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The invisible hand that shapes rental markets in the townships (North of Johannesburg)

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The invisible hand that shapes rental markets in the townships (North of Johannesburg)

University of the Witwatersrand
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A research report submitted to the School of Architecture and Planning, University of the Witwatersrand, in fulfilment of the requirements for the Master of Science in Development Planning

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Declaration

A research report submitted to the School of Architecture and Planning, University of the Witwatersrand, in fulfilment of the requirements for the Master of Science in Development Planning

Supervised by Prof. Sarah Charlton

Declaration

I declare that this research report is my work. It has been submitted for the MSc Development Planning to the University of the Witwatersrand, Johannesburg. It has not been submitted for any degree to any other university.

……

(Signature of Candidate)

……Day of…….Year……..

Acknowledgements

Thank you Brah God, you carried the boy ever since, keep giving the boy the spirit to push. The time is coming where the townships will be recognised. I hope every research I touch brings to surface the untold dying beautiful stories about the townships. My academic journey in this field has shown me that reality is skewed and for that I'm grateful, however, it left me crestfallen towards life.

Yet again I repeat "Go wena Mmamodisha Sarah Phala Mojapelo, ke re o tšhukudu Mosale o se lebale gore o godišitše senatla. Ya gago o iphetile. Ke ya leboga Mma"

To Professor Sarah Charlton, thank you for taking this journey with me. There are no words to thank you. I will not forget works; you made a huge impact on my life not just in academia but in life in general. Thank you once again. Also, Nqobile Malaza you became a mother, sister, a friend and overall a life coach. I am grateful for your love and support through this academic journey.

Many thanks to WITS-TUB Urban Lab scholarship for granting me the opportunity to have an impact in urban studies.

To my ninjas Tebello, Kgaogelo, Matome, Luther and Unathi let us push this life thing….

Abstract

There is no doubt that the informal rental market (backyard rentals) has presented ordinary South Africans with a livelihood strategy that is not only benefiting the individual but the greater society. With so much rapid growth happening in the urban areas more especially in the peripheries the nature of how we understand rental markets is shifting. These markets seem to be producing more and more diverse rental options which cater for different people but more importantly, they cater also for the poor. Most of the time, the formal rental market is known to alienate the poor when it comes to housing. In the townships of Ebony Park and Kaalfontein in Johannesburg, landlords are shaping how we understand rental, they are creating diverse backyard typologies which seem to be catering for the middle and lower class. Interestingly this trend has been a far-fetched goal of the post-apartheid government: to create neighbours that are socially mixed, affordable and diverse. The only issue is that the informal rental sector has been given little or no attention by the government.

This research aims at investigating what are the factors that are contributing to such patterns in townships by looking at the supply side of the market (landlords) so that at least the government recognise this sector. The argument presented is that there is nothing special about the market, but instead, the market is highly influenced by the invisible hand. The argument is that when landlords pursue their selfish aims in the townships, they produce unintended consequences which are beneficial to society and government. As such if the government wants to intervene in this hand of the market it should be in a strategic way in which it does not disturb the invisible hand. Indeed, the invisible hand somehow plays a role in how we understand the backyard rental market in the township. In the research it is evident that there are several factors that influences landlords to enter the market; however, from the township context four factors seem to be key (cognitive, space awareness, risk aversion and emotion). The research acknowledges that the aforementioned factors can be group into psychological factors. There are also non-psychological factors (law enforcement, policies, town-planning tools etc.) that come into play.

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The invisible hand that shapes rental markets in the townships (North of Johannesburg)

Chapter one: Research Background

1.1 Introduction



Figure 1: The picture illustrates the general context of Ebony Park, showing some of the rental structures that are there. Source: Author, 2019

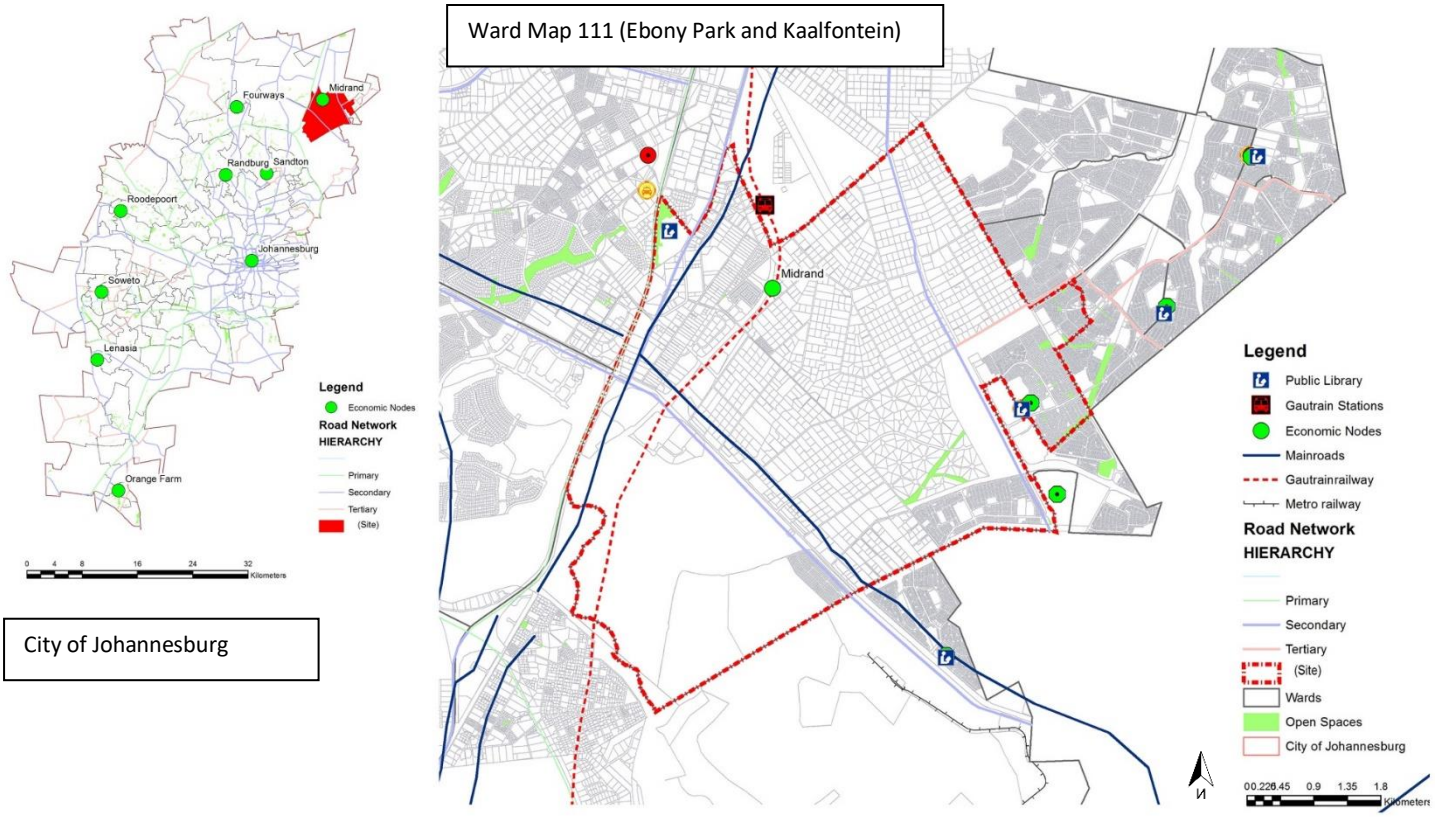


Figure 2: Map showing the context of the Study area Source: GCRO GIS DATA, Adapted by Author, 2019

To this day, pictures of the urban life under the apartheid government are still familiar even to non-South Africans. The mind-numbing images of matchbox houses spoke to the apartheid government regimentation of South African Township (Crankshaw and Parnell, 1998). A favourite technique used by journalists and filmmakers was used to contrast the Orwellian African Township setting with that of individualism and freedom of the white neighbourhood. In many instances such scenes exaggerated the extent of state control, however, the imagery captured the realities of the National Party's model of high Apartheid City. The Apartheid model aimed not only to isolated white and black resident, but also to ensure that urban Africans would not rise above their given role as a bond-slave to the needs of white society.

In 1994 the restrictions that framed this picture of South African urban landscape had been abolished. However, to some, it appears that some of the imagery of the apartheid city resonate post-apartheid, this is because a lot of people still associate the township with the monotonous urban landscape (Crankshaw and Parnell, 1998). It was from my Honours Research that I managed to witness that the urban landscape trajectory of the townships is moving in a different direction. More and more housing typologies in the townships are evolving from their mono function. There is a growing trend in the township of Ebony Park and Kaalfontein many of the houses are being converted into assets to tap into the economic opportunities.

Over the past 10 years, housing typologies north of Johannesburg have been evolving into economic pillars of the townships whereby these areas serve as spaces for economic opportunities for residents to create their livelihoods. One of the noticeable trends is that state (RDP) and bonded houses are either demolished or extended to provide for the accommodation demand. What is interesting about this trend is that usually in practice the township rental accommodation only targets low-income dwellers. However, it is astonishing to see how townships (such as Tembisa, Kaalfontein, Ivory Park and Ebony Park) are altering how we understand rental accommodation in third spaces. Third space often refers to townships (spaces that are neither undeveloped nor developed which are located on the outskirts of the cities with intentions of separating people according to race (Mahajan, 2014)). These locations seem to be catering to diverse income groups ranging from low to middle income (refer to figure 1). Furthermore, one would expect rental accommodation to occur horizontally in the townships and vertical consolidation to occur in affluent or formal areas of rental accommodation where there is more demand put on the land. For quite some years economists have argued that vertical consolidation only happens in affluent areas because developers have the financial means and the residual values for the developments tend to be higher than areas in the township (McGaffin et al, 2015). Recently we witness these trends happening in the opposite direction. McGaffin et al, (2015) give evidence that vertical consolidation occurs in low-income settlements. The vertical consolidation occurred in a settlement known as Du Noon in Cape Town, where the research was conducted to investigate the drivers of vertical consolidations. Similarly, I seek to explore the drivers that shape rental markets in the township by looking at horizontal and vertical consolidation popularly known as backyarding in the rental market which seems to be contributing to the notion of rental and accommodation diversity, socially mixed community and affordability in Kaalfontein and Ebony Park (Refer to figure 3). I seek to explore the idea of an inclusive community, in terms of how the rental market is accommodating different class groups in the area.



Figure 3: Different types of rental typologies in Ebony Park and Kaalfontein. The picture on the left shows the middle-income rental and, on the right, the low-income rental. Source: Author, 2019

1.2 Problem Statement

Inclusionary housing, mixed-income and affordable housing have been a goal that the South Africa government fights to achieve. Post-apartheid this notion still fails to materialize, I believe the goals are not realised because a lot of these notions are championed by the state and never consider how the citizens achieve mixed-income and affordable housing or social mixing as we know. As such these goals seem to be farfetched.

In most instances in South Africa townships, housing has been understood as a social right, however, The Breaking New Ground policy of 2004 has clearly stated that housing should be understood as an asset. Housing as an asset should be the catalyst which helps people to bring about economic freedom (Rust,2007). What has been stipulated in the Breaking New Ground, is materialising in the townships and people are taking full advantage of this by establishing backyard structures as a source of livelihood strategy. As ordinary citizens carry out this livelihood strategy, their unintended outcomes (inclusionary

housing, mixed-income, diverse rental accommodation and affordable housing) seem to be achieving the government wishes. What has been seen is that government seems to shy away or give little attention to such livelihood strategies and the government negligence has contributed to the strong persistence of informality and risks (Scheba and Turok, 2020). As such this research aims to explore more of this practice of landlordism from the supply side to understand what are the driving forces that shape the rental market in the township to comprehend why the community is becoming more socially mixed, through affordable and diverse rental accommodation.

1.3 Rationale

1.3.1 The importance of this research

This research will provide an opportunity to conduct a contemporary analysis of the motivation, intentions and behaviour of rental investors, and backyard rental diversity, and put forward the future implications of the supply and management of the private small-scale rental housing. Australia is an example of a housing policy which relies heavily on the private sector in being able to provide access to affordable rental housing to low-income households (Yates,1996). As such the supply of affordable rent to low income groups becomes a critical component in reducing the high demand for social housing. Allen et al. (1989) assert that it is of most importance to know the types of landlords there are in a market and how they act because it is the requirement which aids in understanding what is happening to the private rented housing market. Also, understanding investment behaviour is crucial to estimating future supply patterns, particularly at the lower-cost end of the sector. It is still widely recognised that our knowledge of rental housing is limited, and more research is needed to inform the policy framework (Berry,2000) in such research where there are knowledge gaps which relate to the motivations, experiences, and backyard rental-diversity and expectations of rental property investors and how these factors impact on investment behaviour in the supply of rental housing. This research aims at contributing an up to date information into the motivations, intentions and behaviour of rental investors in the South African context.

1.3.2 The research is important in policy terms for such reasons:

- The small-scale rental accommodation sector delivers investment returns to individuals as a means of wealth generation and financial planning for retirement. The private rental housing also acts as an important market for development, finance, constructions and real estate industries.
- The sector has been known to accommodate a greater number of low-income households than the public housing sector.

- The private rental market in providing affordable and stable housing can directly impact on the well-being and psychology of tenants (Morris et al, 2005). And the rental supply may influence the state social programmes such as offering increased spatially- specific employment generation, access to labour markets and reduced public expenditure on the public housing (Scheba and Turok, 2020).

1.3.3. The importance of the research broader South African context

This research aims to explore what the other sectors (private and residents) are doing to achieve these state goals which bring about an inclusive community or neighbourhood. From my observation, these goals seem to be translated through the diverse rental market in Ebony Park and Kaalfontein. What is interesting about the rental markets in the townships is the fact that people seem to be building different typologies for the rental spaces which appear to be catering for different income groups in the community. Thus the rationale of the research is to provide an insight on what are the driving forces of the market rentals in Kaalfontein Park and Ebony Park, what are the different forms of accommodation that are being provided, for whom, and what are the lessons that the state can draw from these trends happening.

Also, one of the rationales of this research is that there is a gap in empirical research which unpacks the forces that influence rental markets in the township. Mostly research that seems to be there for the township, relates to horizontal consolidation (backyard accommodation) which tends to look at low-income people. Thus, this study contributes to the literature by focusing on what influences landlords to engage with the rental markets in the township by looking at the diversity of the rental market and whether this result neighbourhood mix.

1.4 Research Question

What are the driving forces that shape the landlords/investors in Kaalfontein and Ebony Park to provide diverse forms of accommodations which result in the township having various rental accommodation?

The research question is the main tool which seeks to explore what shapes the rental markets in the township and, to understand how landlords or homeowners decide to enter rental market and provide the different types of accommodation.

1.4.1 Sub- Questions

1. What influences landlords/ house owners in the township to enter the rental market?

2. What are the different forms of rental accommodation that are being provided?

3. To what extent does this seem to result in more socially mixed neighbourhoods?

1.5 Research Aim and Objectives

1.5.1 Research Aim

To investigate the diversity in the supply of rental accommodation in Kaalfontein and Ebony Park and how this can be explained.

1.5.2 Objectives

- To identify what are different forms of rental accommodations are being provided in Kaalfontein and Ebony Park
- To critically asses the driving factors that shape this rental market in these areas
- To explore what influences landlords/homeowners to enter this rental market and supply forms of accommodation (social, psychological and economic factors).

1.6 Chapter Outline:

The **first chapter** serves as an introduction which explains the origin of the research and the rationale of the research in the field of urban development studies. The chapter discusses the research framework which tries to comprehend the diversity embedded in the rental market in Ebony Park and Kaalfontein and the driving forces of these attributes by looking at the supply side of the market. The **second chapter** further tries to comprehend the market (supply side) by providing a layered reading about the market. The chapter is divided into four themes namely: the invisible hand, the autoconstruction of the township through the rental market, the rental housing market and social mixing. These themes are the building blocks of the conceptual framework. The **third chapter** focuses on the methods used to carry out the research. The methods used are informed mostly by the layered reading discussed in the second chapter. The **fourth chapter** is aimed at providing an in-depth discussion on the context of the research together with a policy context regarding the practice of backyard dwellings in Johannesburg. The **fifth chapter** presents the

findings of the research. The findings are mainly structured on the mentioned themes in chapter two. The **Sixth chapter** aims at providing a depth-analysis on the findings. The chapter is divided into two main themes namely Factors affecting decision making and Auto-construction. **Chapter seven is** the last section in the research which focuses on conclusion and reflections on the market , which illustrate how the market operate within the idea of the invisible hand.



Chapter Two: Constructing the Walls of the Rental Market

Every individual …neither intends to promote the public interest, nor knows how is promoting it …he intends only his own security; and by directing that industry in such manner as its produce may be of the greatest value, he intends only his own, and he is in this, as in many other cases led by an invisible hand to promote an end which was no part of his intention (Smith, 1783,p.456).

2.1 Introduction

The following chapter is divided into four sections which comprehend the literature on small scale rental in the informal rental market in South Africa. The first section uses Adam Smith's perspective of the invisible hand as a lens for the argument to suggest that informal back yarding in South Africa has positive externalities. The second section is followed by auto-constructions through the rental market which demonstrates how this practice of backyarding is transformative with regards to urban spaces of the outskirts. The last two sections look at in-depth literature with one part looking at the rental markets and the last part looking at the possible outcomes of this practice which is social mixing.

2.2 The Invisible Hand.

The interpretation of the invisible hand by Adam Smith is that he did not regard the invisible hand that much and thought of it as an ironic but useful joke (Rothschild, 1994). What is fascinating about this, is how Smith used the word invisible hand on three dissimilar occasions. The first use of this view, he used it in his **History of Astronomy**- where he was talking about the gullibility of people in a polytheistic society who believe 'the irregular events of nature' such as storms and thunders as well as to intelligent beings though invisible- such as ancestors, gods and fairies. These kinds of people do not ascribe to the ordinary cause of things (Rothschild, 1994). The second use of the invisible hand is in **The Theory of Moral Sentiments (1759).** The use of the invisible hand is in a cynical way. Smith here is describing bourgeoisie who are unconcerned with the whole notion of humanity nor justice, but rather with their natural selfishness and greediness in fulfilling their insatiable desires. Adam Smith notes that in their doings the bourgeoisie manages to employ thousands of poor workers to produce commodities for the middle class. In some way, Adam Smith believes that they are led by the invisible hand to "… without intending it, without knowing it, advance the interests of the society" (Smith, 1976b, p. 184). The third use of the invisible hand is in the **Wealth of Nation (1776)** in a chapter concerned with international trade. He argues strongly against the restrictions posed on the imports and the merchants who supply them. Smith alludes that domestic

monopolies are advantageous for a certain industry but if there were no import restrictions, the merchants would still prefer to support domestic industry, in the spirit of securing self-gains. The merchant thereby promotes the interest of society by giving preference to domestic industry .. (Smith and Steward,1963). This research will use two views from Adam Smith's interpretation of the invisible hand (the latter and last view on the invisible hand). The latter view, however, takes precedence for this research, i.e. as Robertson (1995) states that small scale rental suppliers have been marked as businesspeople who take advantage of their tenants. The argument presented in this research is that when backyard accommodation suppliers in the townships provide housing solutions with the intent of achieving their self-gains, they somehow benefit the good of society through providing a diverse affordable housing solution for the poor and social inclusivity. Some of these unintended goals from the accommodation suppliers have been on the wish list of the South African government.

What is common in all these views of the invisible hand is that all these subjects of the invisible hand theories are blind in that they cannot see the hand that they are led by. Rothschild (1994) states that the success of the invisible hand depends on people choosing to pursue their selfish gains and interests using political influence, using force or in other ways. Thus, it thereby requires both institutions and good norms, whereby a person pursues their interests within the boundary of well-defined rules not by seeking to influence institutions or rules (Hunt,2017). As such the research seeks to see whether there are invisible rules within the market, also to investigate who create these boundaries (state or the merchants) and do the merchants follow them. For Robbins (1952,p.56) good institutions and good governance are the results of policy, 'the hand of the lawgiver'. Also, the outcome of good governance practice and institutions are good if they are themselves the unintended consequence of the individual self-interest.

Perhaps capitalism is the best thing that ever happened to man-kind, the words of Adam Smith suggest that capitalism is not bad if viewed differently. In essence, Adam Smith is arguing that when individuals pursue their selfish aims- either making profits or seeking security they end-up aiding the creation of a more efficient economy that leads to an equilibrium of the market which serves the public interest. In the context of housing rental market in the township (Ebony Park and Kaalfontein) this research seeks to comprehend what are the driving hidden forces of (the invisible hand) from the supply which seem to result in the diversity of rental market (backyard typology and income levels). From my standpoint of township economies/ third spaces, such practices seem crucial in the development of the townships.

Turok and Borel-Saladin (2016) mention that the South African urban Growth has happened in an unusual way whereby the growth of informality appears to have taken the form of residential letting rather than the free-standing house units of the normative development. In contexts such as Diepsloot. Informal letting seems to be having positive externalities, which were never expected, for instance letting residential houses or rooms in the townships seem to be contributing significantly to mitigating the housing crisis of the country and most importantly it results in the different typologies of accommodation which caters for different social-groups. For some time, the government has been trying to achieve these results through formal platforms such as collaboration with formal private sectors, for examples through policies such as the inclusionary housing policies. As mentioned in chapter one these platforms are not radical enough however this research is inspired by the rental market in the townships such Kaalfontein and Ebony Park which appear to be achieving these patterns because the residents do so by deviating from [1]Ghost Rachman images that have been dominating in the policy literature and political rhetoric on investing in rental markets. As such this chapter aims at looking at other factors (such as economic conditions in the surrounding area etc.) that might be influencing these patterns, in particular, looking at the psychological and behavioural factors that influence residents to carry out these trends from the supply side which seem to account for the diversity and growth of the backyard rental accommodation in the townships.

2.3 The autoconstruction of the township through rental accommodation

Over the past years or so, many townships in South Africa have been rapidly developing in the absence or little presence of the state. To my surprise, this kind of development or space production has come as a shock because I assumed for any permissible development to happen there must be some form of interaction between the state and the people, such as getting development permissions from the government. However, it was brought to my attention that the phenomena happening at Kaalfontein and Ebony Park is one happening in many parts of the world. One scholar who is particularly interested in this phenomenon is Caldeira (2017), she uses the term autoconstruction to analyse how normal citizens of the global South produce cities through peripheral urbanisation. Caldeira (2017) uses the term peripheral urbanisation in a controversial way, in which she refers to modes of the production of spaces rather than as a spatial reference to a certain type of city-building.

[1] This refers the exploitation of tenants by small-scale landlords such as Peter Rachman.

Caldeira (2017) claims that people use these modes of production of space to empower and to create their own spaces. The claim made is that peripheral urbanisation consists of a set of interrelated processes which are; urbanisation operates with a specific temporality and agency; people engaging in transversal ways of official logic; the spaces spark new forms or modes of politics; lastly, they create highly unequal and heterogeneous cities. As such she uses these interrelated processes to investigate the mode logics of the production of urban spaces that differ from the global north. Intrinsically, I would use the model of autoconstruction to investigate the idiosyncratic market process happening in the township which seems to be transforming how we understand rental markets and more importantly how the market caters for different income levels.

2.3.1 Agency and Temporality

In any given setting around the world when citizens produce any kind of urban spaces, it has to involve some sort of agency. Therefore, it is important to look at citizens, not as mere consumers of spaces which are developed and regulated by others but view them as agents of urbanisation. According to Caldeira (2017), citizens develop urban spaces according to the available resources they have Caldeira (2017) terms this autoconstruction. Using the concept of Rakodi (2014) livelihood resources play an important role in enabling residents to build (refer to figure 4). The primary goal for developing these spaces is having spaces which support their livelihoods and supporting families. When landlords make the choice to engage with the rental market there has to be some of the agency to engage with such activities and usually, the primary goal is to secure source of income however some literature such as Grover (2015) argues differently stating the primary goal is not only to secure investment returns. The by-products of their choices seem to be transforming or producing urban spaces which are different. What is interesting is that autoconstruction does not happen all at once, it involves a different temporality (whereby communities grow and change little by little which is led by ordinary people). The research notes it will not go in-depth with this theme.

Livelihood resources/ Household assets

• Financial capital-financial resources available to people and which provide them with the ability to gain access to build these accommodations- including cash, credits, and economic assets.

• Physical capital- The basic infrastructure or equipment for production which enables people to pursue their livelihoods (transport, shelter, water, energy and communication).

• Human capital- The labour resources available to households or individuals who have both qualitative and quantitative aspects. The qualitative dimension refers to the level of education and skills, as well as the health status of household members. The quantitative dimension refers to the number of household members and time available to engage in income-earning activities.

• Political capital - is based on access to political processes and decision-making and best seen as the gatekeeper asset, permitting or blocking the accumulation of the other assets (Ward councillors/any persons responsible for the settlement).

Figure 4: Table showing four livelihood resources that landlords can choose from (Source: adapted from Rakodi, 2014; Modified by Author, 2020)

2.3.2 Transversal logics and Experiment in politics and democracy

Over the past years, informal or illegal urban spaces have been marked as spaces where official logics are transverse to what suits urban dwellers. Peripheries are spaces that frequently unsettle official logics and citizens contest these official logics by participating with many matters of occupation regulation, legalization and planning (Caldeira,2017). Often in South Africa, landlords of backyard rentals avoid official logics of urban planning such as zoning permits, building heights, building lines and many more (Mtshali,2015). As the dwellers avoid with the official logics usually they redefine them, by doing so, which generates urbanization of heterogeneous typology. Fight shying official logics means peripheries are

improvised, however, it does not mean that the amount of improvisation is illegal, chaotic or unplanned and unregulated. Some of these peripheries are propelled by the state. Huchzermeyer (2007) writes about how the tenement city in Kenya, Nairobi was initiated and encouraged by the state, the people started tampering with the official logics because the officials' approaches did not anticipate the intensity of large-scale private rental of multi-storey tenements (Huchzermeyer, 2007). Therefore, peripheral urbanisation or autoconstruction does not mean the absence of the state or planning, even in a laissez-faire market but rather citizens and the government interact in complex ways. Robinson (2002) presents a different way to look as to why people transgress the official logics, often planners and developers lose touch with reality when they upgrade informal areas. Often the visons of state representatives are highly regulated with formal housing which are free from backyards, spaza shops. The plans do not have the possibility of the state houses (RDP) to be swamped by informal structures built from corrugated iron and a mixture of other improvised materials. Robinson (2002) states that despite the failures of the utopian visions of planners there are some positives that came with regards to the upgrading of Joe Slovo Park. The area seems to have slid back to its original 'unruly' state, however, there are remarkable improvements in the living conditions, amenities and infrastructure as compared with the past. This is one of the cases where the market balance itself out or deviates from what the state envisaged. Robinson (2002) further states the reason as to why the planner's vision of multicultural planning and integrated urban development collapsed is that often planners fail to acknowledge the complexity and heterogeneity of communities and actual social practices in their standardised policies. This suggests state representatives should start exploring lived experience of communities because it could bring to the surface hidden forms of social differentiation and everyday practices. These can assist them to draw attention to the limits of state-led efforts. .

In more recent literature scholar Di Lollo (2020) is suggesting that it is time for the government to come into play because the practice of backyard rental is beneficial to South African communities (they house people near employment opportunities and it can be used as a strategy for densification). Di Lollo (2020) further states that the lack of state involvement to guide this practice has seen non-state organisation coming into play which aids this practice by looking at financial models and various intervention (such as teaching landlords about the practice, providing approvals from the municipality). Professor Ruben alludes in Di Lollo's (2020) article that some of these initiatives are ambitious because they add on the red tape of earning income or helping relatives with accommodation, for instance giving out loans will be difficult because low-income earners tend to be risk-averters in terms of capitals loans, getting structure their structures approved, they see it as a long process and sometimes they believe they will not get approved because it said that the government imposes a lot of restrictions. I agree with professor Ruben, suggesting the official logics to enhance this practice will not aid this practice anyhow. During my pre-research, one of my

respondents mentioned if there are no benefits that directly impact landlords positively there is no need for them to abide by the official logics.

As citizen transverse official logics, the peripheries areas often result in urban settings of deterioration and reproduction of inequality which produce spaces with complex political relationships. The political relationship comes as new modes of politics that breed new kinds of claims, contestation and citizens. The new modes of politics stem from the qualities and practices of peripheries. In the case of rental markets in the townships or peripheries the qualities and practices stem from, the following as described by Caldeira (2017):

"The unstable conditions of tenure, the skewed presence of the state, the precariousness of infrastructures, the exploitation by developers and merchants, the constant abuse of residents by the institutions of order, and several processes of stigmatization and discrimination against residents make peripheries spaces of the invention of new democratic practices."(Caldeira, 2017,p.9).

2.3.3 Heterogeneity: the mixture of everything

What we term diversity/variation Simone (2014) terms "heterogeneity" in peripheries. Simone (2014) states that processes of peripheral urbanization which are usually through residents engaging in new kinds of production of spaces, subjects and consumers has resulted in the areas being dynamic, creative and transformative which in turn is termed heterogeneity. Caldeira (2017) presents an intriguing argument which adds to Simone's (2014) concept of heterogeneity. She states that the new forms of engagement can be transformative however they are not able to close or remove the gap that separates constituencies of the peripheries and other groups. Caldeira (2017) further elaborates that the gap is constantly recreated and perpetuated by the inequality of quality of urban spaces, resources and income of various social groups. The writer is correct to say the peripheries areas have inequality are sometimes known to be violent, however, I believe it will be incorrect to say there are homogeneously poor and precarious. The terms inequality and poverty are relative; for people living in these areas or the rental accommodation the differences might not be much of problem or huge, but inequality and poverty become visible as we start to compare with areas which have different urban forms and typologies. As such to see the spectrum of inequality one must have a spatial reference point to compare the different forms and typologies.

The concept of generating heterogeneous urban space has been long-standing since the establishment of Latin American cities. Through this development of Latin American Cities, scholars (such as Caldeira,2017) have managed to illustrate that the urbanization has had the effect of improving and growing

the spatial and social heterogeneity of peripheral spaces. As the peripheral spaces undergo these changes of improvement and growth, the spaces tend to offer citizens opportunities of a better life (despite the social class or the economic background). Nevertheless, since the mid-20th century, peripheral urbanization has offered poor residents of the global south opportunities to occupy urban spaces by maintaining alternative markets and urban life and housing that is unjust but reasonably priced (Simone, 2014). The opportunities for the alternative markets are usually created by residents themselves and this research is concerned with why and how they take that decision to create alternative markets more specifically in the rental market of the township.

Caldeira (2017) states although this kind of urbanization continues to solidify in many urban spaces, it is slowly showing its limits. She states that often government interventions in the housing market which intend to expand low-income housing for the poor effects or slow down the dynamic of peripheral urbanization. This statement seems to not apply in the South African context because interventions initiated by the government have not tampered with any dynamics of the auto-construction, but they seem to be catalysing the process. However, Savage (2014) argues differently saying that government provision of free houses has distorted the housing market in South Africa and displaced the private sector investment housing. This argument might be true for the formal market but within the informal or semi-formal markets in the townships, it might be the opposite also.

2.3.4 Expansion of state-subsidised housing.

As government intervenes in the urban peripheral urbanisation, we come to realise that the modes of the production can be altered. For instance, in Santiago, Chile the modes of production were altered through repression and neoliberal policies which made Chile to be considered the 'best practice' case in the provision of social housing. Only in the case of strong government can the dynamics of autoconstruction be tampered with. In Santiago, peripheral urbanisation was not put on hold by either intervention in markets of the private property or ambitions of world-class grade, but it is usually a kind of state policy which stemmed from the regime of the military (Salcedo, 2010). This regime has changed housing for the poor community to an affordable community. The militant policies have stopped the illegal occupation of land and consider the housing matter as a private issue which ought to be addressed by the private market (Salcedo,2010). The militant policies were adopted in the mid-1970s which granted low-income houses capital subsidies linked to the private market. The capital subsidy was granted based on merit in which low-income households had to prove that they are poor and able to save. If the capital subsidy is granted, they are directed to housing units built by the private developer. What is interesting with this model is that private developers produce house to be 'built progressively' by owners. Therefore, the low-income households

receive rudimentary kitchens and bathrooms and the rest will be built progressively. Some of the aspects of the aforementioned model were adopted by the inclusionary housing such as for making private developer compile.

2.4 Rental Housing Market.

Often the private rental sector has been championed to have a role in the rental market in accommodating low-income households who are unable to attain social housing (Kemp, 1988). This particular research is concerned with how the private rental sector can achieve the accommodation of not only low-income households but also middle income in third spaces such as Kaalfontein and Ebony Park. Kemp (1988) states that private rental housing has been an important accommodation for low-income household prior to the First World War in the UK. Entering the 20th century, there were growing trends and growth for social housing which provided rental solutions to low-income households. However, gaining access to social housing had its requirements which differ from county to country. At least in Liberal and social democratic countries, social housing has been focused on the poorest households (Hulse, 2003). Relatively speaking the state can provide only so much, thus in some countries, low-income households have turned to the private landlords for accommodation. Malpezzi's (1998) critical observation has given a useful insight into the rental in liberal countries, stating that most private renters are poor however in European countries even middle-class rent. This I believe is also the case in the township of Kaalfontein, the tenants in the rental market are diverse in terms of economic class. Britain and England have been the forerunners as the provider of the social housing rental accommodation in the 20th century (Hills, 2007). Kemp (1988) argues that low-income households are living in social housing in the rented sector. Kemp (1988) further states that the private sector is performing badly at housing the poor. Kemp's assumptions have been backed with empirical evidence on whether private renting plays a crucial role in housing the poor in England.

Yates (1996) argues differently when it comes to the Australian context, the private rental market has remained stronger compared to the European countries. Burke (1998) argues that the market should not be entirely run by the private sector. Burke (1998) states that there are problems created by the private sector because there will be issues of tenure, poor management skills, poor property standards and in addition maintenance levels will be dramatically be reduced when compared with the formal private rental accommodation. This research aims to show the contrary to Burke (1998) because currently, the private market in Kaalfontein is displaying different attributes which disagree with Burke (1998) argument. Overall the research seeks to investigate why and how rental supplier engage with the market.

2.4.1 Theoretical foundations of rental investor behaviour

Property Investment literature such as that found in the *Journal of Property and Investment Finance* and the *Journal of Property Resear*ch has been focusing on researching property market outcomes which focused on better trend forecasting, price differentials and movements, commonly based on rational market behaviour as an underlying condition of the market, which assumed that the market participants are well equipped and informed about the market (Seelig et al., 2006). Likewise, there has been a new growing literature which seeks to understand behavioural economics and finance. These concepts are slowing bettering the understanding as to why and how investment decision making occurs. Proponents such as Diaz (1999) have labelled this kind of research "behavioural property research". This will be used to unpack the market behaviour which will aid in comprehending why the rental market in Kaalfontein and Ebony Park is diverse.

As it has been seen the property market may differ from context to context and in the case of Kaalfontein and Ebony Park the market might be resulting in the diversity of typologies and economic classes as I have observed. This practice has raised questions to scholars as to why the property diverges from formal theory. The perfect Market theory assumes that all economic agents have access to the same information which informs them to engage with the market. However, in the real world, this practice does not materialize because the information is unevenly distributed. Galllimore and Gray (2000) give four generic typologies of investment information to explain why economic agents take decisions to engage with the market. This can be used to explore the diversity of the rental market in Kaalfontein and Ebony Park.

Public information- information which is widely available to everyone. Examples include free print media, property section and auction result from newspaper or websites.

Private information- not widely distributed or available at high cost from financial advisors (websites such as Windeed).

Information obtained through a body of the network- the process of networking with those who are participants in the market and may have access to investment information.

Personal feel and Market sentiment- information acquired consciously or subconsciously by a range of processes and which structures a market view for the person.

Another important concept relevant to understanding why the supplier engages in the market is the concept of 'awareness space'. This concept was firstly introduced in the 1970s to help comprehend the residential mobility decision-making (Seelig et al., 2006). This concept recognized that most people moved to

dwellings a relatively short distance from where they lived. And if they moved longer distances, it was because people had some familiarity with, what sociologist termed ‘awareness space'. The term refers to the ability to recognize an area or housing submarket for which people have a greater understanding or awareness in terms of the attributes of an area (which include attributes such as the housing form, amenities, quality and price). Although this concept has been largely used to comprehend the dwelling choices of owner-occupiers and tenant households the concept is likely to have relevance for this research because this study is concerned with small scale landlord or investors. As mentioned, there is a multitude of submarkets in Kaalfontein and Ebony Park, so the question is how does an investor or supplier choose which property to invest in, and in what way? Seelig et al. (2006) state that investors are likely to feel safer about investing in an area of ‘awareness’ as they feel more knowledgeable about the area. Therefore, the concepts of awareness space become a key influence in narrowing choice.

In economics, behavioural studies can be viewed as bounded rationality. The economic concept emerged in the 1960s in that recognition that there is certain economic rational behaviour that does not hold in investing in the real estates (Klaes and Sent, 2005). Bounded rationality theory suggests as much as investors want to decide to maximise as their primary object, the actual reality of achieving a maximising outcome is limited or ‘bounded’ by social norms, psychological, group thinking, cognitive abilities. Krabuanrat and Phelps (1998) state that bounded rationality decision-makers adapts more quickly than objective or quasi-scientific modes of decision making. It is therefore not necessarily irrational behaviour (bounded rationality) but one which aims at a ‘satisficing’ outcome (an outcome based on their most important current needs rather than a longer-term ‘rational’ outcome).

Residential property investment is one of those areas where the concept of bounded rationality comes to relevance to this research. Grover (2015) provides a refreshing way on the study on behavioural factors influencing investment decisions in real estate. Although Grover (2015) focuses on real estate studies, I strongly believe that the same literature can be also applied for this research. Often investors invest in property for different reasons such as commercial purpose, resale, rental use and some for investments purpose and many other reasons. Grover (2015) state that often these investors are influenced by similar behaviour factors and in most cases some of these factors they may not even know about (Anginer et al, 1998). Many people invest based on their emotions, mood, feeling fantasy and sentiments. In numerous occasions, these factors affect their decision making. According to Grover (2015), these factors are termed psychological factors which affect investor’s decision making. In understanding the psychological factors there are two approaches which can be used to comprehend human behaviour in their decision making. The first one is known as Traditional Finance. This approach assumes that the market is efficient, and investors

are rational and consider all information in their decision-making process. This approach is similar to the perfect market theory approach which was mentioned before.

The second approach is known as the behaviour finance, which is concerned with the study of human psychology, feelings, our thoughts and attitudes which influence investment decisions. For some time in the economics literature, emotions were regarded as part of behaviour finance which caused unwarranted and undesirable outcomes in the market. However, with recent studies, it is concluded that that emotion can also yield positive or negative results for any investment (Grover, 2015). Ackert et al, 2003 articulates this by referring to two characters from the popular movie and Tv series Star Trek. Mr Spock- is portrayed as a half Vulcan, species that suppresses emotion and star logic more than anything. This character is displayed as a rational thinker who thoroughly considers every piece of information. In contrast, Captain Kirk is highly likely to an action based on emotion. Yet Kirk is portrayed as a good decision-maker. From this logic, we see that emotion allows him to enhance his ability to make a critical decision. This kind of research shows that emotional state can significantly affect decision making.

Ackert et al. (2003) define emotion as a physiological state of arousal triggered by a belief about something, whereas Arnold (1960, p.86) defines emotion as 'the felt tendency toward anything intuitively appraised as good (beneficial) or away from anything appraised as bad (harmful)'. Often emotion can be also cognitive, the main difference between cognitive and emotion factor is that emotion sometimes may have no cognitive basis whatsoever: 'a flower smells good because it smells good' (Frijda, 2000: 63). These emotions can be grouped, to show why and how they affect investments, for this research only two will be mentioned. The first one is emotion deposition- this relates to how a person's current emotional state can influence the financial decision or in this case backyard rental structures. For instance, a person in a good mood because of recent experience or current position in life brings a positive outlook to the task at hand. Ashburry et al. (1999) argue that positive mood enhances individual performance on many cognitive tasks. A large body of literature such as Kahneman and Tversky (1979) supports the theory that positive mood allows persons to better organise and assimilate information and facilitates creative problem-solving. The second one is regret- regret is the emotion that distorts an investor's current disposition. Some scholars claim that fear of regret can drive certain financial decisions. In the pre-stage of this research I did work with one of the female investors in the backyard structures, she alluded that she invested in this type for investment because living alone as a female it is not safe. As such she invested because of her gender. This emotion is counterfactual in that it is generated by thoughts about what might happen but did not (Ackert et al, 2003). According to Kahneman and Tversky (1979), persons have strong desires to avoid the feeling of regret.

Individuals will change their behaviour to avoid recognizable losses. Although emotion has important influences on the investor's behaviour it does not contaminate judgement.

Borel-Saladin and Turok (2016) mention that some landlords in South Africa provide backyard rentals because they have causal or family relationships with the tenants. As such, I believe these are some of the non-tangible factors embedded which influence people to provide rental accommodations in townships such as Ebony Park and Kaalfontein. These factors in a way reproduce by-products of diversity and social mixing in the area. In the approach of behaviour finance, there are two sets of psychological factors which can look at, one being the cognitive (the way of think) and the other one being emotion (the way people feel) (Grover, 2015). The following factors that will be mentioned are based on a cognitive psychological factor which is the basis of behavioural influence. The basis of behaviour finance theories of cognitive psychology is divided into two: heuristics and prospect. Heuristics is defined as the rule of thumb, which employs practical methods, not guaranteed to be rational, optimal or perfect. Thus, making easier decisions in complex and uncertainty environment by decreasing the complexities of accessing probability. Often when investors use this approach it is because they are familiar to the context as to why other investors strongly invest in such area regardless to the fundamental principles of portfolio investment (Antony,2009) which is similar to the concept of space awareness. They give more attention to the information which is easily available to the market. The heuristic technique includes the Gambler's fallacy, Overconfident, Availability bias, Representativeness, Anchoring, Cognitive Dissonance and Herding Bias and so forth (refer to figure 5). With regards to the prospect theory, it shows that humans, in general, give more attention to outcomes that are definite as compared to results that are merely odds on. This theory assigns value to the gains and losses as compared to the final asset (Kahneman and Taverky. 1979). It includes regret aversion, loss aversion and mental accounting. The table show some of the factors (Grover and Sign, 2015):

Factors	Effect
Representativeness	Decision making on the shortcut that employs the use of experience to guide the decision-making process.
Anchoring	The tendency to rely too much on the first piece of information available, when making the decision.
Overconfidence	Unwarranted faith in one's intuitive reasoning, judgement and cognitive abilities.
Herding	Common Phenomena where investors tend to follow the investment decision taken by the majority.
Cognitive Dissonance	Feeling of uncomfortable tension which comes from holding two conflicting thoughts in the mind at the same time.
Loss Aversion	People tend to strongly prefer avoiding losses to acquiring gains. (losses are twice as powerful as gain)
Regret Aversion	Can make investors either risk-averse or motivate them to take a greater risk.

