of the people (Coetzee,2001:320).This means that economic growth will solve social problems such as poverty, unemployment and shortage of houses. Less government intervention can propel entrepreneurs to venture into the business world and people will benefit by getting jobs and earning an income. People will be responsible for their own welfare such as provision of shelter. In reality, economic growth does not always lead to collective welfare. Sometimes, the country experiences ‘jobless growth’. An advanced economy needs technology and machines which result in massive job losses. Despite this reality, most neo-liberal scholars stress the need for less government intervention in the economy.

2.3 ROSTOW’S STAGES OF GROWTH

Walter Rostow assumed that development goes through five stages (Todaro, 2009:104). Rostow succinctly defines development as a process of becoming modern. He made an assumption that any country undergoes different stages of development, namely, traditional society, the pre-conditions for take-off, take-off, the drive to maturity and the age of high consumption (Todaro, 2009:105).

According to Rostow, the first stage of development is traditional society which is primitive, unskilled and unproductive. Productivity is a pre-requisite for development. This stage can be associated with the origins of the Dunbar community and greater Cato Manor during the times of urbanization. Most of the residents came from the traditional societies of the rural areas of KwaZulu-Natal and they were unprepared for urban life. They lacked the skills required in the advanced economy of the city of Durban due to their lack of formal education. Education equips people with skills in order to participate in society and today’s global economy.

According to Rostow, the movement to the next stage will be brought about by the market alone, without government intervention. The market is profit driven in nature therefore it cannot be responsible for the development of the people. The market can bring about economic benefits such as job opportunities. These opportunities can be accessed by skilled people from the surrounding areas; therefore people in the first stage of development may be 'left behind'. The South African government identifies infrastructure development as a solution to the lack of economic activity. In the 2012 State of the Nation Address president Jacob Zuma said that infrastructure development and extended public works help to solve the problem of unemployment.

There are pre-conditions which hamper the prospects of benefitting from local economic development. The major shortcomings are lack of skills and formal education. The correct application of policies can help the country to reach the 'take-off' stage. During 'take-off', the economy begins to improve. While Rostow did not mention the indicators of the improvement of people's lives during this stage of development, it is clear that the lives of people are showing some signs of improvement due to the application of correct policies. This stage is followed by the drive to maturity. The drive to maturity is characterized by the mobilization of domestic and foreign investment in order to accelerate economic growth (Todaro, 2009:105). In Cato Manor, this stage can be associated with the contribution of the European Union which donated 50 million US dollars in 1997 to the Cato Manor Development Association (Mchunu, 2002: 6). The ultimate goal of development is the achievement of a self-reliant community with each individual being able to take care of his or her welfare.

According to Rostow, the ultimate goal of development is high mass consumption. High consumption will lead to massive production. Low income communities like Dunbar have not reached the stage of high consumption. It is difficult to locate the exact stage of development in Dunbar. The level of development of the people is not the same. Qualitative and quantitative studies show that some people are trapped in the traditional stage of development and they do not benefit from the massive infrastructure development. Policy formulation is not always followed by implementation. South Africa is faced with the challenge of ever-changing policies. The RDP policy was replaced by GEAR. Other developmental policies were ASGISA,

the New Growth Path and the National Development Plan. In an interview, political analyst Ms Lebogang Pheko (*Radio SAFm*: 05/05/2013) stated that some policies are phased out in South Africa having not been implemented; for an example ASGISA is completely 'out of the picture'.

Despite the limitations of the Neo-liberal school of thought and Rostow's 'stages of growth' model, they are underpinning some of abovementioned development policies in South Africa. These schools of thought are contradicted by Dependency Theory.

2.4 DEPENDENCY THEORY

Marxism is a foundation of Dependency Theory. It defines development in terms of unequal power relations between the developed countries which are at the centre and developing countries which are found on the periphery of development. The latter are being exploited by the former. Developing countries can achieve their development after the overthrow of the exploitative and dominant capitalist class (Coetzee, 2001:490). The same model of centre and periphery can be applied within countries, particularly those such as South African which are classified as Newly Industrialized Countries or Middle-Income Countries. Dependency Theory can be used to understand the position of Dunbar residents who are poor and marginalized and therefore are on the periphery, while Durban represents the centre as it is well resourced. Dependency Theory accounts for the material conditions of Dunbar residents who are 5km away from Durban but cannot benefit from economic opportunities accessible to the major metropolitan area. Hence Ms Pheko (*SAFm*: 05/05/2013) said that informal settlement residents will always be 'on the periphery', if there is no coordinated and strategic intervention.

To make matters worse, there is no hope that these people will benefit from the major infrastructure development initiatives announced by president Jacob Zuma, such as the new corridor between Durban and Gauteng, in his 2012 State of the Nation address (eThekweni Municipality:IDP:2012/2013:94). A project of this nature needs skills and information. People will benefit if they receive skills and information

The study is not wholly influenced by either the neo-liberal or the dependency school of thought. Pragmatism recognizes the prospect of partnerships between the state, the private sector, the community and educational institutions.

2.5 A COMPREHENSIVE PLAN FOR HOUSING DELIVERY

In addition to macro-economic policy, housing policy in South Africa has undergone significant changes since 1994. 'Breaking New Ground' is a paradigm shift from the RDP Housing Framework. According to the eThekweni Metropolitan Municipality, the purpose of providing RDP houses was to alleviate poverty by giving people decent shelter and to help the communities to generate some form of income during the construction of houses.

Breaking New Ground seeks to build a single residential property market to reduce the barrier between the first and second economy (Human Settlements, 2010:01) The RDP strategy partially contributed to unsustainable LED because it built low cost residential areas not linked to the property market. Speaking on *IgagasiFm*, the independent political analyst, Mr Protas Madlala (06/06/2012) stated that poor and uneducated people were housed together in the low cost houses, therefore reducing their buying power. Initiatives of the Department of Human Settlements such as the linking of housing to access to other amenities such as roads, parks, bridges, schools, clinics and business opportunities can break the cycle of poverty.

Rives and Heaney suggested the integration of point infrastructure and network infrastructure as a solution to underdevelopment (Rives &Heaney, 1995: 59). Point infrastructure consists of the underlying core amenities within a particular community and it supports economic activities within a particular community. Network infrastructure constitutes systems designed to facilitate linkages between economic units across space such as highways and railways.

There is a close link between housing and infrastructure bearing in mind that the newly created Human Settlements Department no longer limits housing to provision of shelter but links it to other amenities such as infrastructure. Furthermore, both point and network infrastructure can increase the scope of LED through housing for Dunbar residents. Network Infrastructure can help low income residents, such as Dunbar

residents, to benefit from major infrastructure development programmes such as the expansion of Durban in order to make eThekweni metro a 'gateway to Africa' (eThekweni Municipality, DP:2012/2013:96).

The success of LED is not only dependent on BNG and IDP but also incumbent upon the theoretical framework underpinning development strategy, because development strategy is influenced by the theoretical framework chosen by policy makers.

2.6 PREVIOUS STUDY ON LED IN CATO MANOR

The research by the Cato Manor Development Association (Mchunu, 2002) is the only study on the development of Cato Manor including Dunbar. The study on LED in Cato Manor is complemented by both the international and national approaches to LED. In line with the aim of the World Bank with regard to LED, the South African policy on the same subject, referred to as the Local Economic Development manual series (DPLG, 2000) stipulates that the purpose of LED is to build up economic capacity of a local area. LED encompasses a range of disciplines, including physical planning, marketing and economy.

South Africa LED policy is linked with the Washington consensus school of thought which recognizes a role to be played by both the state and private sector in building local economic capacity. (DPLG:2000:02) Human settlement development acknowledges that the state has to create a conducive environment for investment. CMDA tried to implement these ideas by working with all the state holders to promote entrepreneurship through housing.

There has been an attempt at local economic development in the study area, led by the CMDA which was established in 1990 in order to promote development in Cato Manor. Later, it operated in terms of eThekweni Integrated Development Plan (IDP) and was funded by the European Union. The chairperson of the defunct Cato Manor Development Association (CMDA), Mr. Willis Mchunu, used a participatory approach to address the challenges of LED in Cato Manor. In his report, he stated that training should be central to development strategies (Mchunu, 2002:08).

According to his report, people were trained in construction-related courses such as block making, mortar making, plastering and painting. The training was facilitated by a local NGO, called Intuthuko Junction. Despite this intervention, most of the businesses established by the CMDA initiatives failed to go beyond the survivalist stage in Cato Manor (Mchunu, 2002:08).

The loophole was that other essential skills in running a successful business such as financial management, marketing, book keeping and literacy were not an integral part of Mchunu's work with the CMDA.

The CMDA was defunct by 01 April 2002 because eThekweni municipality felt that the former had finished its task of coordinating LED in the area; therefore the latter would take over by implementing those resolutions. The on-going housing project is partly funded by eThekweni municipality and partly by the European Union (Mchunu:, 2002:02).

2.7 CONCLUSION

South Africa's LED policy is neither influenced solely by neo liberal nor dependency theory scholars; it recognizes the importance of co-operation between the state and the private sector in promoting LED. The study seeks to move away from the premise that LED provides short term benefits which are unsustainable (Binns&Nel, 1995:391). The study examined the prospects of linking housing to point infrastructure and network infrastructure (Rives & Heaney, 1995: 375). The former can absorb novice entrepreneurs whereas network infrastructure can help medium and big businesses to generate income.

Furthermore, new business entrants can also benefit from network infrastructure as it increases business opportunities. There is also potential for progression for business opportunities within the community in point infrastructure as a result of network infrastructure.

CHAPTER 3

RESEARCH DESIGN

3.1 INTRODUCTION

The focus of the study is the residents of Dunbar, one of the sections of Cato Manor, in Durban. This chapter deals with the research methodology and the methods employed in this study. The discussion focuses on the following aspects of research design: the research paradigm; methodology; the sample; research instruments; and negotiating the undertaking of the study.

3.2 RESEARCH PARADIGM

This is a qualitative, empirical research study that investigated a contemporary housing policy and its effect on LED using an explanatory, descriptive style of case study. The study falls into a critical paradigm and was approached from the 'learning in socio-economic context' perspective. The critical paradigm seeks to give the previously marginalized people a voice. The study critically examined current policies and recommended some changes to the status quo.

This was done by comparing the views of the beneficiaries of policies to those of the policy makers.

3.3 RESEARCH METHODOLOGY AND METHODS

The choice of case study methodology was informed by the nature of the study whose purpose was to explore the impact of current housing policies on Dunbar residents. The study employed qualitative methods to explore residents' experiences of housing and LED projects. Qualitative method was chosen for its suitability for the exploratory research. (Vos, Delport, Fouche and Schurink, 2011:308) A qualitative method tests people's values or social values and method of collecting data for this type of study is usually practical. The researchers went into the field to interact with residents. Through the participants' responses and through observing their standard of living, the study got a first-hand account of the living conditions of Dunbar residents. The findings necessitated an in-depth analysis of the impact of housing policy on LED in Dunbar.

The views of key informants were useful in getting clarity on the topic under discussion. The study also employed a household survey method for qualitative assessment of the conditions of households in Dunbar.

3.4 THE RESEARCH POPULATION

The case study involved a research population made up of the following: a representative sample of residents of a section of Dunbar; a sample of contractors involved in housing provision; and selected key informants.

The household survey was conducted with a sample of 60 out of 1000 households drawn from the residents of Dunbar. The study was interested in comparing the material conditions of non-recipients of RDP houses to those of RDP homeowners. Some 30 households were selected from the approximately 500 non-recipients of RDP houses while the other 30 households were selected from 500 RDP home-owners. The research subjects were selected from the section known as 'New Dunbar' which started in the year 2000. ('Old Dunbar' was built from 1994 to 1999. The shortage of land led to the identification of the new area for housing project and that area is unofficially known as 'New Dunbar'). 500 RDP houses have been built and the project is on-going (interview; 05/06/2012). The residents on the housing list who have not yet received houses are living across the road in relation to the RDP houses. Every fifth household participated in the study to ensure reliability and validity of the findings. The inclusion of both kinds of residents was useful in determining whether the current housing policies and LED were able to contribute towards the generation of economic activities. The success of the policy is judged by its ability to produce self-reliant people.

The nature of the study necessitated the inclusion of a sample of the contractors involved in the construction of RDP houses in Dunbar. Contractors include people who are sub contracted by the big construction companies and the eThekweni Municipality who are responsible for building RDP houses in Dunbar. The researcher interviewed 20 of the approximately 80 contractors. (There is no reliable source of the exact number of contractors in the area). Contractors were selected using convenience sampling. 20 contractors were in addition to the sample of 60 households. The contractors are coming from Cato Manor

The researcher also made use of key informant interviews to gather additional data. He solicited the views of two Human Settlements Department policy makers in the eThekweni metro. Other key informants included a curriculum specialist, a conveyancer and financial advisors. The conveyancer and the curriculum specialist represented different tertiary institutions, the eThekweni FET and the University of Kwa-Zulu Natal. All participants were assured of confidentiality.

3.5 RESEARCH INSTRUMENTS

Data collection is an integral part of the study. Therefore the instruments are important for this goal. The data collection schedule is presented in the table below:

Table 3.1: Household Survey

Stage	Method	Participants	Time frame	Kinds of data collected
1	Note making	All participants	2 months	Qualitative
2	Photographic	20 participants	2 months	Qualitative
3	Questionnaire	All participants	2 months	Qualitative

Table 3.2: Contractors

Stage	Method	Participants	Time frame	Kinds of data collection
1	Note making	20 contractors	1 month	Qualitative
2	Questionnaire	20 participants	1 month	Qualitative

Table 3.3: Key Informants

Stage	Method	Participants	Time Frame	Kinds of Data Collected
1	Interview	All participants	1 month	Qualitative
2	Questionnaire	All participants	1 month	Qualitative

3.5.1 Note making

Use of note making as a data collection method required the researcher to take notes as the participants answered questions. In this case study participants, especially experts, were required to answer questions as the researcher asked them. The researcher wrote short notes on which he would expand later during his spare time. This was done as part of ethical considerations as respondents were not comfortable with audio-visual recording.

3.5.2 Photographs

Photographs were taken by the researcher in order to show the quality of houses built for people and the condition of shacks for non-recipients of RDP houses. This exercise was important to show the quality of houses of the recipients and non-recipients of the RDP houses. The researcher documented the outside of buildings due to the reluctance of the participants to show the inside of the houses. Some of the participants would not let the researcher take photographs of the houses.

3.5.3 Questionnaire

All groups of respondents answered questions based on the relevant questionnaire (see Appendices.)The questionnaire is the most useful data collection instrument because it gives the study a focus (Hall and Hall, 1996:98)

Key informants were asked both structured and unstructured questions. The former were used because they are easy to analyse, whereas the latter can help the

researcher to get more clarity on 'grey areas'. All the key informants expected the researcher to take notes as they answered questions.

The household survey was conducted through the use of a questionnaire (Appendix). Questions were short and unambiguous. Household heads answered the questions in the questionnaire for themselves. They asked for the assistance from their children or neighbours in the event of being illiterate. Questions were structured and the researcher translated questions into IsiZulu for those who did not understand.

3.6 NEGOTIATING UNDERTAKING OF THE STUDY

Access was relatively easy because the residents, including households and contractors, live in the same area as the researcher. The challenge was to solicit the views of the key informants.

These people are working therefore it was difficult to solicit their views. Appointments were made with two Human Settlements Department officials on different dates and at different venues because their offices are located in different areas.

3.7 ETHICAL ISSUES

This study strictly adhered to the ethical principles of research by (i) explaining the nature of the study to the participants(ii) also explaining that the participation in the study was voluntary and there were no material benefits for participating in it and (iv) assuring the participants of the confidentiality.

Furthermore, the study followed the Nelson Mandela Metropolitan University Protocol for getting the permission to submit.

CHAPTER 4

FINDINGS AND ANALYSIS

4.1 INTRODUCTION AND BACKGROUND TO THE STUDY

This chapter is a synthesis of the data produced by this case study, which produced a range of findings that were used to answer research questions directed to research subjects, namely households, contractors, Human Settlements Department officials, legal and curriculum experts and financial advisors. The first step in the analysis of the responses was to examine the characteristics which include amongst other things, family size, household income, education level and ages of the respondents obtained from the survey of both non-recipients and RDP homeowners, and combine this with findings from observation. These indicators are important in determining the success of any developmental policies. Most developmental policies, including LED, are aimed at poverty reduction. The level of poverty is closely related to family size and level of education. The views of the experts in different fields were useful in corroborating the data obtained from the fieldwork. Analysis of the findings from all the interviews helped to arrive at an explanation for the lack of economic activity in Dunbar.

4.2 SOCIO-ECONOMIC STATUS OF DUNBAR RESIDENTS

The following section uses the data obtained from the household survey to describe the situation of the residents of Dunbar. It gives a demographic and income profile of the Dunbar community, and provides a comparison between those residents who have benefitted from the RDP housing project, and those who are living in shacks and are still on the waiting list.

4.2.1 Age of respondents

Table4.1: Age of RDP Homeowners

AGE	%
20 – 29	20
30 – 39	50
40 – 49	20
50 – 59	07
60 – 69	03

Table 4.2: Age of Non-recipients/ people on waiting list

AGE	%
20 – 29	22
30 – 39	63
40 – 49	12
50 – 59	01
60 – 69	02

The above table shows that the majority of the RDP homeowners are in their 30s.

The number of RDP homeowners is lower among the older age groups as 7% and 3% respectively are in 50s and 60s. As people grow older they go back to the rural areas once they reach retirement age. Most people need houses for economic reasons such as being close to their places of work. Some of them sell their houses when they reach retirement age or leave houses for their grand-children who come to urban areas in search of jobs after finishing secondary education.

The official from the Human Settlement Department linked the higher demand for housing to the failure of 1994 policies to produce self-reliant people who can provide shelter for themselves. She argued that people who are in their 20s and 30s would have been able to pay for shelter or rent flats if they came to urban areas equipped with skills needed in the job market. These people did not suffer that much from apartheid policies. They would not struggle for a long time to find jobs and then become a burden to the state, if the education system of South Africa prepared them for the job market.

The findings of the non-recipients of RDP houses are more or less the same as those for recipients of the RDP homeowners as shown in Table B. The majority of the non-recipients are in their 30s.

4.2.2. Income

Table 4.3: Income of RDP Homeowners

Income in Rand per month	% of Households
250- 500	17
501-750	05
751-1000	18
1001-1250	10
1250-1500	12
1501-1750	22
1751 - 2000	03
2001 - 2250	03
2501 - 2700	10
2701-3000	00

Table 4.4: Income level for the non-recipients of RDP houses

Income in rand per month	% of households
250-500	20
501-750	20
751-1000	23
1001-1250	17
1251-1500	10
1501-1750	04
1751-2000	03
2001-2250	02
2251-2500	01
2501-2750	00
2751-3000	00

One can deduce from the above tables that Dunbar is a low income area. According to the housing policy in South Africa, R3500 per month is the threshold income below which the prospective RDP owner is allowed to apply for the full government housing subsidy. All households surveyed in Dunbar have an income below this threshold. Not even a single household has an income above R3000 a month.

The World Bank measures absolute poverty using 1 US dollar a day by converting a US dollar to local currency through purchasing power parity. Two US dollars a day is used to measure relative poverty [Todaro, 2009:58]. According to this definition of absolute poverty, 1US dollar is approximately equivalent to R9 a day, which is equivalent to R 270 per month. It is worth noting that World Bank measures the individual income not household income. For an average household of five people, the

income below which the family is considered to be in absolute poverty, is R 1 350 per month. According to this measurement, 65% of Dunbar residents live in absolute poverty.

To make matters worse, most of the Dunbar households have large extended families relying on one income. People of Dunbar are likely to fall into absolute poverty due to the high risk of the loss of income should the bread winner lose a job or die.

The tables of household income of both the recipients and the non-recipients of RDP houses show that all the Dunbar residents belong to the low income group. The noticeable difference between the non-recipients and the recipients of RDP houses is that a far higher percentage of the non-recipients are living in absolute poverty. If R 1 250 is taken as the level below which the household is living in absolute poverty, then 50% of the RDP recipient households have an income below this level. However, fully 80% of the non-RDP households had an income below R 1 250 per month. In addition, 10% of the RDP households had an income over R 2 500 while only 2% of non-recipients of RDP housing had an income over R 2 500. The relative poverty measure as indicated above would be equivalent to R 2 700 per month per household.

These household income tables are significant, as they indicate that RDP housing beneficiaries, while still living in relative poverty, have moved out of absolute poverty compared to those who have not benefitted from the housing project.

4.2.3 Family Size

Table 4.5: Family size of RDP Homeowners

No of family members	1-4	5-9	10-14	15-19
%	40	35	20	5

The rapid urbanization and lack of housing has led to overcrowding in Dunbar. This is aggravated by large family size with between 10 and 14 family members in many RDP houses. This reduces space for any economic activity. Some households identified the

shortage of space as a serious challenge hindering the prospects of starting a business.

Table 4.6: Family Size of non-recipients of RDP Houses

No. of family members	1-4	5-9	10-14	15-19
%	19	42	30	9

One can deduce from the family size of the non-recipients of the RDP houses that they have even bigger families than the RDP recipients. This situation aggravates the economic woes of the people. Relying on one income or no income at all can lead to social ills such as prostitution, diseases, hunger, violent behaviour and other problems. Financial assistance alone not accompanied by other interventions such as population reduction strategies will not help. To make matters worse, the education level of both RDP and non-recipient of RDP houses is low.

4.2.4 Education level

Table 4.7: Education level of RDP Homeowners

Education level	No education – grade 2	Grade 1-3	Grade 4-6	Grade 5-7	Grade 8-10	Grade 11-12	Short training	Tertiary education
%	13	7	20	20	10	12	13	5

Table 4.8: Education level of the non-recipients of RDP houses

Level of education	No education – grade 2	Grade 1-3	Grade 4-6	Grade 5-7	Grade 8-10	Grade 11-12	Short training	Tertiary education
%	11	7	22	20	8	12	15	5

From the above tables representing RPD homeowners and non-recipients, it is clear that Dunbar residents in general do not have a high level of education.

Only 13% of the population received short training and 5% tertiary qualifications among the RDP homeowners. Out of the population of 30 non-recipients of RDP houses, only 5 % has tertiary education. 15 % have special training such as painting, bricklaying or clerical work in the private colleges for 6 months. Both non-recipients of RDP houses and RDP homeowners are suffering from educational poverty. Both of them have low level of education. This implies that educational poverty is related to the lack of local economic development in Dunbar. The education specialist Mary Metcalfe (*SAFM*, 06/10/2012) said that South Africans with Grade 12 certificates are not ready for the job market as South Africa's education system is rated lower than that of other African countries in terms of the acquisition of literacy. From all these findings, it can be deduced that the low level of education is a major stumbling block to LED.

It is clear that the contribution of the housing project to local economic development in Dunbar is hampered by the low level of entrepreneurial skills. Entrepreneurial and technical skills can help people to benefit from opportunities created through housing projects such as providing building materials made locally such as bricks and window frames. Technical skills can help people to provide services such as pipe fitting, electrical fitting and other services. The benefits will "trickle down" to the poorest of the poor as the increase of business opportunities will lead to the employment of many people.

4.2.5 The link between the housing projects and economic opportunities in Dunbar

The study found that the material conditions of the RDP homeowners are better than those of the non-recipients. The former have an access to essential services such as water, electricity and sanitation whereas the latter have no access to those services. They collect water from the communal taps.

The housing project in Dunbar contributes to local economic development to a certain extent as 30% of RDP homeowners rent out certain rooms to tenants (see Figure 2 below) whereas only 10% of the non-recipients earn a living through this practise (see Figure 1 below). The former's rent is higher has most of them charge R500 a month as opposed to R250 for the latter's shacks. 35% of RDP homeowners and 50% of the

non-recipients rely on social grants for survival. This means that dependence on government for survival is higher among the non-recipients compared to RDP homeowners. Most of the non-recipients earn a living through self-employment as 20% of them are running small businesses such as tuck shops, selling fruit and vegetables, hawking and other businesses as opposed to 15% of the RDP homeowners who are self-employed. The businesses of the non-recipients are smaller than those of the RDP homeowners, for example, their tuck shops sell fewer items. Some of those items are repackaged by the seller to accommodate people who cannot afford the normal size of those items; for example, sugar is put in a small plastic and sold for R3.

20% of both these groups of residents earn a living through casual jobs in the construction industry around the area, or they are employed as domestic workers. None of them are involved in running construction related businesses; the contractors are coming from other parts of Cato Manor. This implies that the housing project in Dunbar is not contributing to the creation of entrepreneurs who will venture into the construction business.

4.3 ECONOMIC OPPORTUNITIES OF HOUSING PROJECTS IN DUNBAR, AND CHALLENGES FACED BY CONTRACTORS AND RESIDENTS

The researcher interviewed contractors who are building houses in Dunbar who are locally based. Contractors include small construction firms which are responsible for building RDP houses in Dunbar. Twenty contractors were identified among the population of approximately 80 contractors. Two out of the twenty contractors attributed most of their problems to the lack of funding. Most of the commercial banks asked for collateral before they would grant contractors a loan. Development Bank loans and National Empowerment Fund loans are not accessible to people at grassroots level. Five contractors identified the lack of market for their product as a stumbling block. They are producing blocks but during the construction stage, blocks are procured instead from Jabula hardware, a big local hardware supplier.

Ten contractors complained that financial institutions required a business plan. Contractors felt that the business plan required by the banks was very complicated. Hence, they had to solicit the services of consultants who were very expensive for an

unemployed person who wishes to venture into the business. It is difficult to pay a consultant. If there is no business plan, there is no opportunity of applying for financial assistance. The high level of illiteracy and poor education retard the prospects of compiling a complicated business plan. The remaining three contractors stated that developmental institutions including Ithala Development Bank and commercial banks do not fund prospective entrepreneurs who want to venture into the RDP property businesses.

In order to explore the challenges raised by the residents and contractors, it was necessary to solicit the views of the experts in different disciplines. The researcher tried to seek clarity from financial institutions with regard to business loans. According to the financial adviser from the commercial bank the problem was not lack of funding, but could be attributed instead to the lack of business idea. Loans are sometimes given to people who do not have collateral, although commercial banks do have a responsibility to lend responsibly. The financial advisor also stated that development institutions do not have inflexible borrowing procedures, unlike commercial banks whose borrowing ratio is 1:10. Development Institutions like Ithala Development Bank operate on the ratio of 5:10. This means that the bank can continue functioning even if 50% of their clients fail to pay back the loan. The institutions are funded by government and they are developmental in nature.

On interviewing a conveyancer, the researcher discovered that most of the financial institutions cannot fund the RDP homeowners in the current form. The conveyancer argued that section 26 of the Bill of Rights regards access to shelter as a fundamental right. Some people may sell their RDP houses and become homeless again. The official said that government builds houses for R100 00 to R125 000. She believed that RDP houses can be used as collateral when applying for business loans related to construction.

4.4 DISCUSSION OF FINDINGS

The aim of the research was to find out whether the provision of houses did have any effect on local economic activities in the area. In addition to the collection of data through the household survey, the researcher observed the target group in the area in

order to ensure validity and reality of the findings. Observation included seeing the material conditions of the people.

In summary, some of the economic benefits of housing projects are specific to those who are beneficiaries of RDP housing. One of the main sources of income for the RDP homeowners is to rent out certain rooms to tenants in order to get money, despite the fact it is not permissible by law to do so (see Figure 2 below). This means that the ownership of the RDP houses helps to generate additional income, or in some cases it may be the only source of income. The families are able to increase their buying power. The major sources of income in the area are social grants, renting out of rooms to tenants, low paying jobs such as domestic worker, and self - employment such as ownership of tuck shops and selling fruit and vegetables in containers or on the street.

The practice of renting out certain rooms is also done by the shack owners (see Figure 1 below). It is tentatively argued on the basis of the fieldwork that the advantage of renting out RDP rooms is that they are relatively more expensive than shacks. The researcher also noticed a high demand for temporary accommodation during the weekends as households cannot accommodate all their relatives who attend funerals, weddings and other traditional ceremonies.

During the construction stage, there are certain economic opportunities created through the housing project. Firstly, both the non-recipients and RDP homeowners do benefit economically as they are employed as labourers.

