CHAPTER 1 AN INTRODUCTION

1.1 Introduction

Property management seeks to advise on the establishment of an appropriate framework within which to achieve the set out objectives of the property owner and particularly to have regard to the purpose for which the estate is held. It may be said to be two fold: to maintain the investments in the property and to maintain the physical aspects of the property at a point of optimum efficiency and economy. The former covers administrative and executive functions in the fields of economics and finance and the latter covers technological functions towards maintenance of property (Ring, 1967). Inherent in this approach are the property management duties which include negotiating lettings on suitable terms, initiating and negotiating rent reviews and lease renewals, ensuring proper maintenance and seeing to it that the concerned parties do not contravene the terms and conditions of the lease contract (Scarrett, 1995). Additional duties according to Ring (1967) would be; the marketing of space, advertising, and securing desirable tenants at the best rates obtainable; physical care of the premises and attendance to the tenants complaints; purchases of supplies and equipment and expenditures for repairs and; keeping proper accounts and rendering periodic reports. It is worth noting that though under normal circumstances, the overall objectives of property management would be maximization of income and capital by an investor or developer, there may often be property held for non-profit purposes.

The accurate management of fixed assets or immovable property is a substantial issue and requires adequate accounting procedures and records to provide essential and effective protective custody to property.

In most cases the Lesotho government dwelling houses are within and or surrounded by individual houses, which then makes them immediately visible, by way of comparison, of their deteriorating condition as opposed to those in close proximity or surrounding them. The government previously owned some of the houses that surround their current pool and these are of the same make and age. By way of observation, it is a case of unattended maintenance problems more often than not; bursting sewage pipes and manholes, broken windows, cracking walls, abrading paint and derelict other fixtures of these houses. These problems could either be caused mainly by negligence on the part of occupiers of these housing dwellings and or by government regarding maintenance practices, inadequate levels of rental and, by and large, the extent of efficacy of the Lesotho government property management structure.

The Lesotho government has not constructed any new government civil-servants dwelling houses for quite some time-more or less fifteen years as observed by one Mr. Makhele (Lesotho government property valuer) from the Department of Land Surveys and Physical Planning (LSPP). This in itself requires that proper maintenance of the existing housing pool be a priority to the government or otherwise the result would be a substantial loss of habitable pool of structures for the government employees, and in due course, significant government housing shortage. This could as well lead to very sensitive political problems. There will come a time when the government would not be able to house its valued personnel which translates into slow expected and or required production, disincentive to expatriates and local elite, brain drain, or even worse, having to house these people on private properties at rents not maintainable. It may even be found out that the government would be expending more money towards rents than the worth of the affected personnel, if thus measured.

The research to be undertaken herein is aimed at looking into the property asset management conceptual framework and in that regard, critically analysing the Lesotho government property management framework. Optimistically, the findings would help in coming up with a solution to the persistent problem that triggered this research, which is the apparent deterioration of the Lesotