Resource Report 5:

Research into Landlords in Inner Cities

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in Association with CSIR Built Environment

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Reports produced as part of the Housing Entrepreneurs Research Project:

Final Reports:

Research Report: Consolidated analysis of research into Small Scale Landlords and Home Based Entrepreneurs (April 2006)

Small Scale Landlords: Research Findings and Recommendations (3 May 2006)

Home Based Entrepreneurs: Research Findings and Recommendations (to be released in July 2006)

Resource Reports

Literature Review

Resource Report 1: Literature review of Small Scale Landlords (6 February 2006)

Resource Report 2: Literature review on the financial needs and products available to Small Scale Landlords and Entrepreneurs from Commercial Banks. (6 February 2006)

Resource Report 3: Literature review on entrepreneurship, housing and housing finance (6 February 2006)

Resource Report 4: Literature review on Home Based Entrepreneurs (6 February 2006)

Small Scale Landlords

Resource Report 5: Research into Landlords in Inner Cities (6 February 2006)

Resource Report 6: Research into Landlords in Townships (6 February 2006)

Resource Report 7: Research into Successful Landlords (6 February 2006)

Resource Report 8: Research into Service Providers in respect of Small Scale Landlords (6 February 2006)

Resource Report 9: Research into Public Sector Stock (6 February 2006)

Home Based Entrepreneurs

Resource Report 10: Research into Home Based Entrepreneurs (6 February 2006)

Resource Report 11: Research into Successful Entrepreneurs (6 February 2006)

Resource Report 12: Research into Service Providers in respect of Entrepreneurs (6 February 2006)

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1 Introduction

Finmark Trust, the Social Housing Foundation, Nedbank and the Gauteng Department of Housing have appointed Shisaka Development Management Services in association with the CSIR to undertake research into 'Housing Entrepreneurs'. Housing Entrepreneurs are defined as small scale landlords and entrepreneurs who operate or use their house as part of their business activities.

The purpose of the research is to understand **how housing and housing finance can be used as a tool to promote the emergence and growth of entrepreneurs and small scale landlords**. Specifically the study aims at:

- **Identifying the housing finance interventions** necessary to build an entrepreneurial and small scale landlord sector in low income areas.
- Developing **appropriate information products and tools** to assist emerging entrepreneurs and landlords in their efforts at becoming housing entrepreneurs.
- Focusing on the potential for small scale entrepreneur landlords to be the model for dealing with **difficult to transfer state owned stock**.
- Understanding the key issues which would support a **productive relationship between the landlord and the tenant** in the small scale sector in the mutual interests of both parties.
- Inform policy and strategy directions so as to facilitate **better access to housing investment opportunities for either entrepreneurs or small scale landlords**, such as are already being realised in the middle and upper income sector of South Africa.

This report forms part of Phase 1 of the research and comprises research into **Landlords operating in two inner city areas** (Hillbrow/Berea in Johannesburg and Sunnyside/Tshwane Central in Tshwane). This report comprises an analysis of the detailed research findings which are set out in Annexure A as a separate report. This research comprises one component of the overall research being undertaken which includes**:**

- Research into Landlords operating in Townships
- Research into Successful Landlords
- Research into Home Entrepreneurs

This report includes:

- Methodology of the research
- Key findings

2 Methodology

The research required a scientific valid study of Landlords in two Inner City areas in Gauteng to be undertaken through personal interviews with a statistically valid sample of small scale Landlords and their Tenants respectively. Small scale Landlords were defined as a Landlord who rents out between 1 and 200 units or up to 3 buildings.

Given the budget and time constraints of the research it was not possible to record a full census, as this would have required screening the entire area at each study site to identify all the Landlords and Tenants living in each area. Accordingly the sample strategy adopted in undertaking the research was as follows:

- **Study areas** were defined.
- Each study area was divided into **clusters and a random sample of clusters was selected**
- A screening process of selected clusters was undertaken to establish an **accurate sample frame.**
- From the sample frame the Landlords identified were categorised. A **sample of Landlords** was selected from each category either on a random basis or the whole category identified was interviewed (this depended on the number of Landlords in the category). A sample of Tenants was then randomly selected from the Landlords interviewed.
- Personal interviews were undertaken of the selected Landlords and Tenants. **Data collection and capturing** was undertaken.
- The data was **analysed.**

This process is outlined in more detail below.

2.1 Areas selected

Two areas were selected based on anecdotal evidence and previous research which suggested that the areas would provide a rich source of Landlords and Tenants. The areas chosen were:

- Hillbrow/Berea in Johannesburg
- Sunnyside and Tshwane Central in Tshwane

2.2 Establishing a sample frame

The sample frame was established as follows:

- **Screening process**: A sample was drawn in each study site for screening purposes on the following basis:
    - The borders of each selected area were defined.
    - Stand maps were obtained for each area, and the maps divided into equal blocks which were numbered.
    - A random number of blocks were drawn.
    - All buildings (i.e. all residential flats) and stands (i.e. residential dwellings) included or partially included in the block were included in the screening interviews.
    - Screening interviews were then undertaken whereby each dwelling or unit in the block was visited to obtain information about whether Tenants are renting the unit or not, if they do rent to whom do they pay rent and the contact details for the Landlord. A copy of the screening interview can be seen as Appendix I.
    - Screening took place after hours and weekends to allow for maximum availability of residents. Each unit was visited as least 3 times in the event of the occupants not being found at home.
    - If there were insufficient Landlords identified through the blocks selected, then additional blocks were added. This occurred in Sunnyside where the borders were broadened to include Tshwane Central.

  Using this process, information was obtained from the occupants of a total of 2620 units/stands.
- **Screening results: The results of the screening process were as follows:**
    - Of the occupants living in the 2620 units/stands, 558 were owners of the property and 2062 were tenants. Of the tenants 1158 were in Tshwane and 904 were in Johannesburg.
    - The tenants identified the following categories of Landlords:

- **Visible Landlords**: A visible Landlords is defined as a Landlord who has a direct and visible relationship with the tenants, but does not stay in the same unit. A total of 742 units with Visible Landlords were identified, with some overlap where a Landlord who rents out more than 1 unit was identified by tenants in 2 or more units.
- **Visible Subletting Landlords:** A visible Subletting Landlord is defined as a Landlord who rent out a room or a bed in the same unit in which s/he lives. A total of 619 units with Visible Subletting Landlords were identified.
- **Invisible Landlords:** An invisible Landlord is defined as a Landlord that does not interact directly with tenants but uses a Managing Agent or other means to interface with tenants. A total of 701 units with Invisible Landlords were identified.

Table 1 below provides a summary of the screening results by area. These results comprised the sample frame.

Table 1: Screening results by area – sample frame

AREA	Landlord Classification	Number	Total
Tshwane	Units with Visible Landlords	462	**1158**
	Unites with Visible Subletting Landlords	447	
	Units with Invisible Landlords	249	
Hillbrow/Berea	Units with Visible Landlords	280	**904**
	Units with Visible Subletting Landlords	172	
	Units with Invisible Landlords	452	
Overall total			**2062**

2.3 Sample selection

The sample was selected on the following basis:

- **Visible Landlords:** Of the 742 units that identified Visible Landlords all were contacted telephonically to determine if they were Small Scale Landlords (as defined above). Of the

total, 200 Landlords were disqualified as they did not fulfil the definition as they owned more than 200 units.

- **Visible Subletting Landlords:** A random sample of these Landlords was drawn from each area.
- **Invisible Landlords**: Due to the nature of these Landlords, it was very difficult to find them. This is in accordance with international experience (see Resource Report 1). The following procedures were undertaken in order to try and make contact with these Landlords:
    - The screening process had provided either the name of a Managing Agency or the Tenant indicated that they did not know the Landlords name and only paid the rent into a bank account. Where information on the Managing Agency was provided, these were contacted and requested to provide details on the Landlord.
      However all Managing Agencies refused this request on the basis that there is an ethical code between the Agent and the Landlord not to divulge any personal information on the Landlord to anyone.
    - A deeds search was then conducted on the relevant properties. These searches provided names for buildings and sectional title units in most instances. Sectional title units could however not be traced by unit number, because the Deeds Register's Sectional Title numbering of the units did not correspond with the actual unit number.
      The search yielded names of either a person or company but no contact details. Accordingly the Telkom directory was used to obtain contact details for either the person or the company or the auditors of the company. In the case of sectional title units all the names for all the units were searched for a Telkom number. This method did not prove very successful and less than a quarter of names or companies were listed in the Telkom directory. Where contact details were obtained the person or company was contacted to determine if they were appropriate to be interviewed. This process resulted in the following:
        - In most instances where Landlords were traced the person or the company was not eligible to participate in the study because they owned more than 200 units.

- Of those who did qualify some did not make use of a Managing Agent. These landlords were interviewed and included in the "Visible landlord" sample.
- A number of landlords, had already been interviewed.

Hundreds of phone calls were made in respect of this tracing procedure. Each traced telephone number was phoned during office hours, after hours and twice over a weekend to try and establish contact. Despite the time consuming and expensive efforts, the success rate was limited. This category of Landlord remains underrepresented in the sample (less than 10 landlords using Managing Agents/Bank Accounts were found)

- Given the small number of Landlords identified through the deeds search it was decided to draw a random sample of 50 units and interview the listed Managing Agents to obtain information about the unit, and not any personal identifying information about the Landlord. Seven Managing Agents were cooperative and were interviewed about the randomly selected units. Questions focused on the managing strategies followed for the unit, problems experienced and the nature of the relationship between the Agent, the landlord and the tenants. Some demographic information was also obtained about the unit.

  The researchers do not claim that the research results reported in this document about Invisible Landlords using a third party (the Managing Agents) as the source for the information is ideal. It is acknowledged that many of the Agents interviewed reported "acceptable and correct practices" rather than the reality. However given the obstacles, the survey results provide valuable insights into the nature of this previously "invisible" and "unknown" Landlord. The data should thus be interpreted as initial explorative in nature and further research should be conducted to confirm and elaborate on these findings..

- **Tenants:** A random sample of 125 tenants was drawn from the sample of Landlords interviewed. 23 tenants were sampled from units that have Invisible Landlords and 102 from the Landlords that were interviewed in the Landlord survey.

Table 2 below provides a summary of the number of Landlords and Tenants interviewed by category of Landlords and area.

Table 2: Summary of the number of Landlords and Tenants interviewed

Type	No identified through screening	Number interviewed		
		Tshwane	Johannesburg	Total
Visible Landlords	742	33	59	92
Visible Subletting Landlord	619	30	58	88
Invisible Landlord	701	3	4	7
Invisible Landlord (interviewed via Managing Agents)		25	25	50
Tenants (of Landlords interviewed)	2062	50	75	125
Total	2062	141	221	362

2.4 Interviewing, data collection and capture

- **Questionnaire development**: One questionnaire was developed for Landlords (regardless of the category) and one questionnaire for Tenants. The questionnaires used can be seen in Annexures B and C. The final questionnaires were piloted in the field and final adjustment made before fieldwork commenced.

- **Fieldwork training**: Fieldworkers were trained for specific tasks. All staff that participated in the survey were trained and evaluated for quality. The training was conducted by professional and experienced researchers and included constant evaluation and feedback.

  Training not only focused on the conceptual understanding of the questions in the questionnaire, but also an often-neglected aspect, the answer categories provided in the

questionnaire. Conceptualising answers and choosing the correct answer category formed an integral part of the training.

Interviewing skills were also important for the purpose of this survey, with emphasis on all aspects related to interviewing. Interviewers were also be sensitised to the subject matter.

Monitors were trained with emphasis on aspects like general management skills, conflict resolution and specific skills of monitoring the questionnaire or sample.

Steps for data collection was emphasized during interviewer training. It further emphasized the manner in which the interview was to be conducted and the way in which completed questionnaires should be verified.

- **Data collection**: A layered supervision structure was applied that allows both a direct hands-on approach to the management of fieldworkers, as well as a co-ordination system, which manages on a wider spectrum. This approach promotes the quality of the sample realization. A co-ordination system ensures that fieldwork is done within a given time frame, and within a given budget.

  Methods and procedures were followed for daily questionnaire verification and feedback to interviewers. Procedures were also described to follow in the case where interviewers need to return to the household to rectify mistakes or complete missing information.
- **Data capturing**: A database was developed in Epi-Info that specified field limitators to ensure the accuracy of the data entering. The completed data set was checked and discrepancies verified against the actual questionnaires. Data was not weighted back at this stage and reported as separate categories of landlords.

2.5 Analysis

2.5.1 Landlords

After extensive analysis of the data it was determined that the categorisation used in respect of sample selection (Visible, Visible Subletting and Invisible Landlords) was not useful in terms of data analysis. Accordingly the categorisation of the Landlords was revised into the following five types of Landlord categories:

- **1-Unit landlord**: A 1-unit landlord is a defined as a landlord who has legal title to one unit that s/he rents out and has a direct relationship with his tenants. He does not stay in the same unit.
- **2+Unit landlord**: A 2+unit landlord is a defined as a landlord who has legal title to more than one unit (but less than a building) that he rents out and has a direct relationship with his tenants. He does not stay in the same unit.
- **Subletting landlord**: A subletting landlord is a defined as a landlord who has legal title to a unit and he rents out part of the unit. Such a Landlord has a direct relationship with his tenants. He also stays in the same unit.
- **Building landlord**: A building landlord is defined as a landlord who has legal title to a building with residential units that he rents out to tenants. He has a direct relationship with tenants. The main survey identified only 4 of these landlords (Building landlords that owned more than 200 units were excluded from the study because they were not considered small scale landlords which were the focus of the study). The data for these 4 landlords are reported in the tables to indicate the category of landlords but it is the opinion of the researchers that because it is not a statistical valid sample size the data cannot be used.
- **Landlord that uses a Managing Agent**: This category of Landlords uses a Managing Agent and is subdivided into:
  - Unit Landlord A unit landlord that uses a Managing Agent is a defined as a landlord who has legal title to units that he rents out, but he does not have a direct relationship with his tenants, but uses a Managing Agent to interface with the tenants. He does not stay in the same unit.
  - Building landlord: A building landlord is defined as a landlord who has legal title to a building with residential units that he rents out to tenants. He does not have a direct relations hip with tenants but uses a Managing Agent to deal with the tenants.

The number of Landlords included in the analysis in respect of each category is detailed in Table 3 below

Table 3: Number of Landlords by category

	1-Unit Landlord	2+ Unit Landlord	Subletting Landlord	Building Landlord	Total
Hillbrow/Berea	37	23	58	2	**120.0**
Pretoria	18	16	31	2	**67.0**
Total	**55**	**39**	**89**	**4**	**187.0**

The data analysis does not show a total for the combined results. The sample was stratified to include a third of subletting landlords, a third of landlords with a direct relationship with their tenants and a third of landlords that have an indirect relationship with their tenants (through managing agents). In order to provide a representative sample, the stratified sample needs to be weighted back to the actual numbers of these 3 groups of landlords.

Through the difficulties explained above, the research could not conclude with certainty the number in each of these landlord categories, and especially the lines distinguishing between landlords with a direct relationship with their tenants and landlords with an indirect relationship was not always exactly clear. It is the opinion of the researchers that it will be more accurate to report the categories as separate groups, rather than a combined whole weighted back to assumed and possible inaccurate numbers.

2.5.2 Tenants

The data in respect of tenants was analysed in respect of two categories:

- Tenants who rent part of a unit
- Tenants who rent an entire unit

2.6 Limitations of the research

A number of constraints emerged during the research that have implications for the analysis and interpretation of the data as follows

- Only 4 Landlords who own 1 to 3 buildings were identified. This is not a statistically valid sample and therefore while the findings in respect of these Landlords are reported they can only be taken as being indicative.
- Although the sample size reported on in respect of Landlords owning units is small, the data's validity is high because it represents a small universe.
- The sample size of Landlords using Managing Agents is insufficient to provide any certainty of the findings. The data can be further questioned because information about these Landlords was obtained from a third party (the Managing Agent). Further research is necessary on these Landlords. The limited information however is deemed useful in the absence of any other information

3 Key findings

3.1 Types and profile of Small Scale Landlords

3.1.1 Types of Small Scale Landlords

As detailed in Section 2.5 above five categories of Small Scale Landlords were identified in the two Inner Cities study areas namely:

- 1 Unit Landlords
- 2 plus Unit Landlords
- Subletting Landlords
- Building Landlords
- Landlords using a Managing Agent

This categorisation is made on the basis of the amount of stock being rented and the relationship the Landlord has with his/her tenants.

A total of 2062 units or stands with rental stock were visited in the two selected inner city areas namely Tshwane and Hillbrow/Berea. Table 4 shows the percentage of landlords identified in respect of each category by geographic area.

Table 4: Types of inner city Small Scale Landlords

Type	% of sample		
	Tshwane	Hillbrow/ Berea	Total
1 Unit Landlord	20	26	23
2+ Unit Landlord	17	16	17
Sub-letting Landlord	34	**40**	38
ilding Landlord	2	1	2
Landlords using Managing Agents	27	17	21
Total	100	100	100

On the basis of the above table it is evident that :

- There are very few Building Landlords (2%)
- Most Landlords are Sub-Letting (38%)
- There are a similar number of 1 Unit (23%), 2+ Unit (17%) and Landlords using Managing Agents (21%)
- The dispersion of the categories of Landlords in the two areas is similar

3.1.2 Profile of Small Scale Landlords

3.1.2.1 Landlords owning 1 Unit

- **Demographic profile**: Many of the Landlords owning 1 Unit are male (60%). Their average age is 36 years. The majority are African. They are well educated with most (75%) having matric or above. Incomes are low with 63% of the sample earning below R3000. Just over half (58%) are formally employed on a full time basis. Most (73%) live in the same neighbourhood as the unit which they are renting out.
- **Operate as a business: While most Landlords owning 1 unit have been doing so for a reasonable period of time, the business is operated informal and is not profitable for most**. Landlords owning 1 Unit have on average being renting out the unit for 4 years. Many (67%) manage the property themselves. The majority (86%) have not registered the business and do not keep financial records (96%). Most (93%) do not employ any other people. Just over one third (32%) said that they made money, while a quarter (25%) lost money.
- **Entrepreneurship: Approximately half of the Landlords owning 1 Unit are entrepreneurial, renting the unit to make money or as an investment**. Over one third of Landlords (38%) purchased the unit (as opposed to lease or inherited). For just under half the motivation was either a long term investment (40%) or for just over half to earn cash on a monthly basis (56%). Just over half (56%) continue to be a landlord because they need the money. Most (91%) do not have another business.

  Just over half (56%) would like to acquire more stock that is a flat (60%). The majority (91%) would like to finance the stock with a loan from the bank , but just over half (58%) believe that this will be difficult.

3.1.2.2 Landlords owning 2+ Units

- **Demographic profile**: Many of the Landlords owning 2+ Units are male (64%). Their average age is 41 years. The majority are African. They are well educated with most (62%) having matric or above. Incomes are higher than Landlords owning 1 Unit with just over half of the sample (54%) earning below R3000. Just over half (54%) are formally employed on a full time basis. Most (67%) live in the same neighbourhood as the unit which they are renting out.
- **Operate as a business : Most Landlords owning 2+ Units have been doing so for a reasonable period of time, the business is operated informally and is profitable for many.** Landlords owning 2+ Units have on average being renting out the units for just over 5 years (5,2). This is slightly longer than those Landlords who own 1 Unit. Many (62%) manage the property themselves. The majority (90%) have not registered the business and do not keep financial records (97%). Most (92%) do not employ any other people. Many (61%) said that they made money, while a quarter (24%) lost money.
- **Entrepreneurship: Approximately half of the Landlords owning 2+ Units are entrepreneurial, renting the unit to make money or as an investment**. Less than one half of Landlords (44%) purchased the unit (as opposed to lease or inherited). For just under half the motivation was either a long term investment (45%) or for half to earn cash on a monthly basis (50%). Just under half (41%) continue to be a landlord because they need the money. Most (75%) do not have another business.

  Many (64%) would like to acquire more stock that is a flat (38%) or a house (17%). The majority (82%) would like to finance the stock with a loan from the bank , but many (69%) believe that this will be difficult.

3.1.2.3 Subletting Landlords

- **Demographic profile**: Approximately half of the Subletting Landlords are male (53%). Their average age is 32 years. The majority are African. They are well educated with most (70%) having matric or above. Incomes are low with 76% of the sample earning below R3000. Under half (43%) are formally employed on a full time basis.

- **Operate as a business: While most Subletting Landlords have been doing so for a reasonable period of time, the business is operated informally and is not profitable for most.** Subletting Landlords have on average being renting out the unit for 4 years. All manage the property themselves. The majority (96%) have not registered the business and do not keep financial records (96%). Almost all (99%) do not employ any other people. Just over one third (32%) said that they made money, while just under a quarter (45%) lost money.
- **Entrepreneurship: Some of the Subletting Landlords are entrepreneurial, renting the unit to make money or as an investment**. Only 7% of Subletting Landlords own the unit with most leasing the unit. For just under half the motivation for Subletting is either a long term investment (45%) or to earn cash on a monthly basis (49%). Just over half (58%) continue to be a landlord because they need the money. Most (93%) do not have another business.

  Many (69%) would like to acquire more stock that is a flat (58%). The majority (89%) would like to finance the stock with a loan from the bank , but believe that this will be difficult (79%).

3.1.2.4 Landlords owning a Building

While the sample of Landlords owning a Building is not statically valid the following is an indication of this category of Landlord:

- **Demographic profile:** Most are male (75%). Their average age is 58 years. They are well educated with all having matric or above. Incomes are higher than the other categories with only one quarter of the sample earning below R3000. Only a quarter are formally employed on a full time basis. Only one quarter live in the same neighbourhood as the building which they are renting out.
- **Operate as a business: Landlords owning a building have been doing so for longer than any of the other categories of Landlords, the business is formal and is profitable for most**. Landlords owning a Building have on average being renting out the unit for 8,5 years. None manage the property themselves, using a caretaker. The majority (96%) have registered the business and keep financial records (96%).

Only one quarter (25%) do not employ any other people. Most (75%) said that they made money, while a quarter (25%) lost money.

- **Entrepreneurship: Most of the Landlords owning a Building are entrepreneurial, renting the unit as an investment.** All of the Landlords purchased the unit (as opposed to lease or inherited). For all the motivation was a long term investment. Just over half (50%) continue to be a landlord because they need the money. Most (75%) do not have another business.

  Most (75%) would like to acquire more stock that is a flat (100%). All (100%) would like to finance the stock with a loan from the bank , but half (50%) believe that this will be difficult.

3.1.2.5 Landlords using Managing Agents

Given the 'invisible' nature of these Landlords there is very limited information about them. Nevertheless what was determined is as follows:

- Some own Units and other Buildings.
- Many of those owning Buildings are corporate entities.
- In respect of those owning Units most (67%) are male, their average age is between 36 and 55. One of the most distinguishing factors of these Landlords is that the majority are White.
- All use a caretaker to manage the building.

3.1.2.6 Comparative analysis and conclusions

A comparative analysis of the different categories of small scale Landlords in the two Inner City areas comprising the study is shown in Table 5 below.