Figure 5: Table showing psychological factors in investment Source: (Grover, 2015, p.152)

2.4.2 Investing in the rental market (Small-scale landlordism)

Kemp and Rhodes (1997) goes a step further with regards to factors that influence investors in the real-estate sector. Kemp and Rhodes (1997) gives special attention to small-scale landlordism in Scotland which is focused on the motivations and attitudes of landlords towards letting their property. Similar to South Africa private landlords are commonly portrayed with an unpleasant character which exploits their tenants

by charging huge amount of rent for poorly constructed accommodation to gain 100 per cent profit at the expense of the public. Robertson (1995, p.36) has witnessed that:

The image of the private landlord as the greedy exploiter of other people's misfortunes, funding an extravagant lifestyle from fleecing the housing benefit system, is a recurrent, popular idea. Nowhere is this stronger than in Scotland, where revulsion at private landlords was always a strong part of the Labour Party's political heritage.

As Kemp and Rhodes (1997) articulate, it not clear as to why this stereotype has become huge in Scotland this just goes to show the lack of research on private landlords has meant that there has been little evidence available with to confirm, reject, or qualify this perception. The article examines this by looking at various sections, the first one looks at who are the landlords? Is letting their residential property their primary income source or just a side-line. The second section looks at how and why landlords acquire their property. Lastly, it focuses on how landlords regard their properties and examine their attitudes to letting accommodation more generally. For the sake of this research, not everything will be presented, only key results that came from the article will be mentioned which will show the motivations of landlords to enter this practice.

From the paper, it was clear that there are a diverse range of people and organisations owning privately rented housing in Scotland. Unlike the other economic sectors, private residential letting is not dominated by the corporate sectors or tenements city whereby it is only a few owners who own majority of the properties. In the paper, it is stated that most private individual landlords were middle-aged, and three-tenths were aged 60 or over. As mentioned before age becomes a key factor in look at the motivations and attitudes of entering in the market of small-scale landlordism. Another interesting finding from this study is that the lettings were owned by a range of organisation which include public and private companies; charitable trust, Church of Scotland, Government department and educational institutions such as schools and universities. Often these entities or individuals do not regard themselves as landlords. The question for this research is with the range of entities does it contribute to the diversity of the accommodation types or social mixing. From the research conducted by Kemp and Rhodes (1997), it was found that majority of the individuals or organisation are not letting because they want investment returns. Some provide the letting to cover the insurance, repairs and general wear and tear on the property. To some extent, some landlords are helping others (refer to figure 6)

	Rent free (%)	Charges rent (%)	Total (%)
Investment for rental income	2	21	15
Investment for capital growth	1	16	11
For both rental income and capital growth	4	23	17
To live in (at some time)	4	8	6
My home which I am unable/unwilling to sell	1	2	2
To help someone out	5	4	4
To house an employee	74	4	27
Incidental to another activity	4	9	7
Something else	5	14	11
Don't know	2	–	1
(Base)	(130)	(265)	(395)

[a] Significant at <0.01.

Figure 6: Table showing reasons as to why they have rental properties and whether the charge or not for the rental space Source:(Kemp and Rhodes, 1997, p.126)

It believe if the landlords offer accommodation for various reasons it means there will be a mixture of people coming from socio-economic backgrounds. As such this will foster social diversity in the area however what would have been interesting from the article to look at the accommodation provided in terms of the quality of the structure and the size of it. Also knowing whether landlords regard their property as an investment or in some other way tell us little about where they have positive or negative views about letting residential property.

From the article's finding, one can conclude that the research suggests that many landlords fit neither the reasonably rational or the Ghost Rachman images that have pervaded much of the policy and political rhetoric about property investment. Also, an interesting part to note is that decentralised ownership structure of the residential renting sector in Scotland makes it a competitive market in which landlords are price takers rather price setters. In simple terms, the private landlord as an individual is not able to determine the overall level of market rents since they are all in competition with other supplies. This in the way can be a solution for the housing crisis, because this would that different income groups can be housed because the market is not extremely monopolised. I believe that if there is a huge number of small-scale landlords, the market can also work for poorest of the poorest. The perception that private landlords can charge almost any rent they like is, therefore, a fallacy (Ivatts, 1988).

2.4.3. Back yarding In South Africa.

Back yarding in South Africa is not a new phenomenon, this pattern started during the apartheid regime. In the late 1960s, the apartheid government stopped constructing housing in the urban areas for black rural migrants (Crankshaw et al, 2000). As a result of repressive and restrictive laws, rural migrants coming to the urban areas could not find housing solution. The only available housing solution came from illegal and informal backyard dwellings predominantly in the townships. Ever since this trend started it kept growing. What is interesting is that despite the fact the efforts of post-apartheid government in providing housing solutions, the trend kept on gaining more momentum. Often this practice is regarded as informal, scholars such as Hall (2013) allude that informal backyard dwelling refers to informal dwellings constructed in a backyard's property of main formal dwelling. Over the years this definition has been contested due to nature of the practice. Crankshaw et al (2000) define backyard accommodation as dwellings in the townships are usually separated from the main dwelling. Shaparjee and Charlton (2013) present a different view stating that informal back dwelling involves the co-habitation of the landlord and the tenant on the same plot regardless of the dwelling organization or design. It should not be assumed that all backyard dwellings have the same typologies, they vary from context to context. The nature of co-habitation with landlord and tenant is not a new concept in the context of South Africa, but what might be different from other developing countries is that the backyard dwellings are sometimes erected by the tenant, not by the landlord (Crankshaw et al, 2000). Also, the relationship between the landlord and tenant is complex, which this text will explore later.

Firstly, this part of literature will try to comprehend why South African backyard landlords enter this practice. Various scholars such as Gillbert et al. (1996), and Lemanski (2009) suggest that most landlords are often less educated and are women, older and poorer than their tenants. As such most landlords construct back yard structure as a response to an economic shock such as the loss of a breadwinner, mitigating against financial or an of pension after retirement (Hopa 2016). Mphatsoe (2016) notes that landlords view backyard rental as relatively less demanding livelihood strategies than other options. For some landlords, as articulated by Morange (2002) landlordism is a way of cutting urban services costs not to raise a lucrative income. For some, it is about supporting extended family or helping those in needy (Mndawe 2014). However, these landlords should not be confused as philanthropists, as they show a sense of solidarity they are still motivated by personal gains. In a study done in Johannesburg and Cape Town, it was found that these kinds of landlords appear much more to be a comrade in the everyday struggle for life.

Secondly, this part of the literature brings light on how the tenant and landlord relationship materialize. For some time, the small-scale or informal landlord-tenant relationship has been classified as deeply

exploitative (Lemanski, 2009). The relationship is becoming less abusive, as backyard dwelling supply is increasingly demand-driven (Chetty, 2017). Also what is interesting is that Gardener and Rubin (SALGA report, 2013) have found that the majority of the landlord-tenant relationships do not conform to popular negative stereotypes but rather the relationships are relatively casual or based on personal relation rather than a formal contractual arrangement with legal backing. As noted by many scholars the tenure agreement is usually verbal, however, Morange (2002) notes that each verbal agreement is treated as a special case. Morange (2002) attests that with these verbal agreements, landlords can alleviate the burden of unemployment of tenants during harsh economic times because landlords are willing to renegotiate and reduce the rent. For instance, tenants who find themselves in difficult situations could easily stop paying rent since tenants can negotiate a personal agreement with the landlord. Such negation processes are only available when individual personal relationships are cultivated through everyday life (sharing public spaces, sanitary spaces and more). Flexibility in the informal rental does not imply that households suffer from the insecurity of tenure or residential instability. Due to the nature of the informality of this practice theoretically, the tenants are said to be stuck in a precarious situation in a system open to abuse (Watson,1994). Nevertheless, tenants seem to not fear this (Watson, 1994). In a nutshell, it can be said that the tenant-landlords relationship is personalized depending on both parties and for some reason sometimes the relationship is not quite clear because Morange (2002) states that landlordism is simply the passing of the cost of services on the tenant. As such Morange (2002) states that this phenomenon does not play an obvious role in generating or enlarging social and economic gaps between landlords and tenants

2.5 Social mixing

The general speculation for this research is that the rental market in Kaalfontein and Ebony is creating by-products of social mix in the community. The concept of social mixing has been around for almost 30 years now. Arthurson et al. (2015) state that the concept of social mix is a vague concept which is often explained as an income mix or housing tenure mix which result in the social mix. Another definition that Lees (2008) adds is that the idea of social mix rests on that belief that there is an ideal community is socially balanced if there is a variation or diversity of social class living in the same community. What has been difficult to grapple with this concept is that there has been little empirical research, little is known about social mix, at what level, district, neighbourhood do we consider a community worthy to be socially mixed.

Lees (2008) argues that social mix is understood differently by various disciplines and different scales of operation. Within the Academic arena, there are two main debates with regards to social mix. The first debate explores the use of social mix in policymaking as a tool to promote or catalyse social inclusion and

create a certain community for the disadvantaged group (Lees, 2008). In the context of South Africa, such policies or initiatives were policies such as Inclusionary Housing Policy. The policy mandate is to re-structure the apartheid cities through the social mix. The assumption is that the policy will achieve social inclusion when private property developers offer some affordable housing to the low-income within their development (Klug et al., 2013). However, Klug et al. (2013) found that this policy is finding difficulties to achieve its mandate due to property developers resisting this initiative. Bolt (2009) argues often policies concerned with social mix have had little effect in reducing income and class segregation and inclusionary housing are unproductive in weak market settings. Klug et al. (2013) note that the private sector is achieving the notion of a social mix without the backbone of the state. Private developers seem to be able to make returns on mixed-housing schemes through their own financial and institutional models. Second, there is a argument saying that the use of the policy of social mix is a way of glamorizing neo-liberal state-led gentrification processes (opening markets to the private sector, all in the name of 'social inclusion' instead people end-up getting excluded). This study is not focused on the latter debates. According to Elias and Scotson (2004), policies of social mix tend to clash the unwillingness among different social groups to make contact or build cohesive relationships. Blanc (2010) makes an example that when living close together against their will, proximity can aggravate conflicts. This is what is exactly what happened when planners tried to integrate the historically white middle-class suburb of Milnerton and Joe Slovo Park. The utopian vision of planners and developers was supposed to create a harmonious 'multicultural', multi-class and non-racial housing however it is contradicted by the socio-spatial segregation and the tensions with Xhosa-speaking (working class) of Slovo Park residents and white and coloured residents of the middle-income area (Robinson, 2002). Bolt (2009) states that many of these state interventions seek to achieve a balance of socio-ethnic populations at the neighbourhood level however it is not completely clear what constitutes a fair mix.

Interestingly, the current body of literature seems as if there is a new wave of social mixing which no longer focuses on social and ethnic exclusion. The discourse of social mixing now focuses on the economic interests and negotiations among developers and public actors (Goldstein and Bonfantitini, 2007). The emphasis is much more on the combination of a variety of local and supra-local functions. These shifting discourses are used in the design and implementation of new interventions. Rather than preventing the exclusion of the marginalized, the aims appear to be more significantly focused on the production of new values and qualities as well as creating an environment for the profitability and feasibility of real-estate investments (Goldstein and Bonfantitini, 2007). Perhaps the reason why there is a shift in discourse because the origin of the concept of the social mix was not oriented to challenge segregation processes in the most marginalized areas. But rather it was used to open access to housing provision supported by the state to lift

people from low to middle-income social groups. This framework of social mix signified a tool which catalyses a different of social justice which is more towards access. In other debates, the concept of social mix in Milan was mainly used to target the regeneration and development of public housing estates (Bricocoli,2008). These interventions were attempts to reduce the over-crowding of certain social groups, such as migrants and elderly people. In most of the cases, such agendas were hidden.

Also, when it comes to social mixing there is a general belief amongst policymakers, government and academics that living in a deprived community has a negative effect on the residents. In the body of literature, these so-called neighbourhood effects are known as outcomes of social exclusion (Buck, 2001); social mobility (Buck, 2001); deviant behaviour (Fredrichs and Blasius, 2003) and many more. Yes, in South Africa this might have been true, in terms of the black community living in the township, the apartheid government made it impossible for townships to live in, because of these areas were far from employment opportunities and other livelihood resources needed. However, Mtshali (2015) notes that these communities are reversing some of the legacies of apartheid such as the elimination of the need to travel outside areas of the township for seeking livelihood resources by making opportunities in the areas. Policymakers and state officials still embrace the concept of neighbourhood effects because they generally claim that the concentrations of poverty can make individuals poor(er) as such forcing social inclusion would solve poverty in the township. Most governments such as South Africa fall into the trap that establishing communities with a balanced socio-economic mix of residents would tackle the assumed negative neighbourhood effects (Manley et al., 2011). Around the world there is a growing literature which seeks to challenge the notion of social mixing, scholars such as Van Ham and Manley, (2009); Bolster et al., (2007) and Oeropoulos (2003). The literature demonstrates that there is little convincing empirical evidence that living in the so-called marginalised communities makes people poorer and concludes that policies designed to tackle poverty should target individuals rather than areas which they live in (Cheshire,2007). The latter statement made it sound a bit ambitious because how does one focus on the individual if the entire community almost live in dire poverty. The statement made, reflects the origin of the literature, which is in the first world, poverty in the other world is relatively low as compared to third world countries. Also, the word poverty is relative because poverty in the so-called third world might be different in the first world country. The argument made by this literature is that poor communities do not make people poorer, but people live in deprived areas because they cannot afford to live in affluent areas (Cheshire,2007). In essence Cheshire (2007), claims that poor people self-select themselves into the deprived neighbourhood (which is done through the sorting process of the housing market). Mulder and Hooimeijer, 1999 brings a controversial argument stating that the choice of residential location is purely determined at the level of the individual level poverty or household which is a result of personal preferences,

resources and restrictions and opportunities. Theoretically, mixing social groups is supposed to introduce positive role models in the community in which other residents then start to copy. Allen et al. (2005) attest that the work done by the Joseph Rowntree Foundation shows little evidence that creating mixed community helps in the interaction of different social groups. In some literature it is argued differently, demonstrating indeed social mixing can facilitate other groups, for example, an employed resident can facilitate access to unemployment opportunities for an unemployed resident through social capital or network. However, the literature points out indirect gentrification can occur whereby the new residents might feel a sense of displacement because the lifestyles and buying necessary goods and services would be expensive for them. Without any clear evidence that indeed social mixing can occur, it is then difficult to conceptualise how any positive transformation would work. To make mixed tenure policies work, empirical studies must bring forth evidence supporting that living in mono-tenure social housing concentration harms the individual's life.

2.6 Conceptual Framework

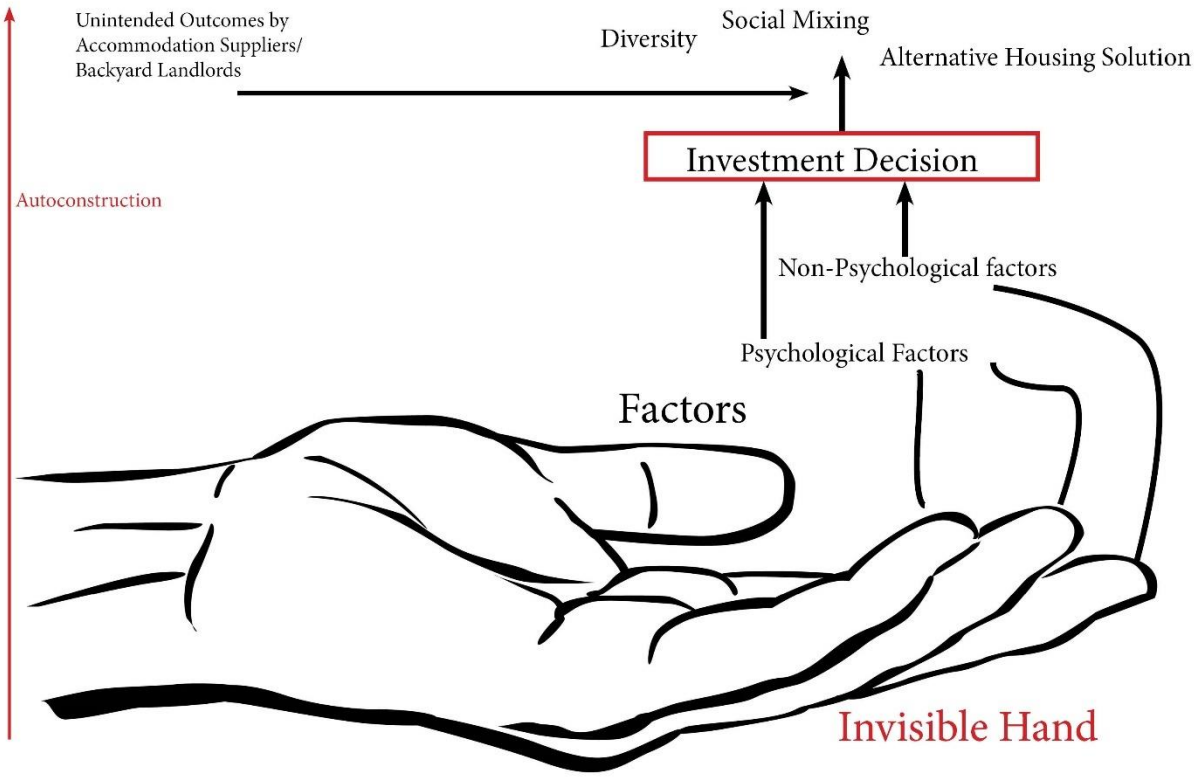


Figure 7: The picture shows a graphic representation of the summary of the literature Source: Author, 2019

In a neo-liberal country, it seems normal to accept the best chance to the housing solution is to allow the invisible hand to rescue the housing problem. This research uses the theoretical foundations of Adam Smith from his view of the invisible hand to account for the practices of the backyard landlords in the townships of Kaalfontein and Ebony Park. The reality is that as landlords provide backyard rental accommodation they do not consciously provide housing solution from the goodness of their hearts, however, the unintended outcomes which are social mixing, affordable, diverse rentals and alternative housing solutions seem to be benefitting the society, more importantly, the disadvantaged. As the landlords engage in this practice in some sort, they transform the urban space and how we understand it. As the landlords find new ways to build, they give rise to new alternative markets which transverse official logics and create new forms of politics. As pointed out in the literature this kind of pattern is known as auto-construction. What is interesting is that this new wave of auto-construction is changing how we know rental markets operate. One would expect the rental market to follow the perfect market theory of the Ghost Rachman way of doing things. However recent literature points out that there are non-psychological and psychological factors that affect a landlord's decision in creating these backyard rental units which seem to be benefit society. It is, therefore, part of this research to investigate some of the factors that influence landlords or homeowners to provide rental accommodation in the townships of Kaalfontein and Ebony Park.



Chapter Three: Research Method.

3. 1 Introduction

The theoretical foundation of the interpretive paradigm for this research was through hermeneutic phenomenology which employed qualitative methods. To some extent, the research had aspects of an ethnographic approach since I live around the study area and have had a few networks with some of the landlords and tenants. Seelig et al. (2006) state that investors are not easily identifiable in the general population. There have been challenges in attempting to sample rental suppliers or investors, preferred approaches have been identified for how to target and involve investors to engage in this kind of research which I borrowed some of Seelig et al (2006) techniques of sampling rental suppliers. This research represents an exploratory approach which seeks to understand the nature of the rental accommodation being supplied and behaviour of rental investors.

3.2 Populations Sampling

As Kemp and Rhodes (1997) mentions that one of the challenges of taking research on landlords is the readily available framework of selecting participants. This research was designed principally around in-depth, semi-structured interviews with the individual landlords, investors and property managers, amounting to 11 participants. I identified landlords via their tenants, as some of these tenants I have had a close relationship with. Some of the landlords were identified through advertisement (Advertisement wall in Kaalfontein and Ebony Park). The two advertisement walls are located close to retail stores. The one in Kaalfontein is located on the boundary walls of the commercial retail known as Shoprite and the second advertisement wall is near Spar. To classify some of the diversity happening around the area, I took a portion of where I live (Ebony Park) to map out some of the different accommodation typologies that landlords offer (section in Chapter 05).

Selecting landlords and homeowners was done by selecting any landlords based on the easy access to them. Some were sampled based on their advertisement posts (figure 8), some was through networking. This research noted that some of the landlords do not live within the area, as such when they were identified the interviews took place at their convenience in a public space for safety reasons.



Figure 8: Picture showing the advertising wall in Kaalfontein for Rental Accommodation Source: Author, 2019

3.3 Data collection

This research does not only draw on qualitative approaches (Interviews). Some quantitative material was also incorporated which included statistical and GIS data. Some of the information was then drawn from the advertising wall which helped categorise the accommodation type and in mapping out the spatial location. The wall gave a lot of information which was not anticipated, for instance, the cost of the rental, the services offered by the landlords. The most interesting part is that landlords even state whether they have parking spaces or whether they accept tenants with kids.

Capturing information on the advertising wall was difficult because the information was not organized in a pattern. My first step was to capture the information over a period of time so that it was easy to then categorize the information. This allowed me to capture a sense of what kind of landlords are there and to get hold of some of the landlords for interviews,

In addition, the research also used observation. Collecting data through observation was carried out by spending time with some of interviewees. This brought so much light to the research as the author because you get to see how relationships of the tenant's materialize and sometimes also the landlord's. These observations were captured through photography and writing notes.