Secondly, there is a high demand for consumer goods in the local shops, spaza shops and other businesses, especially during the weekend, as workers in the local construction projects are paid on Fridays. Taverns were also full. A number of people were employed even in the non-construction business. This was done to cater for the high demand for consumer goods. Even though there is no reliable employment data in the area, it is clear that the provision of houses leads to increased economic activity in the area and reduced unemployment rate. Francis Barker (Barker: 2007:10) stated that high economic activity leads to a higher demand for labourers. This increased economic activity benefits both categories of respondents, RDP housing beneficiaries and non-beneficiaries.

The problem with the construction industry is that economic benefits are temporary in nature, as both the contractors and their employees are affected upon the completion of the project. Once the housing project is resumed in future, economic activity will be rejuvenated. The researcher noticed that the culture of the lack of savings also affects the construction business. Most of the contractors bought expensive cars during the construction project. Some of those cars were repossessed by the banks once their businesses were no longer active. Speaking on *Ukhozi FM* (06/04/2013), the former chairperson of the Black Management Forum, Mr Don Mkhwanazi stated that saving is very important in any business. Furthermore, he stated that business people should invest one third of the income for the growth of the business; another third should be utilized for increasing workers' productive capacity. The remaining third should be used for the remuneration of the workers, including the employer.

From the above findings, it became clear that the provision of houses can play a pivotal role in generating sustainable local economic development. There are some adjustments to the current housing policies which have to be made. There are also other business practices which will have to be implemented. The provision of houses can be the hub around which other developmental initiatives may be launched, provided that the recommendations in the next chapter are implemented.

FIGURE 1: DUNBAR SHACKS AND BACKYARD TENANTS



FIGURE 2: DUNBAR RDP HOUSE AND BACKYARD ROOMS FOR TENANTS



CHAPTER 5

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1 INTRODUCTION

There is a high level of poverty in South Africa, despite some successes at macro level such as price stability, financial sector stability and relatively economic growth. Poverty is closely linked with unemployment. Some analysts argued that poverty is not that high if social grants are taken into cognizance in measuring poverty (Donnelly, 2013:13). In an interview (*SABC1*, 17/02/2012) President Zuma stated that the number of social grant recipients is increasing unabated; 15 million people are on social grants. This study comes to the conclusion that LED can potentially solve the problem of over-reliance on social grants. However, LED in its current fragmented form cannot help Dunbar residents to find employment. Hence, the study came up with some recommendations.

5.2 RECOMMENDATIONS

5.2.1 Recommendations in relation to contractors

According to the Human Settlements Department official, it is an undeniable fact that the people of Dunbar have benefitted immensely from the delivery of houses. These benefits include, among other things, access to shelter, clean water and sanitation. Furthermore, some RDP home owners are getting temporary jobs as the housing projects are on-going. The contribution of housing projects to LED in Dunbar is limited to temporary economic benefits because the project's workers become unemployed once the project is finished or stopped. Other local businesses such as shops, tuck shops and taverns are also affected as the demand for goods and services decreases when the project is finished. The primary aim of the study was to explore strategies of generating LED through housing projects. The study identified bottlenecks in the housing projects hampering progress especially among the contractors.

The study showed that the majority of Dunbar residents are illiterate and semi-illiterate. Hence the study strongly recommends that education should be central to LED

projects in order to create self-reliant contractors. Local tertiary institutions such as eThekweni FET and the University of Kwa-Zulu Natal should be involved in offering literacy programmes for contractors and other local business people. The programmes should include numeracy, literacy and other business related skills such as book keeping, financial management and entrepreneurial skills.

The CMDA Training programme did not include some skills essential for running a successful business. From the contractors' responses, one can deduce that the lack of entrepreneurial skills was a major stumbling block. One cannot succeed in any business without financial management skills. Despite some loopholes in policy making and policy implementation, the researcher found that lack of financial management has partly resulted in the failure of some contractors to sustain their businesses. Many of them spent their income on consumer goods instead of re-investing in the business and thus being able to succeed without government tenders in the future. According to the financial adviser most of the businesses failed to go beyond the survivalist stage as a result of inability to exist without government tenders.

Despite the criticism of over-dependence on government for the survival of their businesses, it is worth mentioning that government intervention is essential in the infancy stage of the business. The Dunbar residents are on the periphery of development. Dunbar residents have not reached the self-reliant stage and they can be considered to be at the 'pre-condition for take-off' stage.

Government intervention should be aimed at producing a conducive environment for emerging contractors to operate, rather than producing contractors who rely on the government for survival in business. All the post-1994 Ministers of Finance have alluded to the fact that the low level of savings is a drawback to economic growth. In the 2011 budget speech, Mr Gordhan proposed the introduction of compulsory saving.

The study recommends that contractors are targeted for compulsory savings, because housing is a major developmental project in Dunbar and in the rest of South Africa. This will enable the contractors to have sufficient income for venturing into other future business prospects without government assistance. Furthermore, this can help the country to generate future revenues for spending, in order not to rely on foreign borrowing. The implementation of these recommendations will lead the fulfilment of

the aims of the study which is the betterment of the people's lives. The improvement of the businesses of the contractors will "trickle down" to both RDP homeowners and non-recipients as the majority of them will be absorbed into the LED job market.

5.2.2 Recommendations in relation to households and local economic development

The study found that 30% of the RDP homeowners have seen a move out of absolute poverty through renting out certain rooms or backyard rooms to tenants. Rent for RDP houses is higher than that for the non-recipients who rent out shacks, due to the better quality of the former's rooms and access to essential services such as water and electricity. Only 10% of the non-recipients have seen a move out of absolute poverty. RDP houses are also used for other businesses such tuck shops or selling of vegetables.