Table 5: Comparative analysis of categories of Small Scale Landlords in Inner Cities

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
Profile	% male	60	64	53	*75*	67	0
	Age (mean)	36	41	32	*58*	36-55	-
	Race	Majority African	Majority African	Majority African	-	Majority White	-
	% matric or above	75	62	70	*100*	-	-
	% who have an income above R3000	37	46	24	*75*	-	-
	% who are formally employed full time	58	54	43	*25*	-	-
	% who live in neighbourhood	73	67	100	*25*	-	-
Operate as bus	Av no of years renting out researched stock	3,8	5,2	4,0	*8,5*	-	-
	% who manage property themselves	67	62	100	*0*	-	-
	% who use a caretaker	16	5	0	*100*	100	100
	% who's business is not registered as a business	86	90	96	*0*	-	-
	% who do not have financial record	96	97	96	*0*	-	-
	% who do not employ people	93	92	99	*25*	-	-
	% who made money	32	61	33	*75*	-	-
	% who lost money	25	24	45	*25*	-	-
Entre-preneurs hip	% who have another business	9	15	7	*25*	-	-
	% whose motivation is long term investment	40	45	45	*100*	-	-
	% whose motivation is cash on a monthly basis	55	50	49	*0*	-	-
	% who bought unit	38	44	7	*100*	-	-
	% who became a landlord because they need the money	56	54	58	*0*	-	-
	% who continue to be a landlord because they need the money	56	41	45	-	-	-

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Buildi ng	Managing Agent	
						Unit	Build-ing
	% who continue to be a Landlord because it is a good investment opportunities	18	41	24	*50*	-	-
Expan-sion/ future plans	% who would like to acquire more stock	56	64	69	*75*	-	-
	% who would like to acquire a house	24	17	22	*0*	-	-
	% who want to acquire 2 or more flats	60	38	58	*100*	-	-
	% who would finance new stock with a loan from the bank	91	82	89	*100*	-	-
	% who believe it will be difficult to get a loan	58	69	79	*50*	-	-

On the basis of the above table and analysis the following can be concluded:

- The Small scale Landlords operating in the two Inner City areas comprising the study can be **categorised into five types:**
  - Subletting Landlords
  - Landlords owning 1 Unit
  - Landlords owning 2+ Units
  - Landlords owning a Building
  - Landlords who use a Managing Agent.
- **Not all of the small scale Landlords are entrepreneurial** and only some of them are investing and taking risk and wanting to expand their rental portfolios.
- There is evidence that such Landlords **would benefit from a financial product** to assist them in increasing their rental portfolios. However particularly in respect of Subletting and Unit Landlords, the high levels of informality of the business and low levels of profitability, indicate that such financial support **must be provided together with business support services,** that will assist them in managing their stock in a business like and profitable manner. This is in accordance with the findings of the international review (see Resource Report 1).

- The different categories of Landlords appear to require different degrees of support as follows:
  - **Subletting Landlords and Landlords owning 1 Unit and 2+ Units** seem to require high levels of technical support. With respect to Unit Landlords, most are formally employed using the income from the rental stock to supplement their income. They live in the same neighbourhood as the unit and manage it themselves. They operate the business informally and only some are making money from the business.

    Subletting Landlords are younger have lower incomes and less are formally employed. Almost all lease the property they are renting out. Some appear to be entrepreneurial, but they do not have sufficient capital to purchase their own property. They also operate informally and about one third are making money. They all manage the property themselves.
  - **Landlords owning a Building and Landlords using Managing Agents** seem to require less support. While the data from the Building Landlords is indicative only, it would appear that they are older and have higher incomes. Less are employed formally which could suggest that they are able to earn sufficient income from their Landlord activities. They do not manage the property themselves and less live in the same area as the property being rented out. Their businesses appear to be formal. Significantly more are entrepreneurial and most are making money form their Landlord activities.

    Landlords using Managing agents are either corporate entities or individual owners. Of the individual owners the majority are white and therefore different from the tenants renting their units, which could suggest why they are 'invisible'. None manage the property themselves using a caretaker.

- The data suggests that a **ladder of growth could be occurring** with respect to small scale Landlords in that:
  - Subletting landlords are younger and have less income
  - Landlords with 1 unit are slightly older and have more income

- Landlords with 2+ units are even older, have more income and more are making money.
- Landlords with buildings are even older and have the greatest income and most are making money.

This does suggest that as the more entrepreneurial Landlords become successful in a particular category and acquire more income and experience, they move to the next category thus moving from subletting, to 1 unit to 2+ units to a Building. However this must be interpreted with care as the international review (see Resource Report 1) clearly indicates that entrepreneurs do not move easily from one rung of the ladder to the next, they often move backwards and forwards, or may skip a rung or experience failure

3.2 Operating procedures of Small Scale

The operating procedures of the Small Scale Landlords surveyed are shown on a comparative basis in Table 6 below in terms of the following categories:

- Financial management
- Rental collection
- Problems with rental collection
- Evictions
- Service charges and problems thereof
- Maintenance
- Demand and finding new tenants

Table 6: Comparative analysis of the operating procedures of Small Scale Landlords in two Inner City areas

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
Financial manage-ment	Average amt of rent charged pm for unit	1038	1053	898	*1183*	1701	1755
	Total monthly income from all rental stock before expenses	R501-R1500 (49%)	R1001-R5000 (66%)	R501-R1500 (49%)	*R10000+ (75%)*	-	-
	% with total monthly expenses for unit < R1000	61	73	45	*100*	-	-
	% who take deposit	40	51	29	*100*	100	100
	% who take 1 month rent as deposit	59	65	69	*50*	33	0
	% who take more than 1 month rent as deposit	23	15	12	*50*	67	100
Rental collection	% who charge rental monthly	96	100	99	*100*	-	-
	% who provide written invoice	24	46	23	*75*	-	-
	% who provide written receipt	26	56	27	*50*	-	-
	% where tenants pay rent to landlord/ caretaker/collector	56	72	78	*0*	33	0
	% where rent is paid into bank account	38	26	21	*100*	67	100
Problems Rental collection	% who have had problem collecting rent	27	28	23	*100*	40	30
	Main problems experienced with rent collection	Late payment, missed rental payments, part payment of rent				-	-
	How rent collection problems are dealt with	Talk to tenant, Eviction, Written warning				-	-
	% who turn off electricity	6	17	5	*50*	-	-
Evictions	% who have evicted a tenant	18	28	20	*100*	13	55
	Main reason for evicting	Did not pay rent	Did not pay rent	Did not pay rent	*Did not pay rent*	-	-
	Main process followed	Written warning then eviction			*Other*	-	-

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
	% who did not experience problem with eviction	78	80	78	*33*	-	-
Service charges	% who include services in rent	60	77	64		-	-
	% who charge separate	36	8	29	*75*	-	-
	% charges pd to elect comp	4	15	7	*25*	-	-
	% who use metered electricity	90	100	100	*100*	-	-
	% who use meter to calculate water charges	85	100	89	*67*	-	-
Problems with service charges	Actions taken when tenants are in arrears with service payments	Turn of services, Written warning, Evict				-	-
	% who have had a problem of tenant moving out and leaving high service bill	6	21	16	*50*	-	-
Mainte-nance	% who have done maintenance to unit or building	40	51	19	*75*	-	-
	Kind of maintenance work done	Regular painting, Fix plumbing, Fix damage Structural				-	-
	% who undertook maintenance to improve value of unit	43	45	53	*0*	-	-
	% who undertook maintenance to keep unit in good condition	52	45	29	*67*	-	-
	% who undertook maintenance themselves	42	46	44		-	-
	% who outsourced maintenance	31	26	36	*75*	-	-
Demand and	% who believe it is easy to find tenant	62	72	66	*100*	-	-

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
finding new tenants	How tenant were found	Asked by tenant Advertised Friend/family referred Referral from previous tenant				-	-
	Whether location makes it easier to rent out	67	80	79	*100*	-	-
	Factors influencing ease of renting unit	Close to transport, shops/schools Affordable rental				-	-
	Factors making it difficult to rent out	Loud neighbourhood, small unit Rent is high, poor condition, far from transport				-	-
	Main qualities of a good tenant (order of priority)	Employment in formal sector, employment in any sector, male				-	-

On the basis of the above Table the following is evident in respect of the operational procedures of Small Scale Landlords:

- **Financial management** : All of the Landlords in the study rent out and receive a monthly rental for their units. On average Landlords using Managing Agents are receiving **higher rentals per unit** (R1701 to R1755) than Building Landlords and Unit (1 and 2+) and Subletting Landlords (R898 to R1183). **Subletting Landlords charge the lowest rentals** (R898) probably related to the amount of space being rented out. The **amount of income earned from the rental stock increases with the amount of stock being rented out** with for example 2+ Unit Landlords generally earning between R1000 and R5000 and Subletting and Unit 1 Landlords generally earning between R501 and R1500.

  All Building Landlords and Landlords who use Managing Agents take a deposit. This deposit is generally more than 1 month's rent. This is less the case in respect of Unit Landlords (1 and 2+), where less than half (40% and 51% respectively) take a deposit and Subletting Landlords where less than a third (29%) take a deposit. These types of Landlords generally require 1 month's rent as the deposit.

  Most Landlords incur less than R1000 expenses for the unit per month.

- **Rental Collection**: All categories of Landlords charge rental on a monthly basis. Fewer than a quarter of Subletting (23%) and 1 Unit Landlords (24%) provide written invoices and fewer than half of 2+ Unit Landlords (46%). Most Building Landlords (75%) provide written invoices.

  Approximately half of Building Landlords (50%) and 2+ Unit Landlords (56%) provide a written receipt, while less than a quarter of Subletting (27%) and 1 Unit Landlords (26%) provide such a receipt.

  Rental is paid predominantly into a bank account in respect of Landlords using Managing Agents (67-100%) and Building Landlords (100%), while Subletting (56%) and Unit Landlords (72 – 78%) generally use personal collection (cash paid to landlord, caretaker or collector).

- **Problems with Rental Collection**: Subletting (27%) and Unit Landlords (1 and 2+) (23-28%) have less problems collecting rent than Building Landlords (100%) and Landlords using Managing Agents (30-40%). This could be the result of the more personal relationship which the former have with their Tenants.

  The main problems experienced by all Landlords to a greater or lesser extent is late payment, missed rental payments and part payment of rent. Rent collection problems are dealt with through talking to the tenant, written warning and eviction. Only a small percentage of Subletting (6%) and Unit Landlords (5-17%) turn of electricity to address the problem of the non payment of rental. This approach is used more extensively by Building Landlords (50%). Again this could be the result of a more personal relationship which the former Landlords have with their tenants.

  Less than a quarter of Subletting and Unit Landlords (1 and 2+) have evicted a tenant. This is more significant in respect of Landlords using a Managing Agent (13-55%) and Building Landlords (100%). The reasons for eviction was non payment of rent. The main process was a written warning and then eviction. Most Landlords indicated that they did not experience problems with eviction with the exception of the Building Landlords (67%).

- **Service charges**: Subletting (60) and Unit Landlords (64 and 77%) generally include services in the rent. Most Building Landlords (75%) charge separately.

  For those who do not include service charges in the rental most have metered service charges. When tenants are in arrears with service payments Landlords will generally turn of services, give a written warning and evict. Very few Landlords indicted having a problem of a tenant moving out and leaving a high service bill. The only category of Landlords who experienced this problem were Building Landlords (50%).

- **Maintenance:** Only a few Subletting Landlords had undertaken maintenance (19%) on their Unit, about half of Unit Landlords (1 and 2+) (40-50%) and three quarters of Building Landlords (75%) had undertaken maintenance. The type of maintenance undertaken is generally regular painting, fixing plumbing and damage and addressing structural problems. The reasons for undertaking maintenance for approximately half of all Landlords is either to improve the value of the unit or to keep the unit in good condition respectively. Approximately half undertook the maintenance themselves and one third outsourced the maintenance.

- **Demand for stock and finding new tenants**: Demand for stock appear high and most landlords indicated that it is easy to find tenants. The methods used include being asked by the tenant, advertising, referral from family and friends and referral from the previous tenant. Desirable tenants are seen to be formally employed and male. Generally an affordable rental and location close to transport and shops/schools. are seen as being factors that make it easy to rent out a unit. Factors making it difficult to rent out a unit are a loud neighbourhood, small unit, high rent, poor condition of the unit and poor location.

The following **overall conclusions** can be made in respect of the small scale Landlords surveyed:

- **Subletting and Unit Landlords have a more personal and direct relationship with their tenants**. They manage the stock themselves and undertake rental collection personally. These Landlords appear to experience less problems in respect of rental

collection, eviction, service charges etc. They also use more personal methods (for example talking to tenants etc) to address operational problems.

- **Building Landlords and Managing Agents do not have a personal relationship with their tenants.** They appear to have more difficulties in respect of managing the stock. This is more so in the case of Building Landlords although the small sample means that this is an indicative finding only.
- Subletting and Unit Landlords operate their businesses on a much more **informal basis** than do the Building Landlords and Landlords who use Managing Agents, for example:
  - Most Building Landlords and Landlords who use a Managing Agent will charge a deposit. Only some Subletting and Unit Landlords will do so.
  - Most Building Landlords provide written invoices and receipts, while only some Subletting and Unit Landlords will do so.
  - Most Building Landlords will charge for services separately on a metered basis. Most Subletting and Unit Landlords include services in the rent.
  - Most Building Landlords had undertaken maintenance on their units, less than one half of Subletting and Unit Landlords has done so.
- The **use of eviction by Landlords appears to be limited**. Of those who do use eviction most indicated that they do not experience problems in this regard.
- **Demand for stock appears** to be good and most Landlords in all categories indicated that it is easy to find tenants. Affordable rentals and good location are factors that will improve the ability to rent out a unit.

3.3 Housing stock being provided

The type of housing stock being provided by the Small Scale Landlords surveyed are shown on a comparative basis in Table 7 below in terms of the following categories:

- Type
- Tenure
- Access to services
- Improvements

The quality of the stock was not assessed as part of the survey.

Table 7: Comparative analysis of rental stock of Small Scale Landlords in two Inner City areas

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
Type	Main type of rental unit researched	Flat (95%)	Flat (80%)	Room (98%)	*Flat (100%)*	Sectional Title (100%)	Owns bldg
Tenure	% who own property being rented out	62%	74%	9%	*100%*	-	-
	% who lease property being rented out	36%	26%	82%	-	100%	100%
Access to services	% with bathing facilities in the unit	76%	77%	74%	*100%*	-	-
	% with toilet facilities in the unit	76%	72%	74%	*100%*	-	-
	% with shared bathroom	22%	28%	26%	*0*	-	-
	% with stove provided by the Landlord	58%	67%	65%	*100%*	-	-
	% with shared kitchen	4%	7%	10%	*0*	-	-
	% with electricity	100%	100%	100%	*100%*	-	-
Improve-ments	% who made changes to unit when it was acquired	15	23	8	*76*	-	-
	Type of changes	Tiles/carpets/paint, Build an extra room				-	-

On the basis of the above table the following is evident:

- The most common type of unit provided for rental by all the Landlords surveyed with the exception of the Subletting Landlords is a flat. Subletting Landlords are generally providing a room.
- All Landlords with the exception of Subletting Landlords generally own the property. Subletting Landlords are generally leasing the property.
- Access to services is good in respect of the stock provided by all Landlords. Generally three quarters are providing a separate bathroom and a stove and all have electricity.

- A limited number of Subletting (8%) and Unit Landlords 15%, 23%) made improvements to their units. Three quarters (76%) of Building Landlords made improvements. The main type of improvements made were tiles, carpets and painting, as well as to a lesser extent building on a room.

3.4 Access to financial products

Personal banking and details on access to finance in respect of the small scale Landlords in the survey are set out in Table 8 below.

Table 8: Financial circumstances of small scale Landlords

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
Personal banking	% ATM Card	49	42	56	*25*	-	-
	% Savings Account	25	21	23	*25*	-	-
	% Current or Cheque Acct	13	18	3	*50*	-	-
	% Mortgage bond	2	0	0	*25*	-	-
	% Personal loan from a bank	2	0	0	*0*	-	-
	% who have been blacklisted	15	44	23	*25*	-	-
Finance	% who bought unit	38	44	7	*100*	-	-
	% who used loan from financial institution	26	29	0	*75*	-	-
	% who used own money	70	62	100	*25*	-	-
	If used financial institution, which one used (order of priority)	ABSA, FNB	ABSA, Standard Bank	-	*ABSA, Nedbank*	-	-
	% who got a mortgage loan	88	63		*100*	-	-
	% who have repaid loan in full	63	38		*33*	-	-
	Security provided (order of priority)	Life, other	Property, other		*Property*	-	-
	If loan not obtained main reason why	Had cash to use	Had cash to use	Had cash to use	*Had cash to use*	-	-
	% who did not experience problems in acquiring loan	61	67	69	*75*	-	-

On the basis of the above table the following is evident:

- **Personal banking**: Approximately half of Subletting and Unit Landlords have an ATM card and about one quarter a savings account. Building Landlords predominantly have a cheque account (50%).

  Under one quarter of all Landlords have been blacklisted with just under one half (44%) of 2+ Unit Landlords having been blacklisted.

- **Access to finance**: Just under one third of Unit Landlords accessed a loan from a financial institution to purchase their unit, with most using their own money. Approximately three quarters (75%) of Building Landlords accessed a loan.

  The type of loan accessed was generally a mortgage loan. The banks providing loans were ABSA, First National, Standard and Nedbank. Security provided for the loan was the property and life cover.

  The reason for not accessing a loan for all Landlords was mainly that they had cash to use.

3.5 Relationship between landlords and tenants

Key factors pertaining to the relationship between Landlords and Tenants are set out in Table 9 below covering the following:

- Legal arrangements
- House rules
- Roles and responsibilities
- Landlord/Tenant relations

Table 9: Relationship between Landlords and Tenants in two Inner City areas.

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
Legal arrangements	% who have no agreement with tenants	35	33	32		-	-
	% who have written contract	18	21	15	*100*	100	100
	Main issues covered in order of priority	Rent, no loud noise, rules about visitors	Rent, no loud noise, rules about visitors	Rent, no loud noise, rules about visitors	*Rent, rules about visitors, water/electricity maintenance*	-	-
Perceptions on lease agreement	If have a lease whether the Landlords believes it is beneficial	92	69	89	*75*	-	-
	How the contract helps (order of priority)	Collect rent on time	Collect rent on time Keeps order amongst tenant	Keeps order amongst tenants Collect rent on time	*Keeps order amongst tenants*	-	-
House rules	% with no house rules	46	39	30	*50*	-	-
	% with verbal house rules	42	54	65	*0*	-	-
	% with written house rules	13	8	5	*50*	100	100
	Of those that have house rules, % who feel it is useful	97	96	98	*100*	-	-
	Main actions taken with house rules are broken (order of priority)	Lock out Written warning	Lock out	Lock out Written warning	*Written warning*	-	-
	Tenants are not allowed to sublet their units to other tenants	48	24	77	*2*	-	-

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
Roles and responsibility	Landlords responsibilities with regard to maintenance of unit (order of priority)	Fix fittings, plumbing, electricity, painting	Structural, fix plumbing and electricity	Fix plumbing and electricity, structural	*Fix fitting, structural, plumbing electricity painting*	-	-
	Tenant responsibility with regard to maintenance	Change bulbs	Change bulbs	Change bulbs	*Change bulbs/fittings*	-	-
Landlord Tenant Relations	% who feel landlord tenant relations are good	87	87	89	*100*	-	-
	% where landlord communicates directly	82	92	93	*0*	0	0
	% where caretaker or agent communicates	0	0	1	*50*	67	100
	% who have a tenant committee	7	0	12	*0*	-	-

On the basis of the above table the following is evident:

- **Legal arrangements**: Approximately one third of Subletting and Unit Landlords (1 and 2+) do not have an agreement with their tenants. Less than 20% of these Landlords have a written contract. This is in contrast to the Building Landlords where 100% have a written contract. For those Landlords that do have a lease agreement the main issues addressed are rent, noise and rules about visitors. In addition most Landlords who do have a written agreement believe it is beneficial, particularly in respect of rental collection and keeping order amongst Tenants.

- **House rules**: Between a third and half of Subletting and Unit Landlords do not have any house rules, while between 40 and 60% have verbal house rules. Less than 13% of these Landlords have written house rules. Half of the Building Landlords had no house rules and half written house rules.

- **Roles and responsibilities**: With respect to responsibilities for the maintenance of the unit all Landlords felt that their responsibility was to fix fittings, plumbing, electricity, structural problems and painting. Tenants were seen to have limited responsibilities including changing light bulbs.
- **Landlord Tenant Relations**: Most Landlords (over 80%) felt that landlord/tenant relationships are good. Most Subletting and Unit Landlords communicate directly with the Tenants themselves. Building Landlords and Landlords using Managing Agents communicate via an agent or caretaker. There are very few Landlords who have Tenant Committees (less than 12%).
- **Subletting:** Many Landlords **do not allow subletting of their units**, this is most significant in respect of Sub Letting Landlords (87%). Anecdotal evidence indicates that most Landlords **do not allow the use of the unit for business purposes**. This is generally incorporated in the house rules.Of those Landlords who do have house rules almost all felt it was useful. Actions taken when house rules are broken include lock out and a written warning

3.6 Regulatory and policy environment

Issues pertaining to the regulatory and policy environment in respect of the small scale Landlords surveyed are detailed in Table 10 below in terms of:

- Compliance
- Knowledge of policy initiatives
- Rental Tribunal
- Role of Local Government

Table 10 : Issue pertaining to the regulatory and policy environment

Charac-teristic	Measure	1 Unit	2+ Unit	Sub-letting	Building	Managing Agent	
						Unit	Build-ing
Comp-liance	% who's business is not registered as a business	86	90	96	*0*	-	-
	% who's business is registered as a sole proprietor/private company	2	5	2	*50*	-	-
	% who do not pay income tax	91	97	98	*0*	-	-
Know-ledge of policy initiatives	% who have heard of UDZ tax incentives	13	3	3	*0*	-	-
	% who have not heard of the Rental Housing Act	93	87	96	*50*	-	-
Rental Tribunal	% who have been to the tribunal	6	3	6	*25*	-	-
	% who felt they were treated fairly	100	100	100	*100*	-	-
Role of Local Govt	% who have not found Local Govt to be helpful to t heir business as a Landlord	69	54	66	*50*	-	-
	Ways in which Local Govt helps or constrains the business as a Landlord (in order of priority)	Not sure/don't know Fails to keep place clean Don't want to give us a chance to make money No support in terms of loans				-	-

On the basis of the above the following is evident:

- **Compliance**: Most Subletting and Unit Landlords are not compliant. Most (above 86%) are not registered as a business and most (more than 91%) do not pay income tax. This is less the case with the Building Landlords where 50% are registered and all pay income tax.
- **Knowledge of policy initiatives**: Most Landlords have not heard of recent policy initiatives. Less than 13% have heard of the UDZ tax incentive and less then 13% have heard of the Rental Housing Act in the case of Subletting and Unit Landlords. Half of Building Landlords had heard of the Act.

- **Rental Tribunal**: Use of the Rental Tribunal is limited (less than 6% in respect of Subletting and Unit Landlords). However of the few that went to the Rental Tribunal all felt that they were treated fairly.

- **Local Government role**: Over half of Landlords feel that the Local Government has not been helpful to their business as a Landlord. Many though did not know how the Local Government could help them. Constraints to their business included not keeping the place clean and not providing support in terms of loans

3.7 Profile of Tenants

This section comprises a profile of tenants who rent units from Small Scale Landlords in the Inner City areas surveyed. Two categories of tenants were identified namely those renting a part of a unit (room) and those renting the entire unit. The profile of each of these categories is as follows:

- **Tenants** renting part of a unit: More than half of Tenants renting part of a unit are male (55%). Their average age is 31 years. They are well educated with most (64%) having matric or above. Incomes are medium to low with 37% of the sample earning above R2500. Just over one third (36%) are formally employed on a full time basis.

  Most (70%) view their rental unit as a temporary place close to work. Many have another home (68%). Most (89%) have been living in the unit for 1 to 5 years with 42% having been there for less than 1 year.
- **Tenants renting the entire unit**: Half of Tenants renting an entire unit are male (50%). Their average age is 30 years. They are well educated with most (78%) having matric or above. Incomes are medium to low with 43% of the sample earning above R2500. Just under half (43%) are formally employed on a full time basis.

  Just under half (46%) view their rental unit as a temporary place close to work, while 36% see it as a transitional home until something better is found. Most (81%) have another home. Most (90%) have been living in the unit for 1 to 5 years with 58% having been there for less than 1 year.

On the basis of the above it is evident that approximately half of the inner city tenants are stable and half are transitional. Many view their rental accommodation as temporary and own a home elsewhere.

Table 11 below provides a comparative analysis of the profile of tenants as well as details on key issues from the Tenants perspective including:

- Rental arrangements
- Relationship between Landlord and Tenant
- Other relationships
- Finding the unit
- Rental Housing Act

Table 11: Profile and issues pertaining to Tenants

Characteristic	Measure	Renting part of unit	Renting entire unit
Profile	% male	55	50
	Age	31	30
	% matric or above	64	78
	% who have an income above R2500	37	43
	% who are formally employed full time	36	43
Type of stock	% Bed or room in house/flat	100	0
	% flat in building	0	94
Attitude	% who view as a temporary place close to work/school	70	46
	% who view as transitional home until something better is found	25	36
Other home	% who have another home	68	81
Length	% living 1 year or less	42	58
	% living 2 to 5 years	47	32
Rental arrangements	% who feel it will be difficult to be evicted	49	85
	% who pay rental monthly	100	98
	% who pay rent to the Landlord/Caretaker	53	32
	% who pay into the Landlords Bank Account	44	57

Characteristic	Measure	Renting part of unit	Renting entire unit
	% who have services included in the rent	89	29
	% who have not paid rent in the last 6 months	4	7
	% who negotiate with the landlord with they cannot pay rent	21	52
	% of landlords who lock out if rent is not paid	26	19
	% who evict when rent is not paid	30	28
	% who paid a deposit	55	76
Relationship between landlord and tenant	% who always deal with the landlord	59	18
	% who feel relationship with the landlord is good	67	72
	% satisfied with contact with the landlord	79	67
	Landlords key roles	Structural, fix services and damages	Structural, fix services
	Tenant key roles in terms of maintenance	Changing bulbs	Changing bulbs
	% who feel that the landlord treat them fairly	79	69
	% who have written agreement with the landlord	15	51
	% who have written house rules	8	19
	% who indicated that they will be evicted if the break the rules	32	21
	% who have problems renting the unit	28	35
	Main problems	Too small, no privacy, maintenance, getting hold of LL	Electricity cuts, leaking tap, maintenance, getting hold of LL
	% who have told the Landlord of problems	80	88
	% who feel they will not be dealt with	93	83
	% who feel that the landlord is making sure that the tenants housing needs are met	64	36
Other relationships	% who deal with Body Corporate	0	8
	% who deal with Managing Agent	9	25
	% who deal with Caretaker	72	64
	% who deal with Tenant Committee	7	18
	% who deal with other Support groups like SANCO	0	7
	% with good relationship with neighbours	76	81

Characteristic	Measure	Renting part of unit	Renting entire unit
Finding the unit	% who were referred through a friend/family	40	40
	% who saw an advertisement	23	32
Rental Housing Act	% who have heard of the ACT	2	5
	% who have been to the Tribunal	0	3
	Of those who went % who felt they were treated fairly	0	100

Generally there is a high level of compliance between the responses of the Landlords and the Tenants interviewed. On the basis of the above table the following is evident:

- **Rental arrangements**: All tenants pay rental monthly. With respect to tenants renting part of a unit just over half (53%) pay rent to the Landlord or Caretaker and just under half (44%) pay into the Landlords Bank Account. Just over half of Tenants renting part of a unit (55%) paid a deposit. Most (89%) have services included in the rent. Of tenants renting the entire unit just over one third (32%) pay rent to the Landlord or Caretaker and many (57%) pay into the Landlords Bank Account. Most (76%) paid a deposit. Just under one third (29%) have service charges included in the rental.

  Most tenants are paying their rent with fewer than 7% reporting that they have not done so in the last 6 months. Less than one quarter (21%) and just over one half (52%) will negotiate with the Landlord if they cannot pay. Landlords will either lock out or evict if they do not pay. Just under half of tenants renting part of a unit (49%) and most of tenants renting the whole unit(85%) feel that it will be difficult to be evicted.

  These findings are in accordance with those reported by the Landlords themselves see Section 3.3.

- **Relationship between Landlord and Tenants** : Many feel that the relationship with the Landlord is good (67% of tenant renting part of a unit and 72% of Tenants renting the entire unit.) Most (79% and 67%) respectively are satisfied with their

contact with the Landlord and most (79% and 69%) feel that the Landlord treats them fairly.

There is strong compliance between the Tenants view of roles and responsibilities and those of Landlords as detailed in Section 3.6. The Landlords key roles are seen to be repairing structural damages and fixing services. Tenants roles are seen to be changing bulbs.

Very few have a written agreement with the Landlord (15% of those renting part of a room and 51% of those renting the entire unit). Very few have written house rules (less than 19%). However approximately one third felt that they would be evicted if they broke the house rules.

Problems with the unit include that it is too small, no privacy, no maintenance is being undertaken and poor services. Most (over 80%) have told the Landlord of these problems but most feel that it will not be dealt with.

- **Other relationships**: The majority of Tenants deal with the Caretaker (over 64%). Involvement with other parties is extremely limited including for example the Body Corporate, Managing Agents, Tenant Committees and Support Groups like SANCO. Most Tenants feel that they have good relationships with their neighbours (over 76%).
- **Finding the unit**: Tenants either found the unit through a friend or family or an advertisement.
- **Rental Housing Act**: Most Tenants have never heard of the Act. Very few (3%) have been to the Tribunal. Of these they felt they were treated fairly.

3.8 Geographic differences

Table 12 below highlights some of the key differences between the two inner city areas surveyed:

Table 12: Key differences between the two inner city areas surveyed:

Characteristic	Measure	Hillbrow/Berea	Tshwane
Education	% with above matric	62	85
No of years	Average no of yrs	4	3
Cooking facilities	Shared kitchen in building	11	2
Rent	Ever had problems collecting rent	23	33
Invoices	Provide written invoice	37	15
Receipt	Always provide written receipt	45	12
Services	Included in rent	73	49
Arrears	Turn off services if tenant in arrears	64	11
Maintenance	Undertaken by Landlord	55	21
Acquire unit	Unit was bought	30	18
Income	% who earn more than R2000 income from all rental stock	38	55
Perception of making money	% who made money	43	32
Blacklisted	Been blacklisted	29	18
New acquisition	% who believe it will be difficult to get new rental stock	82	53

On the basis of the above the following can be concluded:

- There is a high level of similarity between the two areas.
- Some of the difference that occur are as follows:
  - There is a higher percentage of Landlords in Hillbrow/Berea:
    - Providing shared kitchen facilities
    - Including services in rental charges
  - A higher percentage of Landlords in Hillbrow/Berea provide written invoices and receipts. In addition significantly more will turn of services if

the tenant is in arrears. Perhaps as a result fewer have problems collecting rent.

- A higher number of Landlords in Hillbrow/Berea have bout a unit. A higher percentage also believe it will be difficult to get new rental stock.

4 Appendix I: Screening interview

Interviewer Number:	
Area:	

4.1 House/Unit Nr	Type of Unit?	Do you rent this unit?	4.1.1.1 IF RENT: Do you pay rent to a person living here or someone else? Who?	IF RENT: Please give us the name and any contact details for your landlord?	IF RENT: Do you know if the person that you rent this unit from owns just this unit or more than 1 but less than 10 or more than 10 units?	Can I come back for a more detailed interview at a later stage?
	1. Garage 2. Room in house 3. Flat / Apartment 4. House	1. YES (rent) 2. NO (own) If NO (own)>END	1. Person in this unit 2. Person in this building 3. Owner (Landlord) 4. Managing Agent 99. Other Specify		1. One unit 2. Less than 10 units 3. More than 10 units -9. Don't know	1. YES 2. NO

5 Appendix II: Interview schedule for Landlords

Housing Entrepreneur Survey: LANDLORDS Final 05/06/05

Questionnaire Control:	**Interviewer Number**		
	Checked by Monitor		
	Corrections to be made:		

Monitor Rechecked

Sample Control:	**Sample Number**	
	Date	2005/0____/____

A. Interviewer, please mark area

Pretoria Central	1
Pretoria Sunnyside	2
Hillbrow / Berea	3
Katlehong	4
Orlando East	5
Mamelodi	6

1. Gender?

Male	1
Female	2

2. Your age?

3. What is the highest level of education that you completed

Did not attend school	1
(Gr.1-7/ Gr.1 – Std 5)) Primary	2
(Gr.7-11 / Std 6 –9)) Secondary NOT Completed	3
(Gr.12 / Matric) Secondary Completed	4
University/Technikon Completed	5

4. Apart from renting out stock do you have any other businesses?

Yes	1	**>Go to q a**
No	2	**>Go to q 5**

a. If YES, what other business/es do you have?

5. What is your employment status now, and?
6. what was your employment status previously

	5.Current	**6.Previously**
I am a landlord full time	1	1
I have my own business other than being a landlord (I am the boss)	2	2
Work **full time** in **Formal sector** (Gets payslip, pays tax)	3	3
Work **part time** in **Formal sector** (Gets payslip, pays tax)	4	4
Work **full time** in **Informal sector** (No payslip, no tax)	5	5
Work **part time** in **Informal sector** (No payslip, no tax)	6	6
Student/Scholar/Young child	7	7
Retired/Pension	8	8
Disabled	9	9
Unemployed, but looking for work	10	10
Unemployed – Not looking for work	11	11

7. Where do you live?

In this neighbourhood (where unit is)	1
Other neighbourhood in this city (JHB/Pta)	2
Another city	3
Other Specify	99

8. In what type of accommodation do you live?

House	1
Flat in this building	2
Flat in other building	3
Backyard Room/Shack	4
Part of house	5
Shack in Informal Settlement	6
Shack in a Site &Service Scheme	7
Domestic Servants Quarters	8
Hostel	9
Rural House	10
Other Specify	99

9. Do you own or rent the place that you live in?

Own	1
Rent	2
Other Specify	99

10. In which year did you first started renting any unit or stock out to tenants?

yy yy	**WRITE THE YEAR** **Cross Check with Table!!**

11. How many separate units do you rent out in total (Including this and possible other buildings/stands)?

COUNT EACH UNIT SEPARATELY (I.E. ROOM IN HOUSE, RENTED BED, FLAT, SHACK, ETC.

	Cross Check with Table!! **<u>If more than 1 Go to Qa</u>**

a. Are they all in one building or on one stand

Yes	1
No	2

12. Do you rent out other residential or commercial units in this building or on this stand?

Yes	1	**>Go to Q a**
No	2	**>Go to Q13**

a What do you rent out?

A portion of land	1
Bed	2
Formal Backyard Room	3
Shack Backyard Room	4
Garage	5
Room in House	6
Flat/Apartment	7
House	8
The entire building with all the units	9
Rooftop	10
Entire floor (i.e. for church)	11
Parking space	12
Basement	13
Commercial space (i.e. shops etc)	14
Other Specify	99

THE FOLLOWING QUESTIONS THAT I WILL ASK YOU ARE ONLY ABOUT THE RENTAL UNIT THAT WE IDENTIFIED HERE:

WE WANT TO KNOW HOW YOU DEAL WITH MATTERS RELATED TO THIS PARTICULAR RENTAL UNIT. LATER I WILL ASK YOU ALSO ABOUT THE OTHER RENTAL UNITS YOU MIGHT HAVE.

13. Interviewer: Indicate type of rental unit that is under discussion?

A portion of land	1
Bed	2
Formal Backyard Room	3
Shack Backyard Room	4
Garage	5
Room in House	6
Flat/Apartment	7
House	8
The entire building with all the units	9
Rooftop	10
Entire floor (i.e. for church)	11
Parking space	12
Basement	13
Commercial space (i.e. shops etc)	14
Other Specify	99

14. With regards to the ACCOMMODATION you rent out in THIS building or on this stand, do you follow the same Tenant communication & management strategies for all the units or do you treat them differently?

The same strategies	1	**>Go to q.a**
Different strategies	2	**>Go to Q 15**
N/A Only have this unit	3	**>Go to Q 15**

a Can you very briefly describe the difference?

15. Do you own or lease this property??

Own	1
Lease	2
Other Specify	99

16. How much rent do you charge per month for this unit?

R	
	5.1.1.1.1.1.1.1

17. What bathing facilities (Bath/Shower) does this unit have?

Inside the unit	1
Shared bathroom in building/stand	2
None	3
Other Specify	99

18. What toilet facilities do this unit have?

Inside the unit	1
Shared bathroom in building/stand	2
None	3
Other Specify	99

19. What cooking facilities do this unit have? Do you have (READ OUT)

Stove provided by landlord in your unit, or	1
Shared kitchen in the building / stand, or	2
Provide you own cooking facilities, **Specify below**	3
Specify	

20. Does this Rental Unit have electricity?

Yes	1
No	2

21. Do you have a written or verbal agreement or contract (a lease arrangement) with tenants before they move in?

N/A: No contract/agreement	1	**>Go to Q 22**
Verbal agreement	2	**>Go to Q a – b**
Written contract	3	**>Go to Q a – b**

a What did you agree on?

Rules about Visitors	1	**(You can choose more than 1 answer)**
Water & Electricity consumption	2	
Respect	3	
Set time for everyone to be home	4	
No parties	5	
No children	6	
No loud noise	7	
Duties, i.e. cleaning, looking after children	8	
Fines for disobeying rules	9	
Rules about running a business from the room	10	

Making changes to the room	11
Maintenance responsibilities	12
Security responsibilities	13
The rent (how much/ where to pay/when due)	14
Consequences of default	15
Notice period for eviction	16
How the deposit works	17
Term of lease	18
Other, Specify:	99

b Is it beneficial to you to have this contract with the tenants?

Yes	1	Go to Q c
No	2	Go to Q 22

c. How does it help you?

To keep order amongst tenants	1	**Can mark more than 1 answer**
To settle disputes	2	
To collect rent in time	3	
To evict unruly tenants	4	
Other Specify	99	

22. Have you ever had problems with collecting the rent?

Yes	1	*5.1.1.1.1.1.1.2 >Go to Q a - b*
No	2	**>Go to Q 23**

a What was the main problems you experienced?

Tenants miss rental payments and accumulate arrears	1	
Tenants don't pay the whole rental	2	**Mark more than 1 answer if applicable**
Tenants pay late	3	
Someone intercepted rental payments (hijacked building)	4	
Other, Specify:	99	

b. How did you deal with this problem(s)?

Turn off the water	1	
Turn off the electricity	2	**Mark more than 1 answer if applicable**
Lock out	3	
Take the door off the hinges	4	
Brick up the entrance to the building	5	
Written warning	6	
Eviction	7	
Other, Specify:	99	

23. Have you ever evicted a tenant?

Yes	1	*>Go to Q a - c*
No	2	**>Go to Q 24**

a What was the main reason you evicted him/her?

Did not pay the rent	1
They were behind with the rent	2
They made too much noise	3
They had too many visitors	4
Stealing / involved in criminal activities	5
Found new tenant who would pay more	6
Other, Specify:	99

b What process did you follow to evict him/her?

Written warning, then eviction	1
Lock out	2
Put tenant's belongings on pavement	3
Hired the red ants or someone similar	4
Other, Specify:	99

c What problems did you experience with the eviction?

24. Who lives on the property to take care of it?

No-one	1	**>Go to Q 25**
Self (Landlord)	2	**>Go to Q a**
Family / Friend	3	**>Go to Q a**
Caretaker	4	**>Go to Q a**
Other Specify	99	**>Go to Q a**

a. Is it beneficial/helping you to have this person on the property?

Yes	1
No	2

25. Do you have any house rules, Verbal or Written?

N/A: No House Rules	1	**>Go to Q 26**
Verbal House Rules	2	**>Go to Q a - b**
Written House Rules	3	**>Go to Q a -b**

→ **a. Does it help you to have set House Rules?**

Yes	1
No	2

b. What do you do when Tenants break the House Rules?

Nothing	1
Written Warning	2
Gave them a Fine	3
Talk to them about it	4
Lock out	5
Eviction	6
Appeared before Tenant Committee	7
Other, Specify:	99

You can mark more than 1 answer

26. How do you charge rent? Weekly, Monthly, or another way?

Weekly	1
Monthly	2
Other Specify:	99

27. Do you give your tenants a written invoice?

Yes	1	*Go to Q a*
No	2	**>Go to Q28**

a. How often do you send out invoices? Weekly, Monthly, or another way?

Weekly	1
Monthly	2
Other Specify:	99

28. Do you give your tenants a written receipt?

Always on receipt of rentals	1
Sometimes on receipt of rentals	2
Never	3

29. Where do tenants pay the rent?

Landlord/Caretaker/Collector receives cash	1
Paid into Landlord's Bank account	2
Paid to Managing Company	3
Other Specify:	99

30. Do you INCLUDE the Water & Electricity charges in your tenant's rent or do you charge SEPARATELY for Water & Electricity?

Included	1	*Go to 31*

Charge separately	2	**>Go to Q a - c**
Charges paid directly to electricity company	3	**>Go to 31**

a. How do you calculate the Electricity charges?

Metered services	1
Prepaid	2
Set amount per size of unit	3
Other, Specify	99

b. How do you calculate the Water charges?

Metered services	1
Prepaid	2
Set amount per size of unit	3
Other, Specify	99

c. What do you do when Tenants are in arrears with their service payments?

Turn of services	1
Written warning	2
Evict	3
Other, Specify	99

31. Have you ever had a problem where a tenant moved out and left you with a huge water or electricity arrears bill?

Yes	1
No	2

32. Do you take a deposit from your tenants before they move in?
(I.e. the first month they pay extra, over and above the rent)

Yes	1	*Go to Q a*
No	2	**>Go to Q 33**

a. How do you calculate the cost of the deposit?

One months rent	1
Half the rent of 1 month	2
Two months rent	3
Other, Specify	99

33. Have you done any Maintenance or changes to this unit or to the building?

Yes	1	*>Go to Q a - b*
No	2	**>Go to Q 34**

a. What kind of maintenance work did you do?

Structural: Ceilings/ Floors/ Walls/ Roof	1
Fix Fittings	2
Fix Plumbing	3
Fix Electricity	4
Regular painting	5
Fix damages: broken window, broken door, broken wall, etc.	6
Changing the light bulbs	7
Other, Specify	99

You can mark more than 1 answer

b. What was the main reason why you did the maintenance?

Tenant complained	1
To improve he value of the unit	2
To keep the unit in good condition	3
Other, Specify	99

34. What is the Landlord's responsibility with regards to the Maintenance of the unit?

Structural: Ceilings/ Floors/ Walls/ Roof	1
Fix Fittings	2
Fix Plumbing	3
Fix Electricity	4
Regular painting	5
Fix damages: broken window, broken door, broken wall, etc.	6
Changing the light bulbs	7
Other, Specify	99

You can mark more than 1 answer

35. What is the Tenant's responsibility with regards to the Maintenance of the unit?

Structural: Ceilings/ Floors/ Walls/ Roof	1
Fix Fittings	2
Fix Plumbing	3
Fix Electricity	4
Regular painting	5
Fix damages: broken window, broken door, broken wall, etc.	6
Changing the light bulbs	7
Other, Specify	99

You can mark more than 1 answer

36. Do you do Maintenance work yourself or do you outsource this?

Self	1
Outsource the management of the maintenance	2
Outsource some maintenance but manage myself	3
Outsource all maintenance but manage myself	4
Other, Specify	99

37. Who do you communicate with to ensure the proper management of your building?

The tenants directly	1	
The managing agent	2	
The body corporate	3	
The caretaker	4	*Mark more than 1 option if applicable*
The tenants committee	5	
Other, Specify	99	

38. Who communicates the most with your tenants?

I do (landlord	1
The managing agent does	2
The body corporate	3
The tenants committee	4
The caretaker does	5
Other, Specify	99

5.2

39. How does this person communicate with your tenants?

Visit them on a regular basis	1	
Telephonic contact on a regular basis	2	
Monthly statements plus notices	3	
Send notices to them whenever necessary	4	
Through the tenants committee	5	*Mark more than 1 option if applicable*
Ask Caretaker to convey messages	6	
Other, Specify	99	

40. Overall, how would you describe the relationship with your tenants?

Good	1
Moderate	2
Poor	3

41. Do you have a Tenant Committee?

Yes	1	*>Go to Q a - b*
No	2	**>Go to Q c**

a. Do you find it useful to have a Tenant Committee?

Yes	1
No	2

b. What is the MAIN responsibility of the Tenant committee?

To communicate issues of importance to Tenants	1
To enforce order among tenants	2
To be the landlord's eyes and ears	3
Other, Specify	4

OR----------

c. If you do not have a Tenant Committee, would you like to form one?

Yes	1
No	2

42. Do any of your tenants sub-let their unit to other tenants?

Yes	1
No	2

43. What is the MAIN complaint from your tenants?

N/A No complaints from tenants	0
Unauthorised Visitors	1
Water & electricity costs	2
Lack of Respect from other Tenants	3
Parking Problems	4
Crime in Building	5
Parties	6
Unruly Children	7
Loud noise	8
Disobeying House Rules	9

Unable to pay rent on time	10
Unable to pay rent at all	11
Maintenance problems / the condition of the building	
Disputes regarding arrears	
Other, Specify:	99

5.3

44. How easy or difficult is it to find new tenants?

Easy	1
Moderate	2
Difficult	3

45. How did you find the tenants that are renting from you now?

They came to me to ask for a unit to rent	1
A friend/family referred them to me	2
I advertised	3
They were here when I bought the unit	4
The managing agent organises this process	5
Previous tenant referred the next tenant	6
Other, Specify:	99

46. Is there anything particular about the location (where it is) or physical qualities of this unit that makes it easier or more difficult to rent out?

Yes, Easier to rent out	1	**>Go to q a**
Yes, More difficult to rent out	2	**>Go to q b**
No	3	**>Go to q 47**

a. What makes it easier?

It is close to major transport routes	1
It is close to the shops / schools	2
It is in a quiet neighbourhood	3
People like the fixtures	4
It is at the quiet end of the hall	5
It is close to the stairs	6
It is well maintained	7
The rent is affordable	8
The unit is very spacious	9
Other, specify:	99

OR

b. What makes it more difficult?

It is far from major transport routes	1
It is far from the shops / schools	2
It is in a busy/loud neighbourhood	3

It has old fixtures	4
It is at the busy end of the hall	5
It is far from the stairs	6
It is well in a poor condition	7
The rent is high	8
The unit is very small	9
Other, specify:	99

47. What are the most important qualities that you look for an a tenant?

Referred by someone	1
Employed in formal sector	2
Employed in any sector (Formal or Informal)	3
Male	4
Female	5
Single	6
Married	7
Age: Younger than 25	8
Age Older than 25	9
Specific Ethnic Group	10
Religious	11
No children	12
Other, specify:	99

You can mark more than 1 option if applicable

48. What made you first decide to become a landlord?

For status/prestige/respect	1
For security purposes	2
For company / friendship	3
To house family members	4
To help the homeless/poor (Ubuntu)	5
I had a backyard room when I moved here that I could rent out	6
I had a backyard shack which I moved with me from my previous dwelling	7
Tenants asked me for available space on my stand	8
I am in an ideal location where rooms are in demand	9
Rooms of family members became empty	10
I needed money (cash flow)	11
Good investment opportunity (long term prospects)	12
Other: Specify:	99

49. Why do you still continue to be a landlord?

For status/prestige/respect	1
For security purposes	2
For company / friendship	3
To house family members	4
To help the homeless/poor (Ubuntu)	5

I had a backyard room when I moved here that I could rent out	6
I had a backyard shack which I moved with me from my previous dwelling	7
Tenants asked me for available space on my stand	8
I am in an ideal location where rooms are in demand	9
Rooms of family became empty	10
I need money (cash flow)	11
Good investment opportunity (long term prospects)	12
Other: Specify:	99

50. How did you acquire/get this Rental unit?

Bought	1
Built myself	2
Tenant built (i.e. a backyard shack)	3
Inherited	4
Used to be my home and I converted it to a rental unit and bought something else to live in myself	5
Other Specify	99

51. Did you make any significant changes when you acquired/get this unit?

Yes	1	*>Go to Q a - b*
No	2	**>Go to Q52**

a. What did you do?

Converted it from an office unit into residential	1
Redid the bathroom	2
Built an extra room	3
Split it into two	4
Closed the balcony	5
Other Specify	99

b. How did you finance the building, and /or conversion of this Rental unit?

Loan from the Bank /Lending Institution	1	**>Go to c – g**
Loan from family/friend	2	
Mashonisas Loan	3	
Employer Loan/Housing	4	
Loan from building material supplier	5	
Savings / Stokvel/ Own money	6	**>Go to q. h -i**
Retrenchment package	7	
Pension payout / Life policy	8	
Built in stages –when I had money	9	

Money from family/friends	10
Inherited	11
With rentals from units already owned	12
Other, specify	99

IF FINANCED THROUGH A FINANCIAL INSTITUTION:

c. Which one did you use?