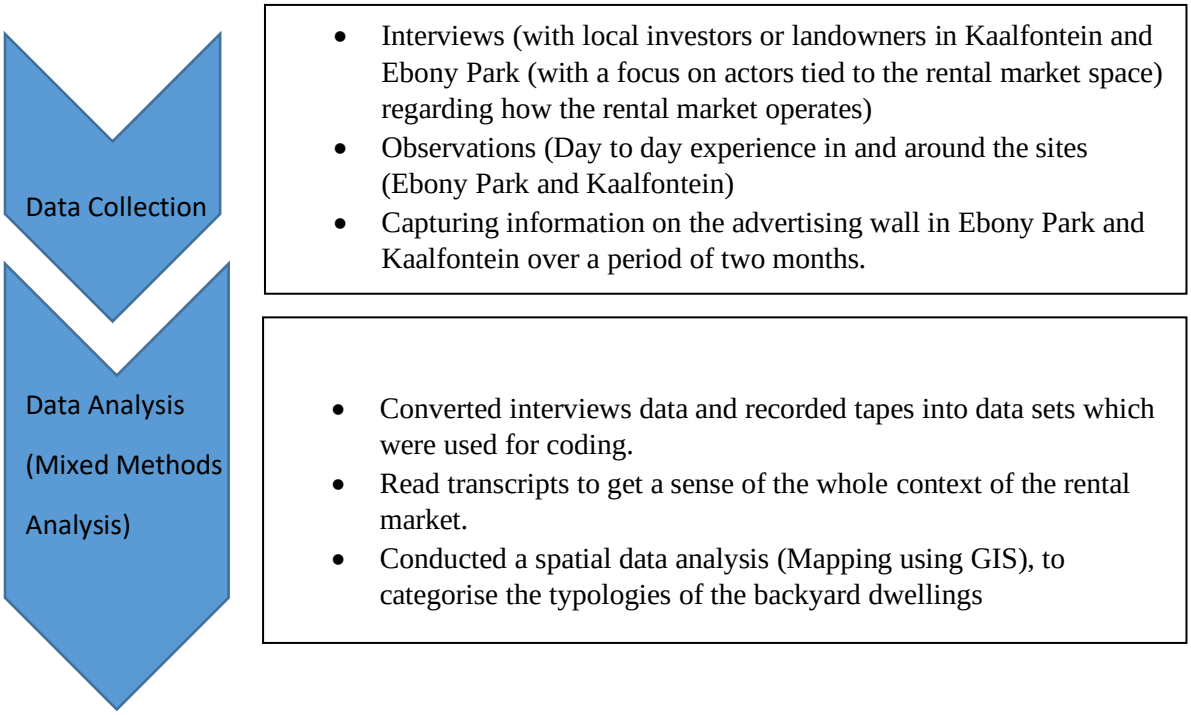


Figure 9: Showing the systematic diagram for the collection of Date Source: Author,2019

3.4 Data analysis

The research deployed a mixed-method analysis to improve the results of the data to have a better understanding of the subject matter. As Bhattacherjee (2012) outlines qualitative inquiry can also devise numerical quantities and analyses such as using quantitative procedures. The collected raw data from the interview was converted into raw text (or transcripts) which were used for coding. This technique aided in the classifying and categorizing of the transcript date into code or concepts which were used to uncover the

patterns of the data. With regards to the spatial analysis, GIS was useful as a tool. This tool aided in the processing and converting raw data into spatial data which was represented visually which allowed the observer to carry out spatial analysis (Longley et al,2005). For example, a lot of the landlords' decisions are sensitive to any change that might occur in the area such as crime or municipal by-law, so any change that might have occurred in the area was necessary to map it out, which revealed how the market was affected.

3.5 Limitations to the research

This research only focused on the supply side of the market, although it would have been interesting to see how the demand aspect of the market plays a role in the diversity and inclusivity of the rental market of the area. The reason why the research was not focusing on both sides was due to the timeframe which this research is structured.

3.5.1 Ethical Consideration

This research revealed some of the daily decisions that landlords make. As such some of the results of the research reveal ways in which landlords make a living. Some of the activities included legal and illegal livelihood strategies. As the author, it was necessary to point out the ethical considerations, making sure that the results of this research do not impede or compromise livelihood strategies of the landlords or any participants.

3.5.2 Ethical Principles for Voluntary participation

- The identities of the participants are kept anonymous.
- The participants had the right to withdraw from the study at any time.
- The participants were briefed about the research before the interview could take place.

3.5.3 Ethical Principles for analysis and reporting.

It was my responsibility as a researcher to follow rigorous scientific methods and disclose any negative or positive findings, even if they deviate from the hypothesis of the framework of the study. This ensured the credibility of the research report was always maintained.



Chapter Four: The field of the invisible hand

4.1 Historical background

4.1.1The development of Ebony Park and Kaalfontein

It is imperative to speak about the development of Tembisa and Ivory Park if one wants to see how Kaalfontein and Ebony Park advanced. Tembisa is one of the oldest townships around the Gauteng province, the township was established in 1957 by the Apartheid government (Masuku,2015: Moloi,2006). The township was established as a medium to clean the urban spaces near the Alexandra township. The notorious Apartheid government used its infamous township layout in Tembisa to separate based on ethnic groups. Moloi (2006) states that the settlement of Tembisa was established for three main reasons. Firstly, it was created to in-services labour for the massive industrial expansion happening in areas such as Kempton Park, Modderfontein and Olifantsfontein in the 1950s (Seekings,1990). Secondly, the government expected the establishment of Tembisa was a solution to the problems of squatting in urban spaces near Kempton Park and Edenvale. Lastly, it was supposed to be an answer to the overcrowding and housing shortages in Alexandra. That did not happen, Tembisa grew even bigger, to a point where the Apartheid government had to react. As such this called for the government to establish a new township which was known as Ivory Park.

Ivory Park emerged in 1991 as a site and service development to house backyard shack dwellers and informal dweller from the townships of Alexandra and Tembisa (Omenya,2006). Around the time of the establishment of Ivory Park, the area began to grow. This was because of the strategic location of Ivory Park; people could access jobs easily and the train station located in Tembisa offer mobility for the people to move around. Between 1996 and 2001, Ivory Park experienced a population growth of 64% (135 528) (Shapurjee et al.,2014). The increase in population growth was caused by the migration of job seekers and many of these settlers created more informal settings in Ivory Park. Yet again, the dire situation of overcrowding and poverty called for the post-apartheid government to react. The post-apartheid government responded by enacting interventions which were addressing the extreme level of poverty in the township, by providing housing and basic services.

4.1.2 Tracing back the small-scale renting known as backyard renting.

The post-apartheid government promised that the issue of poverty and the shortage of housing across the country would be resolved by delivering one million houses within five years (ANC,1994). During this time the ANC government signed Bosthabelo Accord which was an agreement between the government and business to normalise the housing environment (Marais et al., 2005). This meant that that public-sector housing finance could get support also from the private sector housing finance. The objective of realising one million houses was an important goal for the housing department of the post-apartheid government and it was realised in 1999 by means of targeted subsidies to the marginalised (Rust, 2003). According to the first generation that lived in Ebony Park, the partnership between the government and private sector finance managed to create the township Ebony Park through bond houses which created formal houses in the area. The township was formally established in 1997 as one of the projects of providing formal houses. The houses ranged from R18 000 to R60 000 which people could get from applying for loans from banks. The only problem with this initiative was that low-income households who were informally employed and those who were employed in the small business without a payroll deduction facility could not secure access these subsidies (Smith, 2003, p.174). The solution for this was the government gave people free state housing to those who do not qualify for loans, by the early 2000s Kaalfontein received RDP houses as one of the initiatives to house people who could not get loans (Refer to figure 10). During this time Ebony Park and Kaalfontein had an increase in the households living in formal dwellings while the number of migration job seekers increase dramatically. The migration of job seekers becomes a crucial turning point for both townships because this event shaped the rental typologies in the townships (refer to figure 10 below). Some of the old residents mention that a lot of households started providing accommodation for these temporary migrants because it offered an opportunity for them to earn some extra income, thus they started this whole thing of backyard rental or small-scale renting.



Figure 10: Diagram showing the evolution of Ebony Park, Whereby the initially bonded houses were mostly converted into accommodation structures and additional structures were built. The map above illustrates the density of the additional backyard structure for over 17 years. (Bonded houses) (Author, 2019) maps sourced from Google earth.

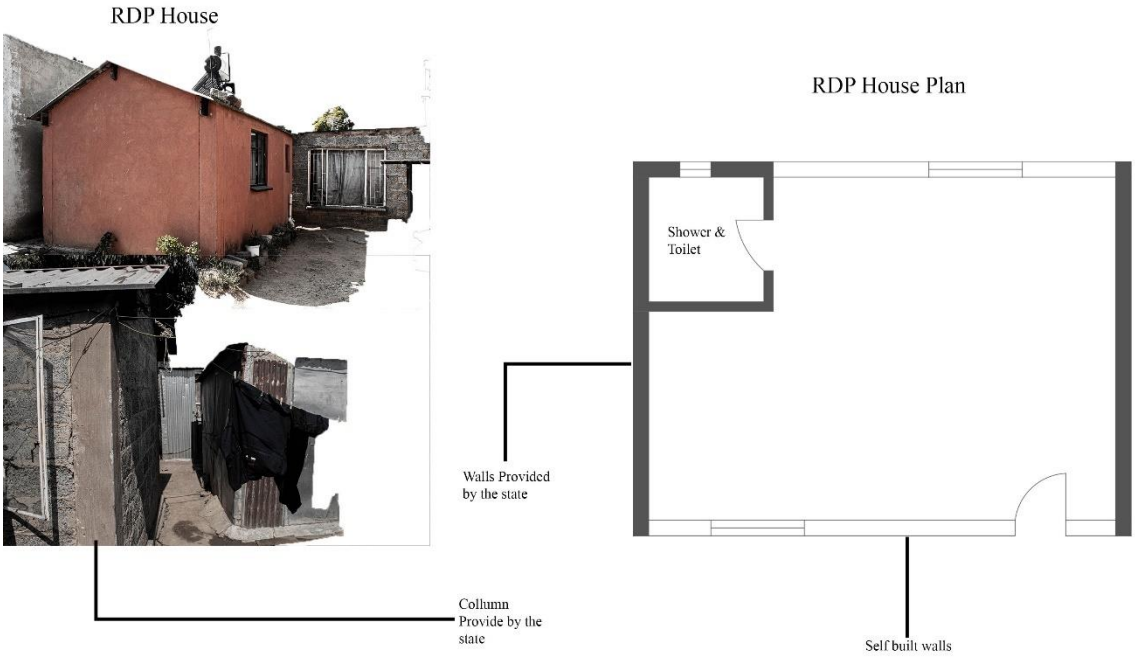


Figure 11: The image shows the first wave of RDPs in Kaalfontein that were provided by the government (the house were half-built). Government provided only walls columns so that residents can finish building the structure) Source: Author;2019

Tembisa, Ebony Park and Kaalfontein

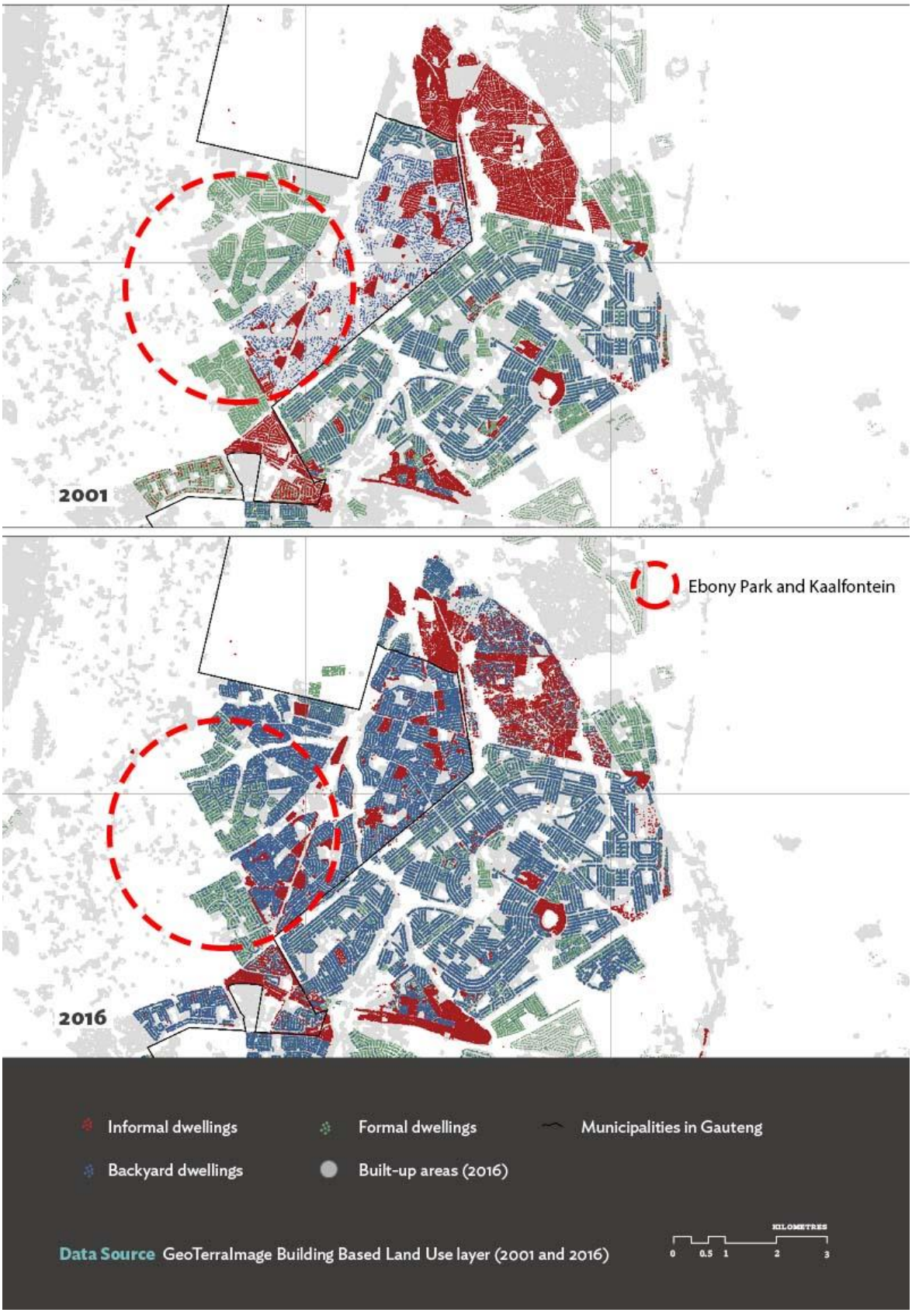


Figure 12: the images show how the number of backyard structures and informal dwellings has increased from 2001 till 2006 in Ebony Park and Kaalfontein Source GeoTerraImage Building Based Land Use Layer (2017).

The concept of small-scale renting or backyard renting is not a new phenomenon in the township. This concept originally dates to the days of apartheid, when the state imposed restrictions to black migrants settling in urban spaces. Those who worked in urban areas had residence permits which were housed by the apartheid government in council units in the townships and hostels (Turok and Borel-Saladin, 2015). The oppressive laws in 1960 made it difficult for black people to acquire houses in the urban area or create squatter settlements. As such backyard letting was a safer way to absorb the demand for people who wanted to live in the urban spaces to secure urban livelihoods. Although this practice was highly illegal the apartheid government turned a blind eye to this situation. This allowed township households to provide the accommodation needed for the urban migrants. This phenomenon grew rapidly during the 1980s and the state was losing control in these urban areas (Turok and Borel-Saladin, 2015). The population of backyards continued to grow due to the shortage of affordable rental property in urban spaces. From the map above, it clear that the number of backyard structures has dramatically increased thus settlement typology is slowly changing also.

Entering the dawn of democracy, the ANC government believed providing mass RDP housing would remove the informal renting accommodations in the townships (Bank, 2007). The small-scale renting in the township continued to absorb the demand for affordable housing. The reason why urban migrants flooded these areas was due to the relaxation of repressive influx controls which stimulated people to move (Shapurjee et. al, 2014). Backyards provided flexible rental payment and often evictions were uncommon (Rubin and Gardner, 2013). Small-scale renting is often preferred over informal settlement because small - scale landlord uses the already existing basic services to lure tenants. . Small-scale rental accommodation enjoyed some spatial locational advantages over informal settlement such as access to amenities, shops and nearby employment opportunities. Shapurjee et al, (2014) state that the growth of small-scale (backyard dwellings) is a sign of it responding to the housing demand in the context where initiatives of the state (state-subsidized) houses are either slow or failing to meet the accommodation needs of urban migrants and the poor. Shapurjee et al (2014) further, illustrate that small-scale letting has efficiently responded to the housing crisis by taking over the demand through providing rental accommodation solutions that suit the people. In Gauteng alone, residential buildings increased from over 2 million in 2001 to just under 3.5 million in 2016 which was a total of 60% increased between 2001 and 2016(refer to figure 13). From the table below free, formal housing remained the largest category of housing, followed backyard structures (Hamann,2018). This shows that backyard structures are also responding to the housing crisis.

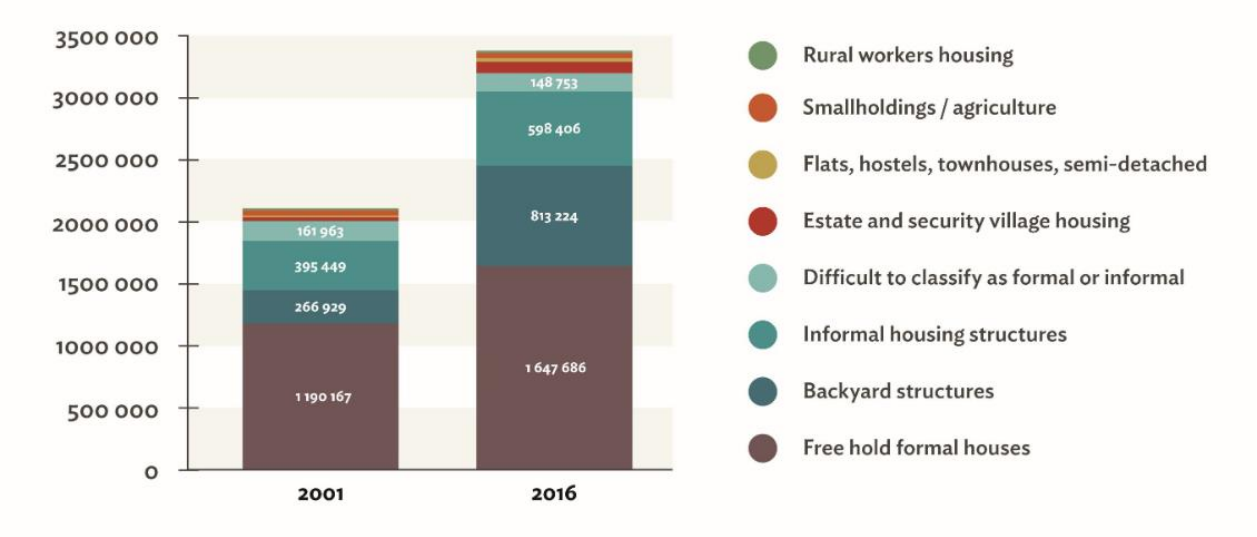


Figure 13: Change in the number of different residential buildings between 2001 and 2016 Source (Hamman, GRO,2018).

Residential buildings in Gauteng

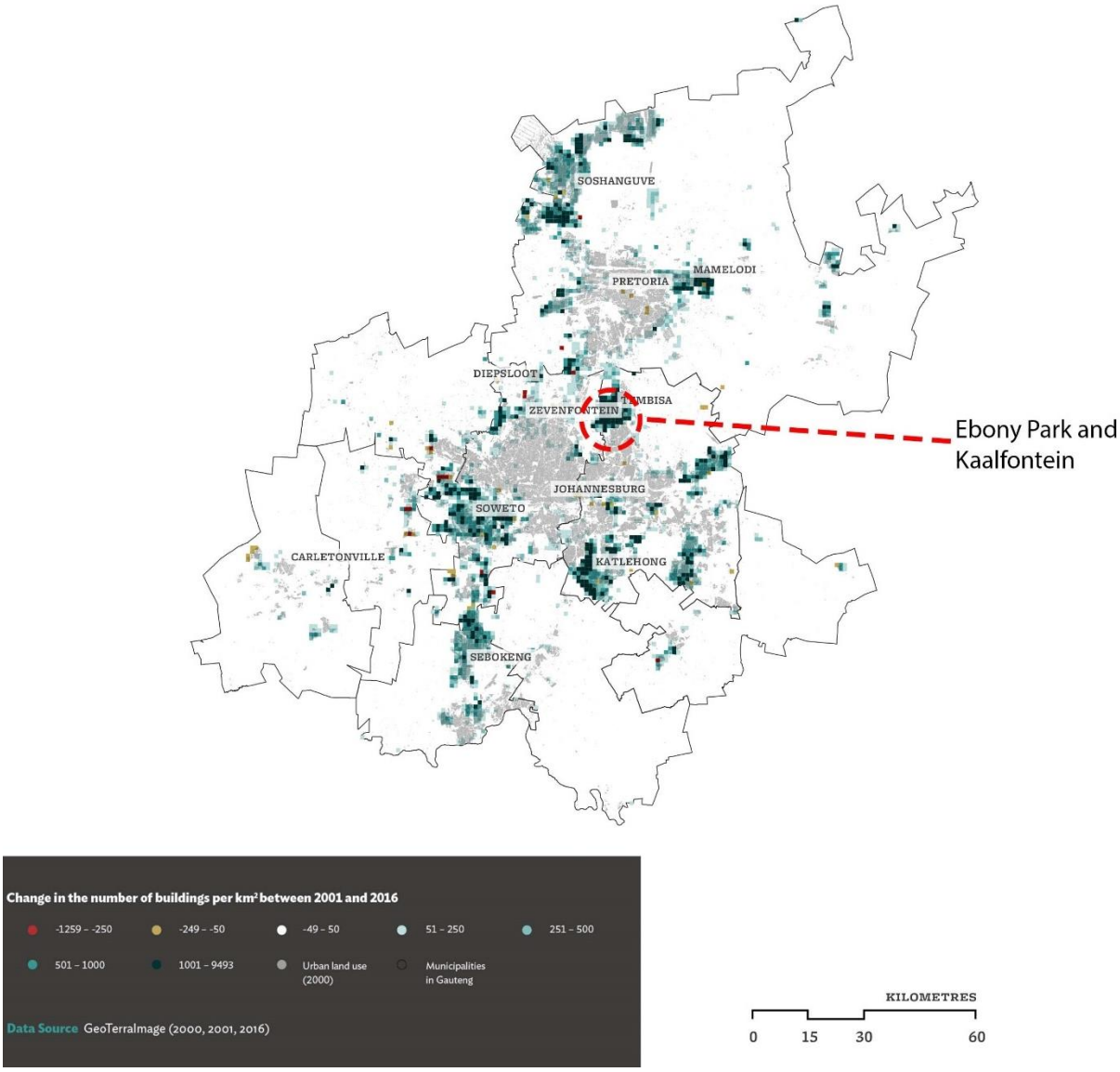


Figure 14: Image showing change in the number of buildings per square kilometre in Gauteng Province between 2001 and 2016
Source: GeoTerraImage (2017)

Between 2001 and 2016, there has been an increase in the change of building typologies, the map above shows the change. A lot of changes have happened around the former apartheid townships, using the table above one can conclude that change occurred because of the additional dwellings that owners built to support the housing demand in urban areas. The main contributing factor to this pattern might be that there is little presence of the state in townships to regulate such development.

4.2 The locality of Ebony Park and Kaalfontein

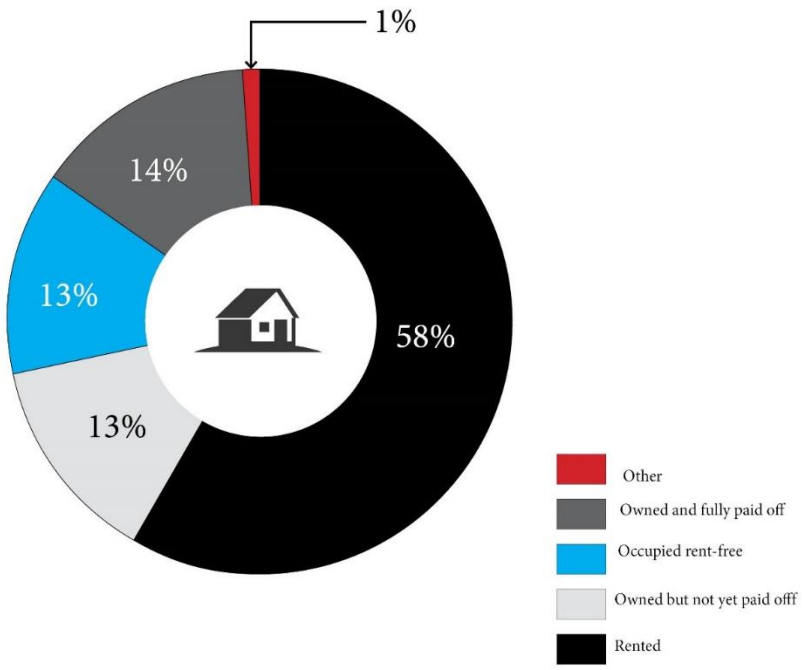


Figure 15: Diagram showing Tenure Status in Ebony Park and Kaalfontein, Source: Stats SA, 2011

Ebony Park and Kaalfontein are townships which are located in Midrand north of Johannesburg, South Africa. The townships can be easily mistaken for Tembisa because the two townships are located near Tembisa , which sometimes have a similar urban morphology (Township typology). Although the townships have a similar urban morphology that of Tembisa, both Ebony Park and Kaalfontein are under the administration of the Johannesburg Metropolitan Municipality in Region A. The City of Johannesburg has been marked as the majority host of Gauteng's backyard housing units (145 737) followed by Ekurhuleni (102 253 units) (Stats SA,2011). According to the stats SA, almost 60% of the residents in Ebony Park and Kaalfontein live in rented accommodation. With so much development happening in North of Johannesburg, it is therefore not a surprise that Kaalfontein and Ebony Park and other settlements (Ivory Park, Diepsloot and Tembisa (refer to figure 16)) are areas with the highest proportion of backyard housing (Small scale letting) in the country (Shapurjee et al., 2014). What is interesting about these settlements is that backyard housing in Johannesburg is not only restricted to one settlement typology but a variety of

low-income settlements, infilling in some state-sponsored (RDP) settlements such as Kaalfontein and formal subsidised settlements (bonded houses) such as Ebony Park.

Tenure Status for People Renting in the City of Johannesburg

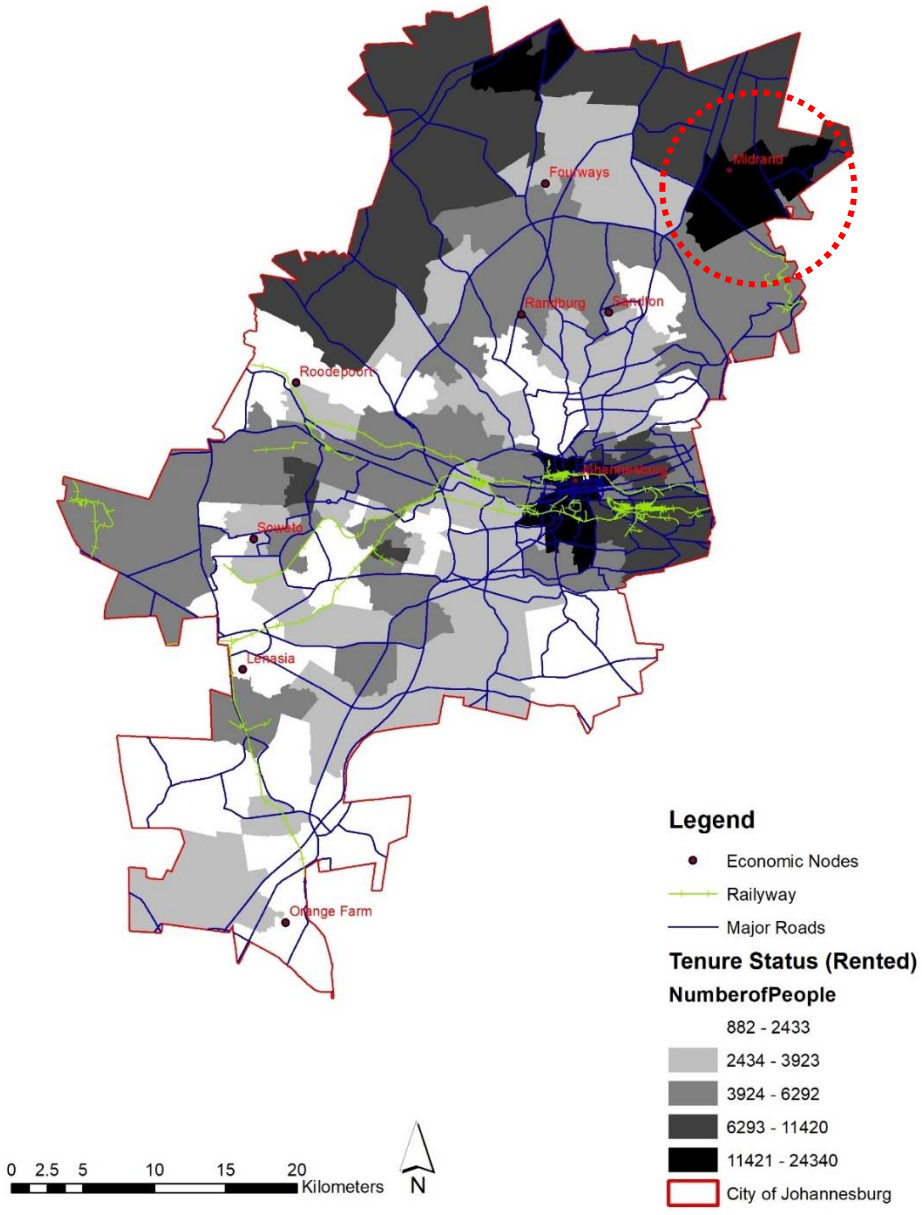


Figure 16: Map showing the Number of People renting in the City of Johannesburg, North of JHB (Site in red) with a lot of people renting out. (Source: Stats SA,2011 adapted by Author, 2019)

4.2.1 Demographics

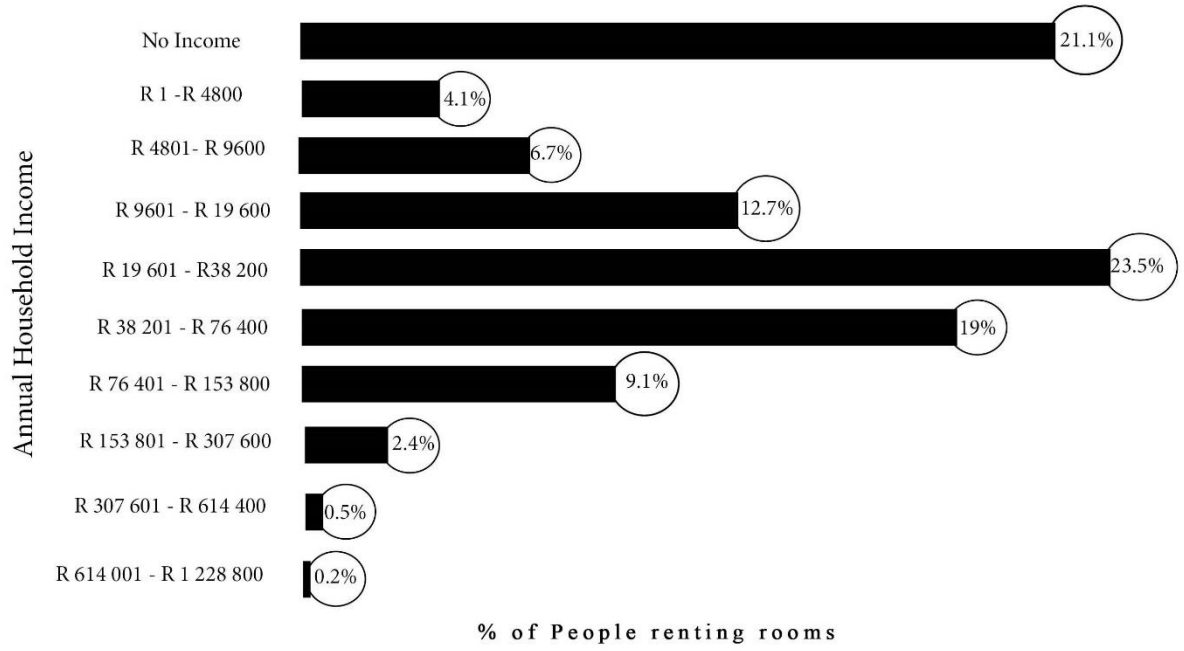


Figure 17: Diagram showing Annual Household Incomes for people renting rooms or Living in the backyard in Kaalfontein and Ebony Park, (Source, Stats SA, 2011 adapted by Author, 2019)

Ebony Park and Kaalfontein are located within ward 111, which has a population of 47 380 people with an area of 3.5 square kilometres. The area is highly populated with a population density of 13 436.7 people square kilometre. Kaalfontein and Ebony Park are one of the stable economies in the townships, half of the population are employed and within that bracket, 77 % are employed in the informal sector (Stats SA, 2011). The assumption for this research was that most residents engage in providing rental accommodation for economic benefits (Livelihood). One piece of data that contradicts the mentioned statement is that more than 19% (figure 17) of households living in yards or backyard accommodation have zero income, which means that these people technically have no money to pay accommodation. Thus, this research also questions why landlords or homeowners would provide such diverse accommodation for such people if they cannot secure rent money. Some of these questions are answered in Chapter 02, whereby landlords not only provide accommodation for securing livelihood however they also respond to social-economic environments happening around their context. The data (Stats SA,2011) also support the fact that landlords/homeowners provide rental accommodation to secure livelihoods with more than 20 per cent of the middle class (R 19 601- R153 800 annual household income) live in rental dwellings (figure 17). From this data, one can start to see that income group integration that is happening which some of the policies seek to achieve.

4.3 Policy Framework/analysis

4.3.1 City of Johannesburg Inclusionary Housing Incentives, Regulations and Mechanism.

On the 21st of February 2019, the City of Johannesburg Metropolitan approved a new policy, Inclusionary Housing: Incentives, Regulation and mechanism (policy) which came into effect on the 22nd of May 2019. The inclusionary housing is viewed as a tool for fostering social cohesion which is an egalitarian instrument to stimulate upward mobility for marginalized groups. Over the years the post-apartheid vowed to increase the supply of dignified affordable housing for low-income households, however, this was done using planning systems which had one-dimensional housing typologies and often placed low-income households in outskirts which in turn perpetuated the urban spread leaving low-income communities isolated from centres of economic opportunities. The problem of the first wave in post-apartheid of providing housing has led to the growing appeal of using inclusionary policy. The City of Johannesburg defines inclusionary housing as "a housing programme that, through conditions attached to the land-use rights approvals, requires the private developer to dedicate a certain percentage of new housing development to low-income and low-middle households or to the household that may otherwise afford to live in those developments" (COJ,2019, p.2). The concept of inclusionary housing can take different forms all over the world, but the common perception is that this concept is the cost-effective way to increase the supply of affordable housing while diversifying the housing stock (Tissington, 2011). The concept can differ based on the motives and objectives of the country. These differences can range from the implementation of inclusionary housing through government-offered government offered incentives which might encompass tax rebates as in Ireland (Venter,2017) and density bonuses as applied in the case of Brazil (Santoro,2015).

In the context of South Africa, the policies are used to rectify the injustice of the apartheid planning moreover to foster social mixing/integration (between races and various incomes). This is because, for the longest of time, the post-apartheid government only focused its energies on supplying housing. As such there was now a need to refocus on housing strategy on both the supply of housing for low-income households, as well as encouraging upward mobility for these households by providing housing solution in areas of better service delivery and the accessibility to central urban areas. This new paradigm shift was made possible by establishing the Breaking New Ground (which was adopted in 2004). This policy focused on encouraging integrated human settlements. Also, this paradigm shift developed several housing subsidies to support the acquisition of affordable housing units by low-income households. Some of the subsidies programmes include the finance linked individual subsidy programme (FLISP) which was created to service the affordable loan-housing market. On the other hand, the social housing programme developed

a rental housing plan for relatively low-income dwellers. This plan controlled the whole notion of 'restructuring zones' (SHRA,2017). This was done to ensure rental provision for low-income is desirable and well located within the city. The success of these mechanisms and subsidies which were established to support low-income households in attaining decent housing their success has come under scrutiny. For instance, the implementation of social housing programme was shortened by funding gaps due to insufficient subsidies, as well as the rental restrictions which limited the returns of social housing companies (Rebel,2016). Social housing has not been able to accommodate very poor households, the housing backlogs in the City of Johannesburg continued (Stas SA, 2017). The limited capacity by the state to fully address the increasing demand for low-income households for affordable housing in well-located urban areas has prompted COJ to use inclusionary housing as a mechanism to get aid from other entities such as the private sector. Although previous mechanisms seemed to partner with them, the new policy seems to have a different approach in bringing the private sector. As such inclusionary housing presents a unique opportunity for the private sector to contribute and expand their product to affordable housing (a financial pressure which was the primary responsibility of the government entities with public budgets).

The City has cited several objectives which the inclusionary policies would be using. The following are the aims of the policy.

- The policy is used to address the inequalities in the City of Johannesburg, through mixing different income groups near opportunities.
- The aim is to enable the City to leverage on infrastructure investments to ensure that the outcomes of the investments do not only benefit the private sector but large and diverse potions of the population.

The policy has a tool to facilitate a move towards a more inclusive, efficient and effective city. This carried out by setting requirements and conditions for inclusionary and the details on the different options available to developers. The developers can use excel spreadsheet 'calculator' which aid the developer to choose which option best suit their investment. Remarkably the City has made a bold statement, saying that inclusionary housing is mandatory for any development happening in the jurisdiction of the City of Johannesburg. Any proposed development which is 20 dwellings units or more, should abide by the policy. There are four different options for the implementation of inclusionary housing, in each option, a minimum of 30% of the total units should be set aside for inclusionary housing which must be spatially located on the same site as the development or within the same township.

The primary concern for this research is that the concept of heterogeneous communities does not have to be forced using synoptic methods, instead, it is possible to leave the market in certain areas such as Ebony

Park to carry out the objectives. Taking out from the inclusionary housing policy, it seems as if the City of Johannesburg is forcing integration through this policy by making private developers undertake the state responsibilities.

"inclusionary housing is mandatory for any development application under that jurisdiction of the City of Johannesburg Metropolitan Municipality that includes 20 dwellings units or more" (City of Johannesburg, 2019, p.5)

As stated above the city is doing this to address the ills of apartheid for the deprived people, however as it was mentioned in the second chapter, policymakers fall into the trap that using inclusionary policies would resolve poverty concentrations. Policymakers give us the perception that people living in townships live in complete poverty. This research disagrees with such statement because as Msthali (2015) outlines townships' spaces are developing and curbing all the negatives attributes created in the Apartheid. In terms of Ebony Park and Kaalfontein, this is done by providing accommodation. This shows inadequate research from the municipality because they fail or pay little attention to the activities in third spaces (Scheba and Turok, 2020). The city needs to acknowledge that townships evolve and using inclusionary housing does not mean a reduction of the concentration of poverty would be resolved. The City of Johannesburg should learn from the Moving To Opportunity (MTO) in the United States which seek to investigate the effects of social mixing. MTO program found out that there were no positive outcomes of social mixing whereby there was evidence of the improvement in income-earning or employment level (Jacob,2004). Also, in Sweden a policy of social mixing has been pursed since the 1970s, the fact that tenure mixing has not led to social mixing takes away part of the evidence for tenure mix policies. This just to show that forcing social mixing is not necessarily the way, however, as presented before letting the invisible hand play a role can result in the unintended goals that benefit society (social mixing and many more).

4.3.2. Enforcement of the policy

Simply writing the program requirements and conditions does not guarantee that inclusionary units will be occupied by the tenants that are intended to serve. The City fails to demonstrate how it will enforce the policy in motion. As it has been covered in literature, for such program to work, the city of Johannesburg must be willing to devote a human capital to oversee and take decisive action when there is a violation that jeopardizes the effectiveness of the program. As it has been noted some developers often have trouble complying with the program rules. Legal action usually does not necessarily mean they will full comply. Many cities require developers to provide annual rent roll indicating the low-income level of tenants in affordable units, such reviewing jobs requires capacity from the municipality. Perhaps, enforcing

inclusionary housing is too risky because no one knows the consequences of it. The most obvious risk that the municipality would want to avert is the risk of rebellious actions by developers.

The main aim of the chapter is to not go deep in critiquing the inclusionary policy, rather it is demonstrating that the policy is a rational strategy from the state to enforce social mixing and also demonstrate that nothing is being done with regards to small-scale rental markets because as it stands this market seem to been achieving some of the goals of the state. The upcoming section seeks to know how the state regard small-scale landlordism and how it provides guidelines to the suppliers. It is the discouraging to reflect on this section because the closest policy which spoke to a small-scale supplier in the Township was the Gauteng Backyard Policy. Unfortunately, the policy never materialised. The only piece of paper which is guiding the small-scale rental suppliers is the land-use scheme, SDF, IDP, UDF.

The city of Johannesburg Metropolitan Municipality: Spatial Development Framework (SDF) 2040

The SDF is an important guideline tool which seeks to put the city's visions and objectives on the ground. As such the SDF contains tactics and strategies which guide development, for this research, I will focus only on the sections which speak about the small-scale renting market. In terms of the City of Johannesburg small-scale renting is regarded as backyards rental accommodation or subsidiary dwellings. What is interesting is that the City acknowledges the role of the small scale letting.

"The practice of backyard rental housing provides valuable income for homeowners, provides affordable shelter for the urban poor, and densifies low-density urban areas" ***(City of Johannesburg's 2040, p.140)***

From this statement and the whole document the City misses a crucial to point out the outcomes of this practice. The outcomes can either be positive or negative, which need to be fully researched in-depth, for instance how this practice can be part of integration strategy (in terms of income, racial groups and so forth). One thing that stems from the City is that it sees the opportunities of backyard letting market however there seem to be disjointed policymaking, for instances policies of integration work as separate entities which are not backed by urban planning instruments.

Conclusion

In every market there has to be environment where things occur, this particular chapter aim was to provide the context of the study area which is Kaalfontein and Ebony Park. This chapter begun by providing the history context of why and how backyarding started in the township of Kaalfontein and Ebony Park. The research preceded by discussing the current status-qou of what is happening by looking at the general demographics and those related to the backyarding. Not only the chapter looked at the physical environment

of where the market occurred, however it also tried to comprehend the policy environment to have a better understanding of the market.



Chapter five: Self-interest and Competition in operation

In a free-market economy, self-interested beings operate through a system of mutual interdependence to promote the general good of society. For the operation of the free market, Adam Smith emphasized on two opposing yet complementary economic forces within the system of the free market. Self-interest and competition (Hunt, 2017).