The study envisages the prospect of households investing in other property-related business in the area due to the proximity of Dunbar to Durban. With training on running other property-related businesses, some households can turn their houses into informal guest houses, and target those people who need accommodation on a temporary basis and who cannot afford the high tariffs in town. The aim of producing self-reliant people can be achieved as more people will sell their labour for survival instead of relying on government social grants.

There is high demand for temporary accommodation in Dunbar due to the culture of black people such as the hosting of traditional ceremonies, weddings, funerals and other functions. Some families can not accommodate all their relatives and are not able to afford the expensive tariffs in the formal guest houses in town. They can afford the low tariffs in the area. In order for this to be an effective LED strategy, the regulations will have to be relaxed for RDP houses to be used for business purposes. If this is implemented, such households will have more money to spend on consumer goods, and spaza shops and other businesses will grow. The property market will become a hub of economic development. The buying pattern will be consistent throughout the month, unlike the current situation, where the buying power increases at the month end associated with the payment of social grants. The demands for goods will in turn absorb more labour in the production of consumer goods (Barker, 2007:56).

Local Economic Development thus also has the potential of changing the apartheid economic structure, according to which workers live far away from their place of work. The current situation reduces workers' real wages, as a high proportion of wages is spent on transport to and from work.

LED in addition generates economic activity in the community which may reduce poverty and improve the standard of living of the low income residents. According to the CEO of SEDA, the integration of different income levels in one residential area can help to increase the buying power of the previously marginalized black communities. There are other further business opportunities to be used for LED. People can invest in property. Some people will be able to renovate or build double storey houses. Thereafter they can generate an income by venturing into the property market through renting their premises. This has a potential of attracting professionals such as lawyers, medical doctors, dentists and other professionals who can rent rooms for business purposes in order to avoid paying high rent in towns.

Through property investment by improving their RDP houses, Dunbar residents will be able to reduce poverty and become middle class consumers. People will develop themselves without having to overthrow the capitalist class as dependency theory suggests. Other social ills such as poverty and crime can be reduced. Parents will be able to afford to pay for the education of their children. The cycle of poverty where poor parents, who are dependent on government for livelihood through housing subsidies and social grants, produce children who are poor and in turn rely on government for survival, will be broken.

As noted by the conveyance, the provision of RDP houses is related to the Constitution of the country. Section 26 of the Bill of Rights clearly articulates that the right to shelter is of paramount importance. Hence, the destitute who cannot afford decent shelter for themselves are provided for by the state. People are not allowed to sell RDP houses in order to prevent the abuse of the system. Despite this challenge, the study recommends that people should be allowed to use their RDP houses as collateral for applying for business loans. To avoid the possibility of abusing the system, checks and balances can be put in place, such as the creation of a board which will facilitate this process. The board can play the role of helping people to produce water-tight

business plans and come up with strategies to prevent the sale of RDP houses for getting money quickly.

Given the high level of poverty, Dunbar residents are vulnerable to shocks. This may lead to the repossession of people's houses in the event of defaulting on loans. The 'fast-tracking' of giving homeowners title deeds, will be a prerequisite for the successful execution of this strategy. Currently, it takes more than 8 years for homeowners to receive title deeds.

Hence, the study recommends the inclusion of the conveyancers during the planning stage so that RDP homeowners can enjoy the ownership of the houses from the onset. The study also recommends the establishment of a community bank. This bank can play the role of offering business loans, educating people about informal property business and inculcating the culture of saving. Government developmental institutions can also fund the community bank. Another source of funding can be big companies, as the law stipulates that 3% of their income should be used for LED projects as part of corporate social investment. Community banks can encourage the culture of saving. The current situation encourages spending over saving, for example, all big supermarkets in the area have ATMs for withdrawing money for spending, but there are no saving facilities.

These interventions will help to increase the number of entrepreneurs in the area. The increase of entrepreneurs will lead to the increase of employment. The increase of employment will reduce inequality, poverty and dependence on social grants which is burdensome to the state. Notwithstanding the usefulness of social grants on the reduction of inequality, it is not sustainable over a long period of time, especially if productivity does not increase. Inequality is not a serious problem in Dunbar as the majority of people are equal in poverty. There are very few rich people; currently Dunbar is an epitome of what Bond referred to as "class apartheid" (Bond, 2005:253). Sustainable LED can pull people out of 'class apartheid' to economic freedom. Some scholars argue that LED is characterized by survivalist tendencies. Those scholars lose sight of the fact that some cost factors are lowered as both employers and employees do not spend a lot of money on transport.

Furthermore, the study believes that the change of some policies and strategic interventions can help businesses to go beyond the survivalist stage. The correct implementation of these recommendations can increase the number of contractors and innovative business people. The current situation produces households who are dependent on employment. The few contractors rely on government tenders and are not innovative enough. Contractors compete for tenders in the communities where they live. Once the project is completed they are out of business. Hence, the study recommends that the mandate of the councillor has to be changed from being responsible for governance at local level, to the development agents being responsible for driving LED. One of the strategies of driving LED should be an encouragement of experienced contractors to participate in network infrastructure, where they participate in other projects outside the community linking local economic activities to the major economic activities in the city, such as the building of canals and railroads. (Rives & Heaney, 1995:60)

Contractors should also not rely on government tenders; they can enter into partnership with the private sector. This will help to increase the market for their product, as 20% of the contractors complained of the lack of market for their products.

Furthermore, Dunbar decision-makers should encourage emerging contractors to work in collaboration with big business; for an example, big hardware suppliers such as Jabula and Bassa must be forced to procure a certain percentage of products from local producers such as block makers. According to the official from the Human Settlement Department, big business should not only procure from local producers but should also be required to help them with quality assurance, because some of their products are of poor quality.

Lastly, the study strongly recommends that family planning campaigns should be run in the area in order to solve the problem of overcrowding which reduces the space for LED. However, this is a long term measure to control the relentless increase of the population.