ABSA	1
African Bank	2
FNB	3
Ithala Bank	4
NBS	5
Nedbank	6
Old Mutual Bank / Perm	7
Peoples Bank	8
Pep Bank	9
Post Bank / Post Office	10
Standard Bank	11
Teba Bank	12
Trust for Urban Housing Finance (TUHF)	13
Southfin	14
Greenstart	15
Other Specify	99

d. What type of loan did you obtain?

Mortgage loan	1
Overdraft	2
Business loan	3
Personal loan	4
Micro Loan	
Other Specify	99

e. What % of the Total Unit Price, did the loan cover?

f. Have you paid off this loan?

Yes	1
No	2

g. What security did you provide for the loan?

A different house I own but do not live in	1
The house that I live in (but not this one)	2
This building/unit//house	3
Life policy	4
Pension/ Provident Fund	5
Guarantee from friend/ family	6
Other Specify	99

IF THE RENTAL UNIT WAS NOT OBTAINED, BUILT, and/or CONVERTED WITH A LOAN:

h. What was the main reason why you did not use a loan to finance the sale?

Applied but refused	1	*>Go to Q a*
Too expensive	2	**>Go to Q54**
Could not provide security	3	
Could get cheaper loan from family/friend	4	
Did not know how to	5	
Had cash to use	6	
Other Specify	99	

i. What was the main reason why the loan application was refused?

Bank does not finance in this area	1
Could not provide security	2
Bank doesn't finance rental housing	3
Price exceeded value of property	4
Other Specify	99

52. What problems did you experience in acquiring this Rental unit?

Difficulty in obtaining loan	1
Difficulty in obtaining the right stock	2
Difficulty to find tenants	3
Other Specify:	99

53. Which of the following statements best describe your motivation to become a landlord? (READ OUT)

I became a landlord for the purposes of having a long term investment	1
I became a landlord in order to generate cash on a monthly basis	2

54. Is the Rental Stock your Only Source of income, Main Source of income or Additional income?

It is your only source of income	1

It is your main (biggest) source of income	2
It is a secondary/additional source of income	3

55. Which of the following Bank account or loans do you or your business use?

		PERSONAL	BUSINESS
A	ATM Card	1	1
B	Debit card	2	2
C	A savings book	3	3
D	A Post Office Account	4	4
E	Savings/Transaction Account	5	5
F	Current or Cheque account	6	6
G	Credit Card	7	7
H	Fixed Deposit bank account	8	8
I	Garage / Petrol Card	9	9
J	Money market account	10	10
K	Mortgage bond / Housing loan	11	11
L	Personal loan from the bank	12	12
M	Vehicle financing	13	13
N	Overdraft Facility	14	14
O	Other, Specify	99	99

READ OUT options & Mark if answer is YES

56. Do you have any the following Investments?

A	Timeshare	1
B	Another house / flat	2
C	Investment in a plot / vacant land	4
D	Investment in Cattle or Live Stock	6
E	Unit Trusts	7
F	Shares on the stock exchange	8
G	Off shore investments	12
H	Stokvel or savings club	13
I	Burial society	14
J	Post office savings account	15
K	Savings account at the bank	16
L	Savings policies, endowments or Life Insurance	20
M	Retirement annuities	23
N	Voluntary contributions to a pension / provident fund	
O	Other, Specify	99

READ OUT options & Mark if answer is YES

57. What is your Total Monthly income (Include ALL RENTALS, SALARIES, INCOME FROM BUSINESSES ETC (Money in the hand / bank)?

	(i)	
I think more or less:	1	**(ii) R**
I know exactly it was:	2	**(iii) R**
I don't know	3	

58. What is your Total Monthly income from ALL your Rental Stock, before expenses?

	(i)	
I think more or less:	1	**(ii) R**

I know exactly it was:	2	**(iii) R**
I don't know	3	

59. What is your Total Monthly expenses on this Rental Unit?

	(i)	
I think more or less:	1	**(ii) R**
I know exactly it was:	2	**(iii) R**
I don't know	3	

60. Overall in the last year, would you say you MADE MONEY, LOST MONEY or BROKE EVEN in this business?

Make money	1
Loose money	2
Broke even	3

61. Is your landlord business registered as a business?, If yes, as what… (READ OUT)

No, not registered	0
Private Company	1
Closed Corporation	2
Sole Proprietor	3
Partnership	4
Section 21 Company	5
Other Specify	99

62. Do you employ people in you landlord-rental business?

Yes	1	*>Go to q a*
No	2	*>Go to q62*

a. How many paid employees do you have?

63. Do your Landlord-Rental Business pay income tax?

Yes	1
No	2

64. Have you ever heard of the Urban Development Zone (UDZ) tax incentive in Johannesburg?

Yes	1	*>Go to q a*
No	2	*>Go to q65*

a. Do you apply the deduction?

Yes	1
No	2

65. From which year (if at all) do you have Financial Statements for your business as a landlord?

a. Who prepares these statements?

Bookkeeper	1
Auditor	2
Other Specify	99

66. Have you ever been Blacklisted? (I refer to Credit Rating Blacklisting only)

Yes	1
No	2

67. Have you ever heard of the Rental Housing Act?

Yes	1	**>Go to Q a**
No	2	**>Go to Q68**

a What does it cover?

68. Have you ever been to the Tribunal?

Yes	1	**>Go to Q a - b**
No	2	**>Go to Q69**

a. Were you treated fairly?

Yes	1
No	2

b. Was the problem resolved satisfactorily?

Yes	1
No	2

69. Do you find the local goverment to be helpful, or a hindrance to your business as a landlord?

Helping	1
Hindering	2

70. Can you describe shortly how they are helping or hindering your business?

71. Would you like to acquire more Rental Stock?

Yes	1	*Go to Q a - c*
No	2	**>Go to Q 72**

a. What would you like to acquire and how many

Type	**How Many?**
Low rise Building	
Medium rise Building	
High rise Building	
House	
Apartment/Flat	
Other, Specify	

b. How would you finance the new rental stock?

Loan from the Bank /Lending Institution	1
Loan from family/friend	2
Mashonisas Loan	3
Employer Loan/Housing	4
Loan from building material supplier	5
Savings / Stokvel/ Own money	6
Retrenchment package	7
Pension payout / Life policy	8

Built in stages –when I had money	9
Money from family/friends	10
Other, specify	99

c. What problems do you anticipate from acquiring New Rental Stock?

Difficulty in obtaining loan	1
Difficulty in obtaining the right stock	2
Difficulty to find tenants	3
Other Specify:	99

	72.	73.	74.	75.	76.	77.	78.
Questions	**From the time that you first rented out a unit, until now, please list all the Rental Stock you rented out, previously and now. Start with the Current Properties not yet discussed, and continue with previous properties**	**Where is this rental stock located?** **READ OUT**	**In which YEAR did you acquire this accommodation?**	**Do you still rent out this accommodation?** **If not, when did you stop renting out the accommodation?**	**How would you describe the condition of this Rental Stock** **(If previously owned, the condition on sale/when left)**	**How did you acquire/get this rental stock?**	If Bought or Self Built: **How did you finance the sale?**
Answer Categories	1. Portion of land 2. Bed 3. Formal Backyard Room 4. Shack Backyard Unit 5. Garage 6. Room in house 7. Flat / Apartment 8. House 9. Entire Building with flats 10. Rooftop 11. Entire floor (i.e. for church, etc) 12. Parking space 13. Basement 14. Commercial space (i.e. shops etc) 99 Other Specify	1. In this building (other sectional title units) 2. In this neighbourhood 3. In another neighbourhood of this same city 4. In a different city in this province 5. In a different province 6. In a different country	Specify the YEAR	1 = Still renting OR Specify year in which they stopped renting it out	1. Good 2. Moderate 3 Poor	1. Bought 2. Built myself 3. Tenant built **>Go to q86** 4. Inherited **>Go to q86** 99. Other-Specify	1. Loan (Friend, family, Financial Institute) 2. Savings / Stokvel/ Own money **>Go to q85** 3. Retrenchment package **>Go to q85** 4. Pension payout / Life policy **>Go to q85** 5. Received money from family/friends (NOT Loan) **>Go to q85** 99. Other, specify
1							
2							
3							
4							
5							

	79.	80.	81.	82.	83.	84.	85.	86.
Questions	**If Loan:** **From whom did you obtain a loan?**	**If Loan:** **What type of loan did you obtain?**	**If Informal Loan from Family/ Friend:** **Why did you not obtain a loan from a Bank or Financial Institute?**	**If Loan:** **What % of the Total Unit Price, did the loan cover?**	**If Loan:** **Have you paid off the loan?**	**If Loan:** **What Security did you provide for the Loan?**	**If Rental Stock was not obtained with a Loan:** **What is the main reason why you did not use a loan to finance the sale?**	**If Rental Stock was not obtain with a Loan, BUT you applied for a loan, which refused** **What was the main reason for Refusal?**
Answer Categories	1. ABSA 10 Pick a Pay go Banking 2. African Bank 11. Post Bank / Office 3. FNB 12. Standard Bank 4. Ithala Bank 13. Teba Bank 5. NBS 14.Family/ Friend 6. Nedbank 15.Micro Lender 7. Old Mutual Bank/ Perm 16. Mashonisas 8. Peoples Bank 17. Stokvel 9. Pep Bank 99 Other Specify	1. Mortgage 2.Overdraft 3. Business loan 4. Personal / Micro loan 5. Informal loan from family/ friend 99 Other Specify	1. Applied was rejected 2. Did not know how to 3. Too expensive 4. I am blacklisted with the credit buro	Specify %	1. Yes, Paid 2. No (Still paying)	1. My House (other) 2. This building / house 3. Another property 4. Life Policy 5. Pension/ Provident fund 6. Guarantee from friend/ family 99. Other Specify	1. Applied, but refused 2. Too expensive 3. Could not provide security 4. Security wasn't accepted 4. Did not know how to 5. Had cash to use 6. Could get cheaper loan from family/friend 7. Inherited it 99 Other Specify	1. Bank does not finance in this area 2. Could not provide security 3. Price exceeded value of Rental St 4. Bank does not finance rental stoc 99 Other Specify.
1								
2								
3								
4								

87. What would your advice be to the Government in terms of supporting landlords like yourself?

88. What would your advice be to the Financial Institutions in terms of supporting landlords like yourself?

89. What advice can you give to other landlords like yourself?

90. Can we contact you again to participate in a follow-up survey?

Yes	1
No	2

Thank you for your time and effort!

End of Interview.

6 Appendix III: Interview schedule for tenants

6.1 Housing Entrepreneur Survey: Tenants FINAL 07 June 05

Questionnaire Control:	**Interviewer Number**		
	Checked by Monitor		
	Corrections to be made:		

Monitor Rechecked

Sample Control:	**Sample Number**	
	Date	2005/0____/____

A. Interviewer, please mark area

Pretoria Central	1
Pretoria Sunnyside	2
Hillbrow / Berea	3
Katlehong	4
Orlando East	5
Mamelodi	6

1. Gender?

Male	1
Female	2

2. Your age?

3. What is the highest level of education that you completed?

Did not attend school	1
(Gr.1-7/ Gr.1 – Std 5)) Primary	2
(Gr.7-11 / Std 6 –9)) Secondary NOT Completed	3
(Gr.12 / Matric) Secondary Completed	4
University/Technikon Completed	5

4. Determine how many people are in the Tenant's household?

With Household I mean all the people who eat from the same pot and usually share or contribute towards the household expenses and sleep here most of the time

5. Describe the Tenant's Household Structure

Married or Living together as married	1
Nuclear family (Parents and their own children)	2
Nuclear family plus parent/s of household head or spouse	3
Nuclear family plus unmarried relative/s or friend/s	4
One person living alone	5
More than one unmarried person sharing the house	6
Single-parent household	7
Other, specify	99

6. Are you currently employed?

Yes	1
No	2

7. What is your employment status now, and?

8. What was your employment status previously?

	7.Current	8.Previously
I have my own business (I am the boss)	1	1
Work **full time** in **Formal sector** (Gets payslip, pays tax)	2	2
Work **part time** in **Formal sector** (Gets payslip, pays tax)	3	3
Work **full time** in **Informal sector** (No payslip, no tax)	4	4
Work **part time** in **Informal sector** (No payslip, no tax)	5	5
Student/Scholar/Young child	6	6
Retired/Pension	7	7
Disabled	8	8
Unemployed, but looking for work	9	9
Unemployed – Not looking for work	10	10

9. Type of Rental accommodation?

Rent only a Bed in a house/ flat	1
Room in house/ flat	2
Flat in Building	3
House	4
Garage	5
Shack	6
Other Specify	99

10. Which of the following describes this accommodation best? (READ OUT)

Temporary place that I use only because its close to work/school, or	1
Family home, or	2
A transitional home until I find something better	3

11. Do you have another home?

Yes	1	**>Go to q a**

No	2	**> Go to q12**

a. Who lives in this house?