In general, self-interest is the motive to seek personal gains. A person works to get paid so that they either buy things they need or want. As such one goes to college, steal, or rent out backyard structures in this instance to secure income to buy things they need or want. It all makes sense that all most economic activities we see are the result of personal gains. As Adam Smith would describe, it is not from the kindness of the butcher, the baker or the brewer that we expect our dinner (Hunt, 2017), but from their regard to their gains. Same applies in the townships of Ebony Park and Kaalfontein it is not expected from the landlords to provide accommodation out of the goodness of their heart rather from their selfishness. In other words, the landlord, serving his interests, is producing an important commodity which is housing. Thus, the magic of a free market economy is that self-gains produces behaviour that benefits others. The hopes of this chapter to investigate, what are the self-interests of landlords in providing such unique accommodation. this would be useful material for the following chapter to investigate whether the personal gains benefit society at large and contribute to the diversity of this phenomenon. In a market consumed by self-interest, it somehow expected that this would lead to a disorder such as corruption, cheating, and price-gouging. What Adam Smith argues is that most of these things are held in check by the market regulator which is competition (Hunt, 2017). The explanation is simple, in a free market, self-centred individuals are competing, for instance, a landlord would be able to achieve his or her self-interest if he/she produces a product that is better, cheaper or more convenient than the product produced by other competitors within the niche of the market. To maintain prosperity and continuity for backyard business, the landlords must be able to provide 'high quality' product at reasonable prices- otherwise, consumers go elsewhere. As such, competition serves as a powerful regulator, more than the governmental regulation, thus no landlord will take advantage of the customers. The following chapter seeks to investigate these two forces actions through gathering intel from the landlords themselves.

5.1 Introduction

Profiling the participants proved to be difficult as participants thought I was an official coming from the municipality to stop their livelihood strategies. The table below gives a summary of the profile of the participants (landlords) and shows the diversity of the rental market in Kaalfontein and Ebony Park. This chapter is divided into three sections, the first section gives an overview of the findings whereby it describes the demographics of the landlord together with the patterns of rental investment behaviour among landlords. The second section looks at the characteristics of the rental investors through exploring the reasons for investing and the main contributing factors toward investing in backyards. The last part of the section summaries these patterns by grouping the landlord into various groups. The last section presents the finding of the various accommodation typologies that are there, how they are created, how they are priced and so on.

Interviewee	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**
Gender	Male	Female	Male	Male	Male	Male	Female	Male	Female	Male	Female
Marital Status	Single	Married	Single	Widow	Widow	Single	widow	Single	Single	Single	Single
Number of property (backyards structures)	6	6	4	8	5	6	3	2	4	1	2
Age	30	46	38	51	33	28	46	32	39	40	44

Principal Property	No	Yes	Yes	Yes	No	No	No	Yes	No	No	Yes
Knowledge about any law	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	No
Is letting solely for business	Yes	Yes	No	Sometimes	Yes	Sometimes	Sometimes	No	No	Yes	Yes
You work alone	No	Yes	No	Yes	Yes	No	Yes	No	Yes	No	No
Employed status	Yes	No	No	No	Yes	Yes	No	No	No	Yes	No
Location	Kaalfontein	Kaalfontein	Ebony Park	Ebony Park	Kaalfontein	Ebony Park	Ebony Park	Kaalfontein	Ebony Park	Ebony Park	Kaalfontein
bonded/ RDP houses	RDP	RDP	BONDED	BONDED	RDP	BONDED	BONDED	RDP	BONDED	BONDED	RDP
Type of Dwelling	Combination (De-attached and attached)	De-attached	De-attached	Newly Built Rooms	Attached to Main	De-attached	De-attached	De-attached	Attached to Main	Attached to Main	De-attached
Number of Storey	Double	Double	Single	Double	Single	Double	Single	Single	Single	Single	Single
Rental Price (Range)	R800-R2000	R1000-R1800	R2000-R3500	R3500	R1500-R2500	R1500-R3000	R1500-R2500	Not for Rental	R1500-R2500	R3000	R700-R1000

Services (in the backroom) C- communal, P- Private	C- toilet P- bathroom	C- toilet P- bathroom	P- toilet and Bathroom	P- toilet and Bathroom	C- toilet (some have P- bathroom)	C- toilet (Some have both P- toilet and bathroom)	C- Toilet P- bathroom	C- both toilet and bathroom	Could not get information	P- toilet and Bathroom	C- toilet and bathroom
Landlord Living within the property	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes

Figure 18: The table shows the summary of the interviews Source: Author:2019

5.2. Overview of the findings

5.2.1 Social Status

Weiss and Freshtman (1998) attest it is crucial to comprehend the social status of society when seeking to understand or explore how individuals or certain social groups behave. Social status is the standing of a person in a certain group or given society based on societal positioning, which is linked to their level of education, assets, age etc. The concept of social status is relatively new (Weiss and Freshtam,1998), however, it can be used as an analytical tool for economic analysis. As noted by previous researchers, social status can be used to assess a person or group based on social ranking to assess their economic behaviour in amassing their assets. In this case, this research seeks to comprehend how social status affects the landlord decision in providing or creating a backyard dwelling. From the interviews conducted, seven males and four females participated. As the selection process for the participants was conducted, it was found that more males are engaging in this practice which is reflective of the number of males who participated (Seven). This may be because as many psychologists' state, men are often more confident than women in areas such as finance and property investments (Jain and Mandot, 2012). With any investment, there is always the element of risk attached to it which plays an important role in the decision-making process whether to go ahead with the investment or not. As such Jain and Mandot, (2012) states there are several factors which influence people to make their investment decision to avoid risk and one factor that come into play are the demographic factors such as age, gender and so forth. However, there could be other explanations for this gender split.

Worth noting is that one woman invested in the backyard structures for not obvious reasons. Participant I invested because she did not only want financial gains from her investment but also benefits for her well-being. She invested because:

"….to be honest, my child the reason why I have these rooms is that, here in our neighbourhood if you live alone especially when you are a woman it is not safe. I built these rooms because of safety reasons so that my belongings are safe when I am not around and me as well. When there are people (tenants) it is much safer for me…" (Participant I, 2019).

Four participants were under the age of 35 years old and seven participants were above the age of the 35 years old. Jain and Mandot (2012) articulate that most investors primary invest to earn an income, however the rate of returns from their investment differs based on the demographic factors such as age. The reason why it might be there is less youth in this sector, Wang and Hanna (1997) concluded that relative risk aversion decreases as people age or the youth do not have money.

Seven out of eleven mentioned that they are unemployed, which is no surprise because as seen in chapter four, half of the population is unemployed and within that population, 77% are employed in the informal sector. To some extent the participants being unemployed confirms the stats, landlords/homeowner found a livelihood strategy in providing these backyard dwellings. fascinatingly is that to some it can be a livelihood strategy in which its benefits do not come as income but as services, for instance, some landlords view backyarding as a way of cutting urban cost services (water, electricity bills and others) As will be shown later.

5.3 Patterns of rental investment

The majority of landlords/backyarders owned just one property (plot) (7), three people owned two and only one individual owned more than three properties (Plots). Emphasizing this picture, the 1988 (NSWDH, 1990) study which was done previously in Australia found that 86.6% of investors owned just one property, such patterns justify a picture which portrays that. This picture of having many landlords in the private rental housing results in the diversity of the rental accommodation which is different from the tenement city, whereby one investor would own multiple accommodations with homogenous designs and rental prices. Also, worth noting is that in a single property a landlord might build many rental dwelling as many as possible depending on the size of the plot.

Interviewee	Number of Plots	Number of backyards structures on Single Property	Age
A	1	6	30
B	2	6	46
C	1	4	38
D	3	8	51
E	2	5	33
F	1	6	28
G	1	3	46
H	1	2	32
I	2	4	39
J	1	1	40
k	1	2	44

Figure 19: Tables shows the number of property that the participants own together with the number of the back yard structured built.

In 1993 the ABS (1994) study suggested that the probability of owning more than one rental unit increases with income, however from the participants it was the total opposite, the likelihood of owning more than property increases with age. From the response of one respondent, this is because the older generation has more capital from their retirement funds or long-term savings and some use life insurance funds coming from the deceased loved one.

"… to build these rooms, I used to all my retirement investment funds. Yes, it was risky however a lot of people told me it is a sustainable way to make income…." (Participants D, 2019)

Also, another point noted by the ABS (Australian Bureau of Statistics) Data is that the probability to own more one investment dwelling also increases with charged prices of the landlord's first rental dwelling structure. ABS (1998) found that investors owning low costs rental properties were likely to own one dwelling than formal investors generally. In this research, it was found that most participants that have more than one property do not live in the vicinity of the area. These kinds of landlords treat their investment as a formal business. Meanwhile, those that own one dwelling structure lives in the vicinity of the property with tenants and these kinds of landlords are the ones known to provide low-cost rent.



Figure 20: The image portrays RDP houses with the backyard dwelling Source: Author, 2019

The ownership arrangement for the backyard structure is intriguing because, with such different backyard accommodation, one would expect that most of the owners would own the principal properties. From the participants nearly half of them stated that they do not work alone because they do not own the principal property. These participants own with their spouse/partner or with a relative.

"The way I started was unexpected, I used to live with my grandma' in her RDP house. At first, we used to live together with my grandma. When I got my first job, I built the backyard room for myself, so that I do not have to share with her. The problem was that I worked far from home and no one occupied the room, so I decided to rent it out for the meantime, just like that I saw it was profitable, thus I decided to build more rooms.

My grandmother is okay with me, doing this and it is also beneficial for my business because I can avoid paying water bills. My grandmother is regarded as a pensioner, so there is a subsidy for her to pay her less. She pays about R400 per month because that was the agreement she made as a pensioner". (Participant A,2019)

Although the participant considers himself as an owner the principal property, it is still not under him legally. The ownership arrangement is based on kinship which is a unique case. In this research, the more common case is either based on matrimony or individual ownership. There are also other interesting cases which are happening with regards ownership in the market although the research did not explore these cases, from the advertainment walls both Kaalfontein and Ebony, there is the emergence of formal investors in the market (Formal investors established registered businesses)

5.4 Characteristics of backyard owner (Rental investors)

The peak of the investment peaks with age even though the landlords are distributed across all ages. In general, the age distribution is not hugely different from other investment (Seelig et.al, 2006). According to ABS (1998), such investments usually peaks in the 45-54 age group. This because usually at this age, many investors use up the saving and retirement funds to enter this kind of investment.

For the younger landlords, their primary incomes come from salaries and wages from their daily jobs, and the backyard structure income is supplementary. This is because the majority of them have acquired the investment through inheritance.

"….by profession, I am an uber driver. I cannot say I am a full owner to this business because my late mother, she is the one who initiated this. So, she left the business with me and younger brother. My younger brother is still in school, but we run the business together and share the profits …" (Participant J, 2019)

However, for other landlords that provide low-cost rent majority are aged 45-54 years their main source of income comes from the backyard structure and their superannuation. The table below shows how landlords acquired the principal properties.

Previous own, Now Rented	2
Bought, with a loan or Mortgage (Bonded Houses)	2
Bought outright (usually cash)	4
Inherited	1
Other (RDP houses)	2

Figure 21: Table showing how landlords acquired the principal properties (PLOTS) Source: Author, 2019

Figure 21: shows that two people rented a plot which the agreement was to rent the main house, however within the plot there are few backyards structure. These structures, however, are not used for rental purposes due to their relatively small size and poor construction. The two participants mainly acquired their bonded

housed through mortgages which were mentioned in chapter four. Four people acquired their main plots through buying in cash from previous owners, these kinds of landlord end-up demolishing the main property to build new rental structures. One person inherited the property from her later mother. Two of the landlords acquired their houses through the government programme (RDP houses). Although the data is not representative of the entire market in the area, however, it is still useful because it shows a glimpse of what is happening around the area. From the data and the day to day observation what seems to be the trend is that people are now purchasing outright properties (mortgage and RDP houses) and destroying the principal dwellings to build new structures for solely rental accommodation. This trend has led various people to build their structures in their way and some have considered building vertical rental accommodation to maximize on profits. This seems to be a more recent trend.

5.5 Factors considered for investing in backyard structures and reasons

The previous sections may inadvertently have implied that the actions of landlords are based on conscious decision to invest in a rental property or to become the providers of the rental accommodation or just mere backyard accommodation. This section will reveal that not only are these decisions made consciously but sometimes subconsciously. As Core Consultants (1983) and Brian Elton and Associates (1991) have noted in their research some investment occurs temporally or unintentionally. To some extent, some suppliers of the backyard structures could be considered as an 'accidental landlord'. This kind of landlord become a landlord by means other than deliberate and intended entry into the rental sector. For instances, Brian Elton and Associates (1991,p.85-6) argued that in general rental investors are a heterogeneous group. Their motivations for investing and withdraw from the rental investments are often rational and economically logical but most time they are not. For a large proportion of them their actions towards investment decision are not conscious, however, they become landlords due to personal circumstances. For instances, as mentioned Participant A constructed the backyard structure with no intention of securing profits however he found himself at a later stage using the same structure to secure profits and building more. Also, Participant F accidentally got into the rental market due to unforeseen circumstance whereby he inherited her mother's business.



Figure 22: The image shows Participant ant's A rental structure. The participant did not deliberately enter the market however it was an accident. The images show how he transforms an RDP dwelling into this massive structure. Source: Author,2020

From the findings, there are some cases which occurred frequently which made it easy to identify distinct economic and non-economic factors.

5.5.1 Economic Factors

5.5.1.1 Building Materials and labour

One noticeable trend that allows the landlords to decide to build the backyard structures is the affordability and easy access to building materials as well as affordable labour. Participants have mentioned that getting building materials is relatively easy and it is in proximity and often in the shops that provide these materials the prices are reasonable.

' .. getting materials is easy we have a lot of hardware shops here at Ebony. I bought my materials at Built-it. The transport was cheap. When you buy these materials, you need to be smart about it. A lot of us we buy one by one when there are specials, in that way it is affordable for us' (Participant A, 2019).

There is no doubt that the accessibility of getting these materials has increased over the years. Over the 20 years of my staying around the area, the number of shops selling building materials has increased dramatically. During this research two malls were being constructed which are said to have hardware stores. This observation clearly shows that demand for building materials is there, and it likely comes from backyard suppliers. Also, when these big companies come to the township makes it accessible for landlords to get their resources needed in proximity.

'the materials we usually go for are the mampara brick[2], which we normally get it from local people who manufacture it. Then the roofing we get it from the hardware shops, which is corrugated iron sheets' (Participant H, 2019).

Looking at the materials they used for these structures, it was clear from the observation and the interviews that there is a strong correlation between the materials used, the complexity of the design and the price charged for the accommodation. The better the quality of materials used and the complexity of the design of the structure (size of the room, and sanitary structures), the higher the rental price of the structure. With regards to labour, a lot of participants mentioned that they get cheaper labour from people who live in informal settlements. Majority of the participants state that the labour usually comes fromforeign Africans coming from Zimbabwe, Malawi and mostly Mozambique.

5.5.1.2 Law, policies and government activities

The presence of the state in activity can either be beneficial or disruptive. The absence or little presence of the state in the construction and operation of backyard structures seem to be the special ingredient which is driving the practice in Ebony Park and Kaalfontein. Six out of eleven participants stated that they do not know any law with regards to this practice. From the interviews there seem to be a general claim that they have not experienced any form of interaction with the state with regards to the practices of building and operating backyard dwellings. For some landlords, the only time they engage with the state is when a neighbour files a complaint to the municipality about the backyards structure.

...I built over my neighbour walls without his consent at first, so he went to report me to the state so that my rooms could get destroyed. No official came to my house, I only received a letter from the municipality. I did not destroy the rooms, we managed to talk it out me and my neighbour. (Participant C,2019).

[2] A mampara brick is a homemade brick, which is relatively not strong.

This was quite interesting to see; the expectation was that the government would engage with the landlords differently by sending state representatives rather than having indirect engagement (such as sending letters) with the landlords. Also, the idea of the landlords or backyard owners engaging with the state was intriguing. A lot of them regard themselves as engaging with the state by paying basic services (Water and Electricity). Often with more formal markets of the renting sectors, landlords engage with the state by paying taxes specified for the sectors and by following the guidelines stipulated in the policy. In the case of this context, most of the participants know they have to follow a certain guideline or pay tax; however, it is as if there is no such information regarding the backyard dwellings. A lot of backyard owners might operate because of the little presences of the state.

5.5.1.3. The Economic environment driving the demand.

It was no surprise that the landlords mentioned that the driving force for the demand in the housing accommodation was the increasing developments happening around the area. Areas such as the Waterfall developments in Midrand, as well as major retail developments in the township, seem to be the key factor in driving accommodation demand.

"I have stayed here more than 20 years in Ebony Park, we had backyard rooms however we did not have a lot of people in the neighbour. Around 2009 and 2010 when the construction of the Gautrain railway and station occurred, there was a lot of excitement due to these developments. A lot of people believed that these developments would create jobs, as such I managed to see a lot of people coming to the township for a temporary stay because they wanted jobs. From that, I managed to witness a lot of people building backyard rooms, so I jumped on it also. People were telling me it was good business." (Participant D, 2019).

Not only retail developments in Midrand have sparked the influx of people, but the influx as well had its impacts which are still ongoing. Firstly, formal retail companies see this as an opportunity to invest in the townships. As stated, before the number of retail development (malls) have increased dramatically in townships. Interesting is to see also the emergence of formal rental markets capitalizing on this huge demand. One of the key suppliers is KJA Group Holdings. The company is currently building apartments near Kaalfontein in the North of Tembisa on the R562/Olifanstsfontein road. The development is expected to have more 1, 100 residential units which consist of both free-standing houses and apartments. From the observation, there is a demand.

5.5.2 Non-economic factors

The non-economic reasons for the supply of the rooms were not easy to pull out because these are factors which are not explicit nor visible. What is interesting about non-economic factors is that the investors can be influenced by these factors to invest either for profit gains or not. Non-economic factors are various factors in which one orientates themselves with society, family, class, religion and rural-urban differences etc (Kindleberger,1965,20). Several non-economic factors can shape landlords or homeowners to decide to build backyard structures in the township. In this research, there are two of these factors which play a vital role in investors deciding to create backyard dwellings, namely township culture and one's societal status.

5.5.2.1 Township Culture.

The first non-economic factor which seems to be impacting the construction of backyard dwelling is culture. Often culture is taken as constituting the 'way of life' of a whole society which includes code of manners, dress, norms of behaviour, language, and rituals. It was astonishing to see how the societal values, attitudes and ethos of Kasi-ship were also embedded in the construction of the backyard dwellings. The general ethos in the township is that once a boy has reached a certain age in their life, parents build the backyard structure. Some participants allude that they build the backyard structure once their kid reaches the age of 21 years. For most parents in the township, this is a way to teach their children the road to independence. This attitude seemed to be happening almost everywhere, 70 per cent of the participants have at least the backyard dwelling either reserved for a family relative or their kid.

5.5.2.2 Societal status

The position of one in society can influence investor action in constructing the backyard. From this research, only one person illustrated that societal status is an important factor. It was of importance to mention this case because it seems to be deviating with what has been seen said in academia. This participant invested because of safety reasons. She explained that the reason why she invested, is that, as a woman, she does not feel safe living alone. As such tenants add the aspect of safety in her space.

5.6 Classification of the Landlords

Reasons for Investing in Backyards Structure	Number of Participants
FAMILY REASONS	3
OTHER REASONS	1
RENTAL INCOME	5
LONG TERM	2

Figure 23: The table shows the number of participants outlining their reasons for investing in a backyard structure Source: Author, 2019

Figure 23: Three participants alluded that the reason they constructed the backyard structures they were trying to house some of their family members, however, what two of the participants mentioned some are for rental purposes. Participants H's backyard dwellings are not used for rental purposes. Only one participant mentioned that they only invested due to safety reasons (Participant I). Five people mentioned they only constructed these structures so that they could secure a livelihood. Two participants see this as a long-term goal so that they can pay off some of the mortgages. After paying off the debt they have aimed to acquire more property where they would live with their families. It is clear from the table that most people invest in rental income. fascinating to note is that there is a close relationship between the reasons for investing and the type of backyard structure dwelling provided. For instance, usually, those who provide backyard dwellings for family reasons, the structures are basic rooms with no amenities such as bathrooms nor kitchen spaces whereas those who are fully providing for securing incomes the structure becomes a bit complex whereby often the tenants get a structure with most of the amenities needed. The amenities can be shared or exclusive depending on the price.

5.7 Types of backyard dwellings, and common materials used.

Classifying the types of backyard dwelling proved to be a difficult task because the structures all differ in some sort, be it the design, the arrangement of structure or the materials used for construction. Due to the different attributes that can make the dwellings different, this research classified the dwellings into three categories (based on arrangement) which seem to be the pattern in the township: the extension backyard dwelling, the de-attached backyard and newly built dwellings.

5.7.1 Extension Backyard Dwelling/ Attached Backyard

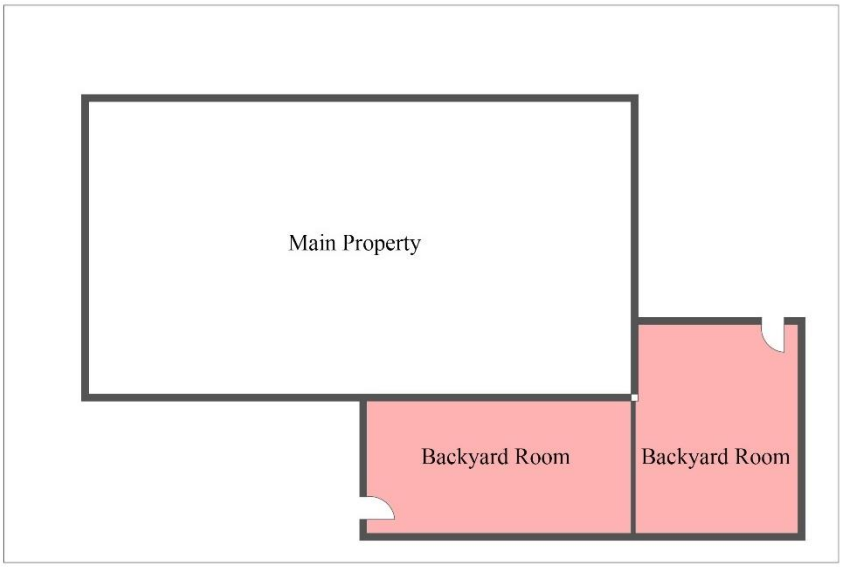


Figure 24: Image showing an example housing plan of an extension backyard dwelling. Source: Author,2019

Usually, a backyard dwelling is characterised by a structure which is built independently from the main residential structure. In this case, the extension is categorised as backyard dwelling is because the structures seem to be operating as backyard dwelling (it can be rental or not). The extension backyard structure is attached to the main structure but shares no amenities with the main building. The backyard structure only shares the separating wall. One participant mentioned that this is because the cost of the building is reduced because there is the existing infrastructure that they can work on. Usually, the landlord provides limited access to basic services because often the landlord cannot afford to put more infrastructure. The extra infrastructure that the landlord might put in is a communal toilet with a tap. As for electricity, it comes directly from the main house through extensions cables. Usually, the tenants do not have to pay for it as the landlords mention that the rent covers the electricity cost.