5.3 CONCLUSION

The South African government has made some strides in reducing poverty through the provision of some services such as housing, sanitation, water and social security grants. The problem is that most of these benefits are temporary in nature. People only find jobs and business opportunities during the implementation of the housing project. Once the project is finished people become unemployed and others are out of business.

Local Economic Development can play an important role in the improvement of the lives of the people. Policy makers need to change the mind-set of the people that LED is a 'last resort' of economic activities. The better coordination of housing projects with other LED programmes can lead to economic growth in Dunbar. The problem is that current LED programmes are implemented in a fragmented way. The linking of housing and LED can boost other businesses in the area, which can in turn enjoy a high demand for their products. Better coordination will help people to graduate from dependency to an economy based on high production and consumption, which will usher in a period of self-reliance. Dunbar residents will, through embracing such a strategy, be able to reduce poverty in real terms.

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APPENDICES

APPENDIX1: Interview Schedule for Households

FILL IN THE FOLLOWING PARTICULARS OF YOUR FAMILY

Number of family members:

Age of the respondent:

Monthly income:

How do you earn a living?:

Highest standard passed:

Have you ever received any training during the building of houses?:

.....

Name the type of the training:.....

Answer open-ended questions

1. What need to be changed about the current housing policy?

.....

.....

2. How can those problems be solved?

.....

.....

APPENDIX2: Questions for contractors and other construction related business people:

1. What is the major challenge in this industry?

.....
.....

2. Does a lack of funding affect your business, and if so, how?

.....
.....

3. How can the market for your business be increased?

.....
.....

APPENDIX 3: Ethics Clearance



FORM E

ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

Please type or complete in black ink

FACULTY: SCHOOL OF ECONOMICS, TOURISM AND DEVELOPMENT

SCHOOL/DEPARTMENT: DEVELOPMENT STUDIES

I, (surname and initials of supervisor) _____

the supervisor for (surname and initials of candidate) MR S J S

LANGA (student number) 210232668

a candidate for the degree of MA DEVELOPMENT STUDIES

with a treatise/dissertation/thesis entitled (full title of treatise/dissertation/thesis):

THE CONTRIBUTION OF HOUSING PROJECTS TO LOCAL ECONOMIC DEVELOPMENT: THE CASE OF DURBAN
CATO MANOR

considered the following ethics criteria (please tick the appropriate block):

	YES	NO
1. Is there any risk of harm, embarrassment or offence, however slight or temporary, to the participant, third parties or to the communities at large?		X
2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		X
2.1 Are subjects/participants/respondents of your study:		X
(a) Children under the age of 18?		X
(b) NMMU staff?		X
(c) NMMU students?		X
(d) The elderly/persons over the age of 60?		X
(e) A sample from an institution (e.g. hospital/school)?		X
(f) Handicapped (e.g. mentally or physically)?		X

3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		X
3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		X
4. Will the participant's privacy, anonymity or confidentiality be compromised?		
4.1 Are you administering a questionnaire/survey that:		
(a) Collects sensitive/identifiable data from participants?		X
(b) Does not guarantee the anonymity of the participant?		X
(c) Does not guarantee the confidentiality of the participant and the data?		X
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		X
(e) Will create doubt whether sample control measures are in place?		X
(f) Will be distributed electronically via email (and requesting an email response)?		
Note		
• If your questionnaire DOES NOT request respondents' identification, is distributed electronically and you request respondents to return it <i>manually</i> (print out and deliver/mail); AND respondent anonymity can be guaranteed, your answer will be NO .		
• If your questionnaire DOES NOT request respondents' identification, is <i>distributed via an email link and works through a web response system (e.g. the university survey system)</i> ; AND respondent anonymity can be guaranteed, your answer will be NO .		

Please note that if **ANY** of the questions above have been answered in the affirmative (**YES**) the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.


and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required

SUPERVISOR(S)

DATE

HEAD OF DEPARTMENT

DATE



09/01/2014

STUDENT(S)

DATE

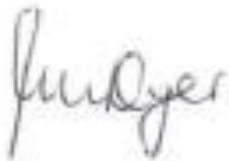
Please ensure that the research methodology section from the proposal is attached to this form.

APPENDIX 4: Letter from Language Editor

22 The Highlands
Barney Road
Broadwood
PORT ELIZABETH
26 April 2014

To whom it may concern:

This is to confirm that I have proofread Sithembiso Justice Langa's guided research, *The effect of housing on local economic development in Dunbar*, and have made corrections, suggestions and comments for his attention.



JM Dyer
Phone number: 041 368 5910
Cell Number: 082 9555 163
e-mail: judy.dyer@501.co.za

APPENDIX 5: Questions for empowerment institutions

- 1. What is the difference between your funding model and those of the commercial banks?

.....
.....

- 2. What is the major challenge you face in funding the construction industry?

.....
.....

- 3. Is there anything that needs to be changed about the current funding model?

.....
.....

APPENDIX 6: Questions for the official at Ethekwini FET College

1. What role do you play in preparing the people of Dunbar for taking part in business opportunities created during the housing projects?

.....
.....

2. Are there any loopholes which you can identify in your curriculum in relation to housing?

.....
.....

3. Do you have short term courses designed for the unskilled labour force in the construction industry?

.....
.....

APPENDIX 7: Questions for Conveyancer

1. Are there any legal implications for using government low-cost houses as collateral when applying for business loans?

.....
.....

2. What can you recommend as a solution to legal impediments in order effect the idea of using low-cost houses as collateral?

.....
.....

APPENDIX 6 : Questions for Government Officials

1. What is the impact of housing on Local Economic Development?

.....
.....

2. In your view, how can the provision of houses influence LED?

.....
.....

3. How does the Human Settlements Department intend to address bottleneckshindering LED (If there are any bottlenecks)?

.....
.....