Spouse and/or children under 18	1
Other family not paying rent	2
Tenants paying rent	3
Others not paying rent	4
Other specify	99

12. In which year did you first started renting THIS unit?

yy yy	**WRITE THE YEAR**

13. While living here, how easy or difficult do you feel it will be for someone to remove/evict you permanently from this dwelling?

Easy	1	**>Go to q a**
Moderate	2	**>Go to q 14**
Difficult	3	**>Go to q b**

a. What is the MAIN reason why it will be EASY to be removed?

Do not own the dwelling	1
Operate business illegally	2
I am poor	3
Don't know anyone that can help me	4
Other specify	99

OR

b. What is the MAIN reason why it will be DIFFICULT to be removed?

I have a contract	1
I pay my rent on time	2
I have a good relation with my landlord	3
I have a good relation with caretaker	4
I know influential people that will help me	5
Other specify	99

14. How frequently do you deal with the following people/groups regarding the unit (Regularly, sometimes or never) and how do you rate this relationship (Good, average or poor?)

		1 = Always 2= Sometimes 3 = Never 99 = Don't exist	1 = Good 2 = Average 3 = Poor	If (3) POOR relationship, Can you briefly explain why the relationship is poor?
		If 3 or 99: Skip ii and iii	If 1 or 2: Skip iii	
A	**Landlord directly**	(i.)	(ii.)	(iii.)
B	**Caretaker**	(i.)	(ii.)	(iii.)
C	**Managing Agent**	(i.)	(ii.)	(iii.)
D	**Body Corporate**	(i.)	(ii.)	(iii.)
E	**Tenant Committee**	(i.)	(ii.)	(iii.)

F	**Tenant Support Group (I.e. Planact, SANCO, etc)**	**(i.)**	**(ii.)**	**(iii.)**

15. Does the landlord live on the stand or in the building?

Yes	1	**>Go to Q 16**
No	2	**>Go to Q.a**

a. Is there a caretaker or someone else representing the landlord living in this building or on this stand?

Yes	1
No	2

16. Does your landlord have other tenants in this building? In all the units, some of the units or no other units?

Yes everyone in the building rents from my landlord	1
Yes, some rent from my landlord	2
No, no one else here rents from my landlord	3
Don't know	4

17. How often does the landlord visit the building?

Daily	1
Weekly	2
Monthly	3
Less than once a month	4
Never	5

18. Are you satisfied with the contact you have with the landlord (directly or indirectly)?

Yes	1
No	2

19. How does the landlord communicate with tenants?

Visit them on a regular basis	1
Telephonic contact on a regular basis	2
Send notices to them	3
Ask Caretaker to convey messages	4
Other, Specify	99

20. Does the landlord treat you fairly?

Yes	1	*Go to q 21*
No	2	*Go to q a*

a Why is it unfair ?

21. Do you have a Tenant Committee?

Yes	1	*Go to q a - b*
No	2	*Go to q 22*

a What is the role of the Tenant Committee?

To keep order amongst tenants	1
To settle disputes	2
To collect rent in time	3
To evict unruly tenants	4
Other Specify	99

b Is the Tenant Committee beneficial to you / helping you?

Yes	1
No	2

22. Did you obtain a written or verbal agreement or contract (a lease agreement) with the landlord before you moved in?

N/A: No contract/agreement	1	**>Go to Q23**
Verbal agreement	2	**>Go to Q a**
Written contract or lease	3	**>Go to Q a**

a What did you agree on?

Rules about Visitors	1	
Water & Electricity consumption	2	
Respect	3	**(You can choose more than 1 answer)**
Set time for everyone to be home	4	
No parties	5	
No children	6	
No loud noise	7	
Duties, i.e. cleaning, looking after children	8	
Fines for disobeying rules	9	
Rules about running a business from the room	10	
Making changes to the room	11	
Maintenance responsibilities	12	
Security responsibilities	13	
The rent (how much/ where to pay/when due)	14	
Consequences of default	15	
Notice period for eviction	16	
How the deposit works	17	
Term of lease	18	
Other, Specify:	99	

b To what extent did you understand this agreement? Did you… (READ OUT)

Understand the entire agreement, or	1
Understand some of the agreement, or	2
Did not understand the agreement	3

c. Have you ever used this agreement to help negotiate a dispute?

Yes	1	**>Go to Q d.**
No	2	**>Go to Q 23**

d. Did you find that it covered all the important issues that you needed, to help you resolve your dispute?

Yes	1	**>Go to Q 23.**
No	2	**>Go to Q e**

e. If NO: . What did you find was missing?

23. Do you have any house rules, Verbal or Written?

N/A: No House Rules	1	**>Go to q24**
Verbal House Rules	2	**>Go to q a**
Written House Rules	3	**>Go to q a**

a. What happens to tenants when they break the rules?

Nothing	1	
Get Written Warning	2	**Can mark more than 1 answer**
Get a Fine	3	
Landlord to me	4	
Get Locked out	5	
Get Evicted	6	
Appear before Tenant Committee	7	
Other, Specify:	99	

24. How often do you have to pay rent? Weekly, Monthly, or another way?

Weekly	1
Monthly	2
Other Specify:	99

25. Where do you pay the rent?

Landlord/Caretaker/Collector receives cash	1
Paid into Bank account	2
Paid to Managing Agent/ Company	3
Other Specify:	99

26. Is the Water & Electricity charges included in your rent or do you pay over and above your rent for Water & Electricity ?

Included	1	*>Go to 27*
Charged separately	2	**>Go to Q a-b**

a. How are the Electricity charges calculated?

Metered services	1
Pre-paid meter	2
Set amount per size of unit	3
Other, Specify	99

b. How are the Water charges calculated?

Metered services	1
Pre-paid meter	2
Set amount per size of unit	3
Other, Specify	99

27. Have you had any problems or do you have any complaints directly with the local authority in respect of servicing?

Yes	1	*Go to a*
No	2	**>Go to Q 28**

a. What sorts of problems or complaints?

Frequent electricity cut-offs	1	
Poor billing / Mistakes in the billing	2	
Unresponsive to complaints	3	Mark more than 1 answer if necessary
High deposit charged	4	
No refuse collection	5	
Incorrect water metering	6	
Incorrect electricity metering	7	
Other, Specify	99	

28. Did you pay a deposit before you move in?
(I.e. the first month they pay extra, over and above the rent)

Yes	1	*Go to Q a*
No	2	**>Go to Q 29**

a. How much deposit did you pay? Did you pay (READ OUT)

One months rent, or	1
Half the rent of 1 month, or	2
Two months rent	3
Other, Specify	99

29. Do you have any problems renting here?

Yes	1	*Go to Q a - c*
No	2	**Go to Q 30**

a What is MAIN problem with renting here?

Leaking Roof	1	**You can mark more than 1 option**
Too small	2	
No services	3	
No security	4	
No privacy	5	
Too hot/cold	6	
Too light/dark	7	
Ventilation not good	8	
Electricity cuts	9	
Toilet blockages	10	
Leaking tap	11	
Cracked walls	12	
No parking	13	
Rent collection too strict	14	
Administration of rent	15	
Maintenance problems not resolved	16	
Difficult to get hold of landlord	17	
Caretaker does not respond to queries	18	
Other, Specify:	99	

b Have you told your landlord / managing agent (the person you normally communicate with) about the problem(s)?

Yes	1
No	2

c Do you think the problem(s) will be dealt with soon?

Yes	1
No	2

30. How will you describe your relationship with the neighbours? (READ OUT)

Good	1
Moderate	2
Poor	3

31. What do tenants do when they experience problems with the neighbours?

Nothing	1
Talk to the neighbours	2
Report to Landlord	3
Report to Managing Agent	4
Report to Caretaker	5
Report to Tenant Committee	6
Other Specify	99

32. Do problems with neighbours get resolved effectively?

Yes	1
No	2

33. What is the Landlord's responsibility with regards to the Maintenance of the unit?

Structural: Ceilings/ Floors/ Walls/ Roof	1	
Fix Fittings	2	
Fix Plumbing	3	**You can mark more than 1 answer**
Fix Electricity	4	
Regular painting	5	
Fix damages: broken window, broken door, broken wall, etc.	6	
Changing the light bulbs	7	
Other, Specify	99	

34. What is the Tenant's responsibility with regards to the Maintenance of the unit?

Structural: Ceilings/ Floors/ Walls/ Roof	1	
Fix Fittings	2	
Fix Plumbing	3	**You can mark more than 1 answer**
Fix Electricity	4	
Regular painting	5	
Fix damages: broken window, broken door, broken wall, etc.	6	
Changing the light bulbs	7	
Other, Specify	99	

35. Have you ever reported a maintenance problem with the unit?

Yes	1	*Go to Qa*
No	2	**>Go to Q36**

a. Was the problem satisfactorily resolved?

Yes	1

No	2

36. To your knowledge, have any tenants of this landlord ever been evicted?

Yes	1	*Go to Q a*
No	2	**>Go to Q 37**

a What was the main reason for the eviction?

Did not pay the rent	1
They were behind with the rent	2
They made too much noise	3
They had too many visitors	4
Stealing / involved in criminal activities	5
Landlord found new tenant who would pay more	6
Other, Specify:	99

37. In the last 6 months, have you ever paid your rent late?

Yes	1
No	2

38. In the last 6 months, have you ever paid only a part of your rent?

Yes	1
No	2

39. In the last 6 months, have you ever NOT paid your rent at all?

Yes	1
No	2

40. What do tenants do when they cannot pay the rent?

Negotiate with the landlord	1
Pay part of the rent	2
Wait for the landlord to act	3
Other Specify	99

41. What does the landlord do when a tenant cannot pay the rent?

Turn off the water	1	**Mark more than 1 answer if applicable**
Turn off the electricity	2	
Lock out	3	
Take the door off the hinges	4	
Brick up the entrance to the building	5	
Written warning	6	
Evict	7	
Other, Specify:	99	

42. Do you think this is fair treatment from the landlord?

Yes	1	**>Go to q 43**
No	2	**>Go to q.a**

a. What do you think the landlord should rather do?

Show compassion if tenant really struggles	1
Allow tenant time to pay the rent back	2
Other, Specify	99

43. What is your Total Monthly income, in your hand/bank?

44. What is the rest of your Household's contribution, in your hand/bank?

45. How did you find this unit?

I walked though the area and asked for a room to rent	1
A friend/family referred me	2
I saw an advertisement	3
Previous tenant referred me	4
Other, Specify:	5

46. How Easy or Difficult was it to find a rental unit in the city?

Easy	1
Moderate	2
Difficult	3

47. Have you ever heard of the Rental Housing Act?

Yes	1	**>Go to Q a**
No	2	**>Go to Q 48**

a What does it cover?

48. Have you ever been to the Tribunal?

Yes	1	**>Go to Q a - b**
No	2	**>Go to Q49**

Were you treated fairly?

Yes	1

No	2

b. Was the problem resolved satisfactorily?

Yes	1
No	2

49. To what extent do you agree with the following statements?

		1 = Agree 2 = Unsure 3 = Disagree
A	My landlord does his best to make sure my housing needs are met	
B	I don't know who to talk to if something goes wrong in my rental unit	
C	I feel as though no one really cares if I have a problem with my rental unit, as long as I pay the rent	
D	It's not fair that I have to pay the rent but my landlord doesn't have to fix my unit	
E	Things have really gotten bad in my area – it's not a nice place to live anymore	
F	I think things are getting better in this area – it's a good place to live	
G	I wish I could move to another place in the city	
H	I wish I can move out of the city	
I	There is no where else I'd rather live	

50. If you have the opportunity, how would you improve the landlord –tenant relation and communication?

51. Can we contact you again to participate in a follow-up survey in future?

Yes	1
No	2

Thank you for your time and effort!

End of Interview.