5.7.2 De-attached Backyard

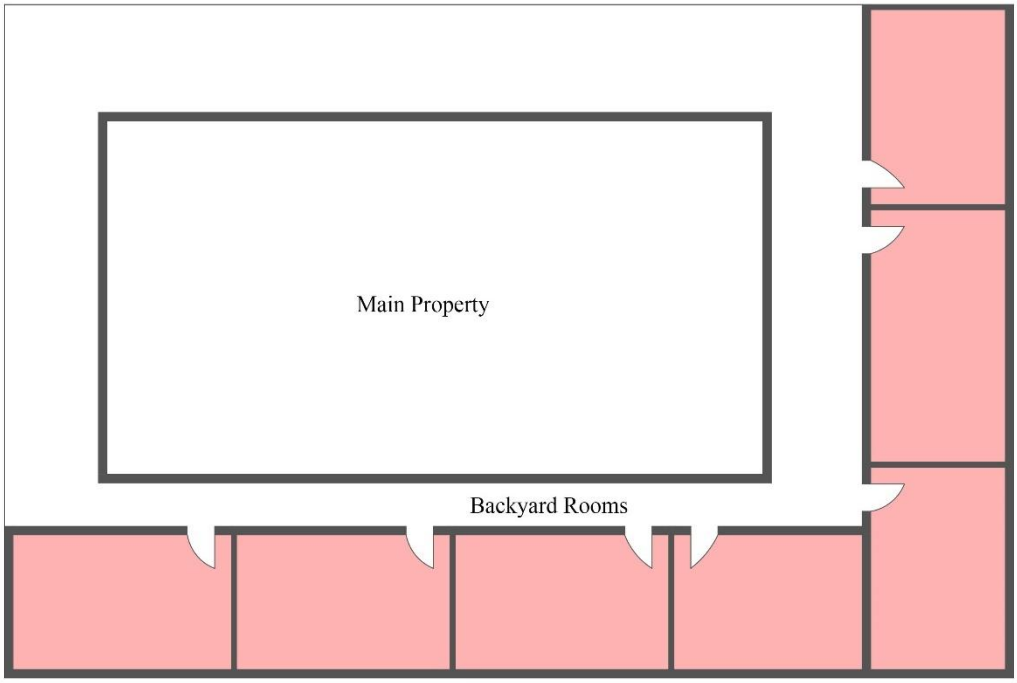


Figure 25:Image showing an example housing plan of a de-attached backyard, Source: Author,2019

This backyard structure is the common backyard structure found in the township. The arrangement of this structure entails the structure being de-attached/detached from the main structure of the property, it can be in the back, front or sides of the building. The amenities of the structure usually depend on the supplier whether he/she wants to provide it. In most instances, these dwellers look like apartments and often the room has an en-suite shower and toilet. More recent dwellings are now being equipped with formal electricity supply (prepaid meter). With regards to the more expensive rental (est. of R3500), the dwellings are fitted with geysers mounted on the roofs or walls.

5.7.3 Newly Built backyard.

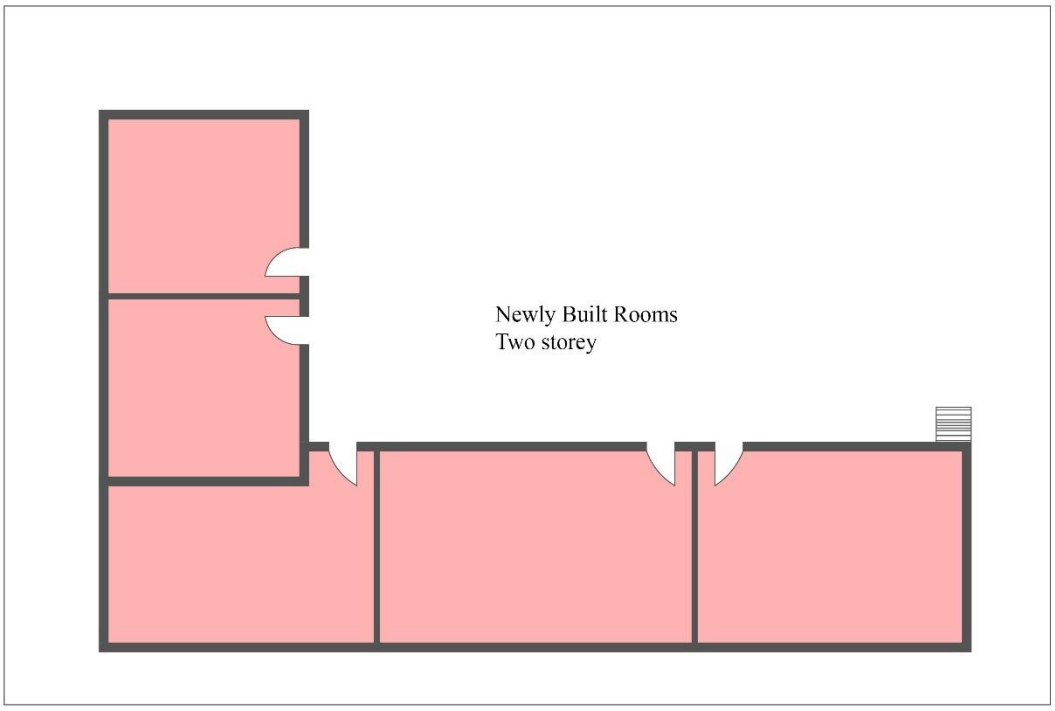


Figure 26: Image showing an example housing plan of a newly built backyard structure, source: Author,2019

The newly built dwellings are usually built from scratch from a previous RDP or bonded houses. The suppliers often buy off the primary structure of the property with the intentions of demolishing it to build a new structure which is solely built to secure profits (rental incomes). The most common practice of doing this is that often the suppliers build also vertical (max of 2 storey buildings) with a wide range of amenities to offer for the tenants. What seems to be interesting is that these structures appear to have a complex design and thus push the prices of the rental a bit higher than the normal. This kind of rental is also considered to be a high-end structure with the units having a self-contained bedroom, a small kitchen (fitted) and en-suite bathroom.

5.8 Backyard Typology



Figure 27: The image shows the different rental accommodation that landlords offer in Ebony Park.

Expanding from the above, backyards structure classification can be further elaborated by also looking at how the backyard functions. To illustrate this classification a piece of the site (of Ebony Park) was chosen. The map above articulates that backyard structures can either be for rental or not, but the classification can be further expanded whereby rental structures differ based on the facilities/ services and open space offered. Stimulatingly is how open space plays a role in how the backyard structure operates, for instance, most landlords mentioned that open space can be used either for parking or playing space for kids which can reflect how much they charge and the type of person renting.

5.9 Other features of investment: Tenure arrangement, rules

5.9.1 Tenure Agreement and Rules and code conduct

Different from the formal rental market, the township rental seems to have a different system of securing tenure between the landlord and the tenants. The tenure arrangement can range from being mutually beneficial to an exploitive one depending on one's view. Some landlords try to formalise their business by drafting out what seems to be a contract/lease. Within the contract, one can expect the rules and conducts that the tenants must follow.

"having a tenant follow of the contract makes life much easy because when they do not follow the contract it is much easier to kick the tenant out. Also having such documents makes your business seem legit and it that way people will take you serious" (Participant A, 2019).

In another case, the tenure is secured by oral means, what it means is that tenure sometimes can be flexible in that if the tenant is unable to pay rent on the agreed time the landlord can consider extending the time. This type of agreement can also present a dark side to it.

"I sometimes have prostitutes as tenants and the agreement can be a tricky one because if in a month, she does not make the rent money, they tend to offer their bodies as a form of payment method..." (Participant J, 2019)

I interviewed two participants that mentioned that sometimes they do not mind this form of payment because they have other rooms and their ordinary jobs, so the rent money is an additional income to them.

The general ethos coming from the participants living with their tenants' stem from the township spirit, which is "masihlalisane"[3]. Most landlords in this research state they do not care what tenants do as long there is there mutual respect among the occupants of the property including the landlords. For instance, some landlords do not even mind how many occupants live in a certain room, this means an entire family can live in a backyard. For the majority of the landlords what constitutes as rules and conducts are generally there to protect the property of the owner.

[3] Masihlalisane- means let us live together

5.9.2 The Rental Prices

The invisible hand seems to be the one influencing the rental prices in the Ebony Park and Kaalfontein rather than landlords taking advantage of the people. The two forces that act as a regulator in this market are namely location and the facilities or amenities. It is noted that there is a strong positive correlation between rental prices and two forces (location and rental typology). With regards to facilities (toilet bathroom, kitchen) it is noted, if a backyard room has facilities or amenities inside the room the likelihood of the rental becoming expensive is high. Interestingly, location plays a huge role as one might expect. The image of the settlement can determine how landlords charge rent. Backyard rooms within bonded houses of Ebony Park tend to become more expensive than the ones from within RDP houses (Kaalfontein), as shown from the analysis from the advertisement wall. One of the participants mentions that this is not because one area lacks more services than the other, however, it is the perception that people have of an area. The landlords attest that people want to be associated themselves with Ebony Park because it has a formal look or more of a suburban feel. After all, the area has less informal dwellings (such as shacks). Landlords capitalise on this demand and charge higher prices. One factor which was not anticipated for this research was the size of the room, it was of a surprise to see how the size of the room did not make much of impact to the rental prices. Generally, size influence the rent price, in this case, the emphasis made is that landlords tend to focus more on location and facilities/amenities to attract the tenants and determine the price.

Landlords selecting Tenants.

It should not be mistaken that landlords take tenants because they can pay rent. Landlords also have their way of selecting who they want to share spaces with. For instance, most of the participants mentioned that they do a background check on the tenants. Most of them mentioned that they check for age, where you work, do you have kids and often contact the next of kin. Participant A mentioned that the reason he gets contacts of next of kin is that if something happens to the tenants or case of emergency. Participant H mentioned that he does not take participants with kids, because he believes kids can damage a lot of things in his property. The advertisement walls helped also to see how the landlords select tenants.

Conclusion

This chapter has presented key findings for the research, the chapter is divided into three sections, the first section gave an overview of the findings whereby it describes the demographics of the landlord together with the patterns of rental investment behaviour among landlords. It was clear the position of individual in society more specially as landlord is crucial in understanding why certain decision are made when engaging with the market. The second section looked at the traits of landlords through exploring the reasons for investing. The last part of the section summarised these patterns by grouping the landlord into various groups. Overall, the chapter presented the findings by focusing on the landlords, their traits and motivations and also discussed the various forms typologies, tenure and prices. The chapter also included a little bot analysis on the physical form of the development of backyard housing, generating a typology if backyard housing


DSTV

Chapter Six: The code behind the invisible hand that fuels auto-constructors

6.1 Introduction

The following chapter focuses on the in-depth discussions on the factors that influence backyards owner/creators to carry-out their practice. The main aim of this chapter is to try and comprehend and categorize these factors to evaluate the deeper understanding. The chapter begins by providing an overview of the two key factors (cognitive and emotion) affecting decision-making in Kaalfontein and Ebony Park. This is followed by a section which talks about how these factors result in the production of space or rather market of the backyard dwellings.

6.2 Factors affecting decision making

6.2.1 Cognitive (Heuristic-the rule of thumb)

As stated by Grover (2015) often investors believe that they have everything under control when it comes to investing in property, what they might not know is that some factors play a huge role in how they behave as investors of the backyard dwellings. In the previous chapter, some of these factors (economic and non-economic factors), were emerging. These factors seem to lead backyard investors to some rational decision making; however, it is not always that landlords invest based on a rational decision. Some of the landlords interviewed invested based on their emotions, mood, sentiments etc. This type of behaviour is bounded rationality, which is a concept in recognition that certain spheres of economic behaviour, the rational economic maximising behaviour assumptions of economic do not hold. What seems to be different from the rational investors/formal rental investors is that small-scale landlord invested due to the 'mob psychology' or hysteria, which is herding. Herding is a subset of bounded rationality or an alternative decision-making model. As mentioned in chapter 2, the herding decision-making process is whereby a group of people make the decision based on what everybody else is doing it. The reason why this is happening in Kaalfontein and Ebony Park, is that a lot of people believe investing in backyard dwellings is a safe way of investing and the returns are guaranteed, which to my belief I strongly agree with the participants. However, the exciting paradox about this trend is that it is problematic for backyard investors following crowds when investing in these rental structures because often this means if building these

structures get too expensive, the selling prices (rent charge) becomes low because of the competitive nature of the market which results in the landlords making much less profit and often they do not see this. This trend is problematic to the suppliers of backyard rental but it is beneficial to the general society, as the prices become low it becomes an opportunity for low-income earners to also be housed.

6.2.3 Space Awareness

Similar to herding another concept which seems to be stemming from this research is the concept of space awareness. A lot of the participants interviewed seem to have the ability to recognize the rental market. This ability is rooted in the fact most landlords particularly those staying within their rental properties, have gathered immense information about the submarket in their area. As Seeling et al. (2006) attest such investors are likely to feel safer about investing in the market in an area of "awareness". Not only do people use this piece of information on knowing the market, but the information also gives the investors ways on how to act with the state. What has been noted is that the investors engage with the law in transversal ways (Caldeira, 2017), for instance when asked how do participants get building permits with the local municipality, often their response was they do not have to because the officials hardly check whether they compile with the municipality by-laws. As one participant mentioned the state representatives only comes if there is a complaint reported, and that can be resolved outside the jurisdiction of the law. As such this shows that investors do not just invest based on the principle mentioned in literature which is knowing the area based on what it offers (parks, recreational facilities, etc.). It is also based on the extra livelihood strategies that the area offers such as this one, which is a way of engaging with the state (how to deal with officials). What this concept reveals to us is that the perfect market theory does not apply in this instance, because not everyone can access this kind of information (dynamics about the rental market) which informs any investors about the market. The information is private, not widely distributed, it can be only obtained through the body of networking.

6.2.4 Risk Aversion

Another factor seems to be a trend among the backyard investors in Kaalfontein and Ebony Park is the risk aversion that influences landlords to establish the backyards. In general risk, aversion is the human behaviour that when exposed to take any action in the event of uncertainty, attempts to lower that uncertainty. In economics, a risk-averse investor chooses to lower the risk of investment by avoiding all risk knowing that the marginal gains of investment are close to certainty however with low expected returns. The opposite of such investor is a risk-seeker when they put everything in one basket hoping for the best. The pattern that is emerging from this study is that most of the investors of backyard rentals there are not

motivated to take high risk, this is because most investors view this kind of investment as low-risk and it has guaranteed returns.

One participant mentioned it is a safe investment because they know the profits are there even though not as much such owning a taxi for example. They mentioned that the only risks that they feel are the officials are telling them to stop what there are doing. The participant made a comparison between investing in the backyard or owning taxi, the participant stated that owning a taxi comes with high profits (an estimated of R10 000- R14 000 a month) and the risks are very high, as the taxi can get stolen or get broken and to some extent or worse one can even get killed. The participant went further to elaborate the entry for the taxi market is difficult because if one wants to enter this market there is an entry fee that needs to pay which the participant mentioned is expensive (estimate of R60 000 to R80 000). Thus, for the participant, it makes sense to enter the backyard rental market with his retirement funds. It is interesting for one to have cognitive ability to even read the risk and potential about this market showing that these small-scale landlords are well informed about the market in its locality. This kind of information cannot be bought or distributed conventionally instead one needs to be around the space for a period to even acquire this information.

6.2.5 Emotion.

As noted from the findings chapter, not so many people invest based on emotions but even though it is a small number it is important to uncover this interesting phenomenon. The first encounter which showed that emotions come into play when establishing these backyard rooms, a woman built a backyard room as a method of securing her property and the assets within it. One could see that this is regret emotion which was mentioned in chapter two (Grover,2015). It can be concluded that fear led the woman to decide to build backyard rental rooms. Using Adam Smith analogy of the freehand, as the woman intends to protect herself (self-interests) in her doing she achieves the public interest, which is serving low-cost household. Although this kind of behaviour is not orthodox, what usually happens is that when women feel unsafe within their property, they would rather install conventional security measures to combat this. However, as the woman state, she believes doing that she would be spending a lot of money instead these backyard rooms are a better solution. For most people, the issue of carrying out such practice would be the compromise of private space, for the participants she is not bothered by sharing space. What is contrary about this, is that Ackert et al., 2003 states that if there is regret emotion investors tend to avoid the investment, for instance, if the area where the property is being bought is prone to natural disasters or crime, the investor is highly likely not going to invest in that property. The participant did the complete opposite: besides all the known risk she continued with the investment to counteract the problem by building backyard rooms.

6.3 Auto-construction

The reality is townships are still developing in the absence or little presence of the government. As such the production of space in these areas tends to be stirred by the residents. As mentioned by Caldeira (2017) the term autoconstruction can be used to analyse how normal citizen of the global south produce urban space. As such this text aims to illustrate how some of the mentioned factors influence landlords to produce spaces (rather a backyard spaces) which are different. What has been the highlight of this research is that the production space is set of interrelated processes which are: urbanisation operated with a specific temporality and agency, people engaging in transversal ways of official logic, the spark of new forms or modes of politics. One set of the process mentioned by Caldeira (2017) which seemed not to apply for this research is that the concept of auto-construction creates highly unequal cities because, in this the results of what landlords are doing serve to undo the injustices of the apartheid, I argue. The findings support the idea that these interrelated processes create diverse accommodation and affordable housing solution, as shown by the different prices in table 20 in Chapter 5 (with rentals ranging from R350 – R2500).

6.3.1Agency and temporality.

In any setting around the world, citizens produce spaces in all different of ways, and in the case of Ebony Park and Kaalfontein, the structure of the market is giving the people ways or choices to create their own urban space which is beneficial for their livelihood strategies. From the findings, it can be safely said that two primary factors are affecting the agency of the landlords in this market. These factors seem to stem from the environment (market) which suggest that the environment (market) acts as the invisible hand. The first factor is the economic environment of the area (cognitive abilities). The dire unemployment crisis in the two townships has made it difficult for people to tap in other livelihood strategies, thus making the rental accommodation much easier livelihood strategy to tap in because of the easy entry and the high demand of accommodation in the urban area (north of Johannesburg). The second factor seems to stem from the psychology factor (relationship/kinship), this is because some landlords feel obligated to provide accommodation at no cost or reasonable price, sometimes in other cases, the landlords do this because they believe they can get something besides money. It is for these reasons the backyards structures in the townships keep growing in a heterogeneous way.

6.3.2 Transversal logics and Experiments in politics and democracy

For the longest time, scholars have argued that peripheral urbanisation has occurred due to constituencies challenging official logics of the state. Most outskirts dwellers do not transverse official logics for the sake of undermining the law, however as Le Renard (2013) states often dwellers transgress official logics because constituencies believe that the state is doing little to serve them. As such the transgressive practices are usually deeply rooted in the context of shifting power relation. The limited presence of the state representatives in Kaalfontein and Ebony Park can be said is one of the contributing factors that catalyse the practice of the backyard structures. As much as this practice is most beneficial to those who create backyards structures, the backyard creators attest that it would be helpful if the state can intervene in this practice. This is because they are encountering an issue with this practice. This practice has caused landlords and homeowners to have conflicting ideas of what a community means. The following section will explain a little further about these issues.

As stated in chapter two, transverse official logics often resulted in urban setting improvement and re-production of inequality which produces spaces with complex political relationships. As mention, these new complex political relationships come as new modes of politics that breed kinds of conflicts, claims and contestation (Caldeira, 2016). It is inevitable to say this practice of backyards has not created contestation between the creators and the other homeowners. This is because whenever there is an issue related to infrastructure local people always blamed it on the construction of the backyard structure. One landlord articulated that whenever there is a power shut down, local people would always blame backyard room, for instances stating that the electrical transformers cannot handle the load of the additional people coming from backyard dwellings and sometimes it is believed that landlords bridge or tamper with the electricity and water meter boxes so that they do not pay for the services. As such the contestation of rights from both parties claiming the rights of space is based on who is part of political or civil society. Those paying for services and not interfering with the infrastructure regard themselves as civil society (homeowners) and those who do not pay for services align with the definition of political society (backyards accommodation creators) (Bénit-Gbaffou and Katsaura, 2014). Often what happens is that civil society threatens backyard accommodation creators since they have the advantage to use formal channels (reporting or having a formal meeting with the municipality) to raise their concerns and hold the state accountable as they have access to information and often resources to do so. Political society challenge the acts of civil society by using informal channels to communicate or negotiate with the state. It is, therefore, such reasons as to why the backyard accommodation is still standing in the township of Ebony Park and Kaalfontein. Holston (2008) alludes that these political relations that develop in these spaces are ‘spaces of insurgent citizenship’. In

most instances, in the world, these relations spark social movements and grassroots organizations which create new discourses of rights and put forward the demand that is at the basis of the rise of new citizenships, the experimentation with new forms of local administration, the formulation of new constitutions and the invention of new approaches to social policy, planning, law and citizen participation (Holston, 2009). What can be foreseen for the future about these movements is certainly everyday lives will be changed and qualities of urban spaces. But the most important deep political transformation will occur (Caldeira, 2017).

The creation of this idiosyncratic market depends on the mentioned interrelated processes of auto-construction. As such these processes have the power to create and alter the way we understand the production of space. At the core of how urban spaces are altered are the everyday efforts of landlords and ordinary people to auto construct their dwellings and ultimately improve their neighbourhoods. What is central to the creation of backyard dwellings is what Caldeira (2017) terms transversal logics. As it has been noted in the previous chapters the peripheral urbanisation engages transversally logics of land-use planning, legal property and formal market capitalism. Agents of space in this way change spaces by engaging with other stakeholders not necessarily outside of mainstream logic, but rather by taking them as transversally as a matter of transformation and negotiation (Caldeira: 15: 2017).

6.3.3 The mixture of everything

Emanating from the research is that all the factors that influence landlords or homeowners to build backyard dwelling in some way create a unique settlement typology in the townships. This is due to different pieces of diversity in Ebony Park and Kaalfontein which resulted from the investors' decisions. Although there are many pieces which contribute to the diversity, this research acknowledges two key parts of this diversity which are namely: Housing (backyard room) typologies, and the variety of the rental prices. As Simone (2014) alludes the beauty of diversity or heterogeneity is that it fosters new forms of engagement which are transformative. The statement by Simone (2014) seems to be materialising in the township of Ebony Park and Kaalfontein in the form of social mixing. Social mixing resulted from the diversity happening as such people coming from all corners of the earth are forced to live with each. The noticeable social mix occurring is based on the income levels, given that landlords build these structures with the aim in mind to target tenants from low-income or middle income. As the research went further with the exploration, it becomes evident that social relations are forced between landlords/homeowners with the people living in these structures. Although this research did not go deep with these aspects. Mndawe (2016) explore this in-depth in her honours research, by illustrating how relationships are formed between landlords and tenants. What is beneficial about social mix is that it promotes social inclusion for disadvantaged groups.

Mndwane (2016) gives us a feel of how social mix would benefit people living in one space as backyard dwellers and landlord by looking at how social relations are established by focusing on a group of men living together (tenants and landlords)

They call it "Ukwakana", which means to build each other through good advice or words of wisdom. During their session of *Ukwakana*, they watch soccer and give each other advice,' (Mndawe, 2016, p.67).

The idea of social mix occurring smoothly or organically would happen if the invisible hand takes place. The backyard rooms seem to be fostering social inclusions that the government have been trying for some time. The only issue that might seem to crash this concept of social mix, is conflict. As mentioned above, cases of conflicts between the landlords and community members are erupting because of people living around the community as tenants. Within the free market the state can intervene however should not impair the operation of it.

6.5 Reflecting on the invisible hand.

After extensive research, it came to mind to whether to ask whether the invisible hand still plays a role in affecting the diversity happening in the market. The fact of the matter is that as much as at first the research did not see the importance of the government - that the foundation of the market was set by the state. For instance, the state-sponsored housing (RDP) that were provided at Kaalfontein and the bonded houses in Ebony Park were established because of the government had an involvement in their establishment. This is similar to what Huchzemeyer (2007) stated about the involvement of the state with regards to the tenement city in Nairobi, Kenya. The tenement city was started by the state however, it lost control of it at some point. This just goes to show that sometimes the invisible hand can be kicked started by various layers which also entails the involvement of the government. Even though there was some little state involvement, I still consider the market driven by the invisible hand because the layers that started this market, to begin with, are interconnected and play a role in the operation of this market. The interconnected layers proved to be complex which makes it difficult to point out the exact forces that influence this market. As Rothschild (1994) stated the success of the invisible hand highly depends on people pursuing their self-interests within boundaries of the game (which is law and policy). During the exploration of the topic, what was noted is that there are no boundaries (law nor policy) which guides egotistical accommodation suppliers. At the current moment, there is little state involvement that put forward these boundaries, for now, the operation of the market is still running smoothly because of two factors: the diversity of self-interested individuals and competition. However, the smooth operation of the market cannot be guaranteed, moving forward due to fact the market is playing within the boundaries of operation. For instance, if the demand for housing

increases to a point where supply is constant, the market might run a risk of price increase with a shortage of supply. If such aspect happens vulnerable people (poor /earn less than R2500 per month) would have to pay higher prices. Also, this could result in gentrification to occur leaving the area to have one class group (lower-middle-class and upward).

Conclusion

This chapter has provided analysing of why and how landlords enter the backyarding market by using literature has tool of analysis. The chapter begun by exploring the two key factors that affect landlord decision making (cognitive and emotion). The chapter then went to explore the results of these factors in the production of space in Kaalfontein and Ebony Park.

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Chapter Seven: Conclusion

The main research question for this research was: *What are the driving forces that shape the backyard landlords/investors in Kaalfontein and Ebony Park to provide diverse forms of accommodations which result in the township having various forms of rental accommodation?*

There is no doubt that there are driving forces that influence landlord or homeowners to create backyard dwellings. Worth noting, the investors divert from the formal market theory, due to the variety of factors based on the given context. In summary what seems to be the main factor that influences landlords is the access to information and how the information is delivered to the investors. As such it useful to use Gallimore and Gray's (2000) typology of investment information. It is noted there are four sources of information that potentially assists property investors' investment decision: this research showed these four sources fully applied to backyard investors.

Personal feel and market sentiments- it was clear from the research that people acquire information based on personal and emotional experience which sometimes this information can be acquired consciously or subconsciously.

Information obtained through investors personal network or contact- it was clear that the body of networking allows landlords to navigate the market.

Public information- this relates to the free print media that is out there, for instance, the advisement walls in and around Ebony Park and Kaalfontein. New landlords use the information to analyse the market and hopefully make a decision whether to invest or not.

Understanding investor Decision-making framework analysis.

Source of Information about back-yarding		Factor influencing investment	Type of influence
Public information	Economic	Building Materials and labour	Space awareness. Cognitive (Heuristic-the rule of thumb) Herding
Information obtained through investors personal network or contact		Law, policies and government	Space awareness.
Information obtained through investors personal network or contact	Non-Economic	Township Culture	Emotion
Information obtained through investors personal network or contact		Societal Status	Cognitive (Heuristic-the rule of thumb) Herding

The research has shown that motivations of backyard investors are unlikely to follow the principle of utility maximising behaviour that characterises the academic text. It should not be confused as the behaviour of an investor may still be rational, but it is only 'bounded rationality, as the landlord and homeowner cope with information hitches and complexity of housing markets differently.

Interesting, all the factors mentioned in the research seem to be breeding diversity in the township of Ebony Park and Kaalfontein. From the research we can appreciate that diversity comes in various forms (such as building structures, the rental charges, the relationships formed between landlord-tenant) which in many times are progressive and transformative in urban spaces such as the township. Importantly what the

research explored, is that the nature of diversity can be the potential breeding ground for the social mix to occur which can promote social and economic transformation in a nations such as South Africa which has been marked by scars and ills of the apartheid.

Discussion on the sub-questions

- **What influences landlords/ house owners in the township to enter the rental market?**

  It is indisputably that the landlords' actuality enters the rental market with the primary goal to secure a livelihood. As Caldeira (2007) alludes one must have the agency to be an agent of space production. Interestingly from the research, it has been seen how the landlords use the agency to their advantage by identifying the law (planning tools) as a factor to enter this market. As it has been seen in the context of Ebony Park and Kaalfontein the planning tools with regards to the backyarding are not enforced as such landlords, uses this to enter the market. Little presence of the state is one the factors that influence landlord which themselves consciously decides on. What has been truly the highlight for the research these are invisible factors that influence the landlords. Two theorist Krabuanrat and Phelps 1998 make a valid statement by referring to Bounded rationality theory, which implies that as much as investors want to maximise investments, the actual reality of is limited or bounded by social norm, group thinking and cognitive abilities. This just to show many people invest based on emotions, mood, feeling fantasy and sentiments (Grover, 2015). For instances the concept of space awareness swayed many landlords to invest in backyarding, this because many landlords had information about the places, information which is not readily are available if you are familiar with the area.

- **What are the different forms of rental accommodation that are being provided?**

  As Kemp and Rohodes (1997) state that people invest for different reasons. As it has been seen in the literature some people invest as a way of cutting urban services not to raise profit (Morange, 2002). Some people more especially in South Africa create backyards to house family relatives. As such, it is apparent in the research that the different reasons for erecting a backyard influence the different backyard typologies. For instances people who erect backyard structures for family relatives usually attach the structure to the main dwelling with no amenities such as bathrooms or toilets this is the assumption that the family relative can use the ones in the main dwelling. When it comes to backyard used for renting purposes it becomes different because of the amenities established which intent also influences the prices. Since the typologies differ the research has categorized the typologies into three based on the amenities, and the general construction.

- **To what extent does this seem to result in more socially mixed neighbourhoods?**
  Stemming from literature and findings it is difficult to draw up a conclusion, because the concept is difficult to grapple because there has been little empirical research known about social mixing, at what level, district, neighbourhood do we consider a community worth to be socially mixed. Thus, this is the reason why it is difficult to grapple with the notion of the social mix because the concept has different meanings and functions. As Bricocoli (2008) states the concept is mainly used to catalyses a different kind of social justice towards and in other countries such as Milan it was used mainly to target the regeneration and development of public housing estates. For some, social mixing relates to the race and gender, for this particular research the findings were concerned with the household income mixing. How beneficial is the social mix to low-income households? Can the low-income household have access to amenities which they were disadvantaged of? From the research to some extent the rent prices reflect that there are low-income and middle-income households live together. As such this, it was evident that low-income households now have access to some opportunities such as basic municipal services. To my surprise, the other advantages that come into play are things such as flexible tenures with landlords.

7.1 Reflection

7.1 Backyard Structures

Over the course of this research, it proved to be difficult to define really what is happening in the township. The closest definition which tries to explain this aspect in academia is the term backyard or back yard dwellings which Watson (2009:3) defines as:

- Structures built by an extended family or tenant on space rented from the main property owner or landlord and are usually informal.
- Structures built by a property owner for rental or occupation tenants or extended family.

What is troubling with this definition is that new trends are happening in the township which is not accounted for in this definition: for instance in the research it is noted that some property owners demolish their principal properties to create new property tailored for tenants (Di Lollo, 2020). Scholars might argue that this is a formal rental accommodation happening. This is will not be entirely correct because some of the channels used are still linked to that of informal platforms of creating backyard rooms.

7.2 Property Matters

The market presents a whole lot of opportunities for the people in and around the Ebony and Kaalfontein, however, the little presence of the state is a blessing in disguise. The state still upholds so much power and it can threaten the smooth operation of the market. The first issue related to selling property - particular the RDP house is nearly impossible to sell due to the Housing Act of 107 of 1997(10A). There is a window period before the RDP can be sold. Rust (2018) states that housing is a fundamental asset which can uplift the standard of living for the poor. If investors want to buy the property (most cases state-funded) in the hope of creating rental accommodation often the poor get exploited because the channels used to buy or sell these properties are informal. Another issue relates to land-use tools, the property investors mentioned that it is not that they do not want to work with the state, however, what is draining for them is the red tape of acquiring these rights, and the officials never check either way. Thus, property owners take advantage of this matter.

7.3 General Recommendation

The state should not pose policies or laws that would impede the market whatsoever because as it stands the market provides affordable accommodation and houses poor people and to an extent, it catalyses to achieving social mixing (as far as could be observed). As Shapurjee and Charlton (2013) and this research suggest the state should play a facilitative role rather than directly intervening in a largely well-functioning housing market. As such support should be given to more responsive and context-specific municipal involvement in the management of backyard housing and associated spatial planning and land-use management methods, together with tools. The first step to go about this is that local government or national government should have a positive stance on the backyard housing activity because at the moment the by-products of the backyard are contributing positively in townships (urban areas)- (densification, social mixing and affordable housing). As Gordon and Nell (2006) allude, for landlords' backyard housing provides a vital source of income to needy households. Importantly for tenants backyard housing in the township "serves as a vital lifeline' to diverse urban households and despite not being ideal or even accepted form of accommodation [it] is relatively successful" (Shapurjee and Charlton, 2013, p.654).

It goes with no doubt, understanding the supply side (Landlords) is critical as it can be a tool to inform the planning tools such as policies andland-use management tools. This kind of information about the landlords will enable urban planners to avoid creating dystopian settlements when addressing the housing question. It is clear from the research that the landlords understand the demand and, in most instances, they are able

to respond. For example, landlords know which areas to attract tenants or which areas demand housing, as such urban planners can follow such patterns to avoid building housing far from opportunities which perpetuate the principles of the apartheid.

The importance of the research

One of the reasons why this research was conducted, is that after the collapse of apartheid, we get to see to township being flooded by new housing typologies which seem to result in high density in the townships. This new change has been transformative and progressive for townships and a lot of research has been done about this kind of change. What has been a gap in academia is that little attention has been paid as to why ordinary residents choose to be pioneers of this change of typologies. As such this research aimed to help to bridge the gap of knowledge and help local municipalities to comprehend the matter of backyarding as they call it. Studies of this nature could bring light to local government to take better decisions when it comes to economic development and strategic planning.

7.4 Further Research

Backyarding in the townships is bringing a lot of diversity that comes in different forms (different economic classes tenants, rental charges, dwelling typologies etc). The question remains, do all these attributes result in social mixing? Perhaps the notion of social mixing should be questioned, to what extent do we consider a neighbourhood social mixed and what are the factors that contribute to social mixing. I believe backyard accommodation is the start to understand this concept, because it is somehow forcing interaction amongst different people.



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Annexure

Annexure A

The invisible hand that shapes rental markets in the townships (North of Johannesburg

PARTICIPANT CONSENT FORM

I hereby confirm that I have been informed by the student researcher about the purpose and procedures of this study. and my rights as a participant. I have received and understood the Participant Information Sheet.

I have also been informed of:

- ☐ the reasons why I was selected to participate in the research project
- ☐ the nature of my participation in the form of an interview
- ☐ the place and duration of the interview
- ☐ the voluntary nature, refusal to answer, and withdrawing from the interview
- ☐ no payment or incentives
- ☐ no loss of benefits or risks
- ☐ my identity will be kept anonymous
- ☐ the information I provide will be kept confidential
- ☐ how the information will be used and disseminated

I **AGREE / DO NOT AGREE** to participate by undertaking the interview

I AGREE / DO NOT AGREE to audio-recording of the interview

I AGREE / DO NOT AGREE to my premises/surrounding being photographed.

_____ _____

Participant signature Date

Annexure B

SCHOOL of ARCHITECTURE PLANNING

Script for obtaining informal oral consent

My name is Maredi Mojapelo 1112207 and I am a full-time student studying towards a Master of Science degree in Development planning in the School of Architecture and Planning at the University of Witwatersrand. As part of my academic studies, I am required to complete a research project and I would be grateful for your assistance in undertaking my research.

I am conducting research in the area of Kaalfontein and Ebony Park. I seek to understand what are the factors of influence that shape the rental markets in the area to be so diverse in terms of the buildings structures (Accommodation typology), prices levels and income groups. The purpose of this research is investigate whether the rental market behaviour contributes to diversity rental accommodation in the area. As a landlord/investor I would like to know from your side what are the factors or reason for you to participate in the rental market. Because you are a landlord/investor, I would like you to take part in an interview. I will ask you brief questions about how you participate in the rental market.

I will have a conversation with you where I will ask a whole range of questions about my project. The answers you give will form the basis of my research dissertation. The personal information you will share with me will not be passed to anyone else. This research will be anonymous if you prefer, which means that in my publications, your name will not be used, unless you are happy for me to use your name. This is completely voluntary and we can stop any time you like. During the interview, I will use an audio recorder to make sure I'm getting an accurate record of your thoughts. OR I can take notes in my notebook. Which would you prefer? I may want to re-contact you to clarify information from your interview. In that case, I will ask you if you have time to answer some more questions about your interview.

My research will be written up as a thesis, and when completed it will be available to access on the university website. If you would like a summary of the research, I will be happy to give you a copy when it is done. I can post it to you, or we can arrange to meet so I can give you a copy.

- Do you have any questions?
- Do you give your permission for me to interview you?
- Do you give me permission to record you?
- Do you give your permission for me to re-contact you to clarify information? And if so can I have your cellphone number for this purpose?
- If you are ready, let's start. If you prefer not to continue, that's ok.

Annexure C

The invisible hand that shapes rental markets in the townships (North of Johannesburg)

Landlords/Investors in Kaalfontein and Ebony Park

Semi-structured interview

1. Describe what you do here and why you chose this place?
   This is intended to put the interviewee at ease. I am trying to get a sense of the general context of the study area.
2. When and how did you start to provide rental accommodation?
3. What made you take that decision to provide the accommodation?
4. Why did you choose to provide the rental accommodation in this area? What is desirable about Ebony Park/ Kaalfontein for you to provide the accommodation? What do you see as key attractions for tenants, why would they want to live here? (attractions within the area, or in relation to other areas) What makes you think this area is lucrative for business?
5. What diverse forms of rental accommodation and opportunities do you understand the area to have? How do you explain this range/ diversity – why are there different forms of accommodation here?
6. How did you acquire this accommodation? What are the implicit and explicit cost that you had incur?
7. What kind of rental accommodation do you provide?
8. What's the cost to the tenant, what's included in the cost, what's excluded?
9. How do you market (advertise your business)? Do you have any specification for your accommodation? For example, the type of people you want for accommodation, whether male, female, married, single or have family or car? Why is this?
10. What kind of tenants do you typically attract? – Can you describe their profile?
11. Why do they want this accommodation?
12. How do you secure an arrangement with the tenant?
13. What are the rules of the accommodation?

14. How long do people typically stay in the accommodation for? Where do they move to thereafter, why do they depart?
15. How do you manage to provide the accommodation? (through what financial and other mechanisms)
16. Does your business need to be registered with any organisation or in any way?
17. Do you know any policies or legislation that guides how you should carry out your work?
18. What are some of the services that you get here? Do you pay for them?

Annexure D

SCHOOL OF ARCHITECTURE & PLANNING

PARTICIPANT INFORMATION SHEET (Landlord/investor)

The invisible hand that shapes rental markets in the townships (North of Johannesburg)

Greetings

My name is Maredi Mojapelo 1112207 and I am currently a full-time student studying towards a Master of Science degree in Development planning in the School of Architecture and Planning at the University of Witwatersrand. As part of my academic studies, I am required to complete a research project and I would be grateful for your assistance in undertaking my research.

I am conducting research in the area of Kaalfontein and Ebony Park. I seek to understand what are the factors influencing the rental market in the area which seem to be so diverse in terms of the building's structures (accommodation typology), prices levels and income groups. The purpose of this research is to investigate how the behaviour of suppliers of rental accommodation contributes to diversity in rental accommodation in the area. As a landlord/investor I would like to know from your side what are the factors or reason for you to participate in the rental market.

Because you are a landlord/investor, I would like you to take part in an interview. I will ask you brief questions about how you participate in the rental market. The interview would be conducted in a location convenient to you (a public space or your offices or home).

I would like to record the interview by taking handwritten notes and using my cellphone to audio-record. I will only audio-recording device for the interview if

you give me your consent to do so. I would also like to photograph of your premises and surroundings but only if you give me your permission.

Your participation is entirely voluntary, and you may refuse to answer any questions that make you uncomfortable and withdraw at any time without penalty or loss. You will receive no payment or other incentives for your participation. Apart from taking some of your time, your participation would not involve any costs or risks to yourself.

Your participation will be completely anonymous, and the results of the interview and your personal views will not be linked to you in the final report. However, your organisation may be identified. If I use direct quotations from this interview, please note that your identity will not be revealed, and I will refer to you as a house owner or landlord. Any comments that you make that you deem 'off the record' or similar will not be quoted.

The research is being undertaken solely for academic purposes and the information from the interview will be kept confidential and will not be shared with anyone. It will be securely stored on a password protected computer and on Google drive. Once I have obtained all the necessary information, I will present and analyse my findings in a Research Report, which will be submitted for examination at the end of the year. Once it is completed, it will be stored electronically on the Wits Library system.

If you have any questions, concerns, or comments or if you would like a copy of the final report, please feel free to contact me at 1112207@students.wits.ac.za (0769780826) or my supervisor, Sarah Charlton at Sarah.Charlton@wits.ac.za
Thank you for your time and interest.

Maredi Mojapelo
Master of Science in Development Planning Programme, August 2019

Annexure E



SCHOOL OF ARCHITECTURE AND PLANNING
HUMAN RESERCH ETHICS COMMITTEE

SCHOOL OF ARCHITECTURE PLANNING

CLEARANCE CERTIFICATE
PROTOCOL NUMBER: SOAP052/06/2019

PROJECT TITLE:	The invisible hand that shapes rental markets in the townships (North of Johannesburg)
INVESTIGATOR/S:	Maredi Mojapelo (Student No: 1112207)
SCHOOL:	Architecture and Planning
DEGREE PROGRAMME:	Masters of Urban Studies (Sustain Energy Effic Cities)
DATE CONSIDERED	10 September 2019
EXPIRY DATE:	10 September 2020
DECISION OF THE COMMITTEE:	Approved

CHAIRPERSON B C Boshoff
(Dr Brian Boshoff

DATE: 18/9/19

cc: Supervisor/s: Sarah Charlton

DECLARATION OF INVESTIGATORS

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to endure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

Signature **Date**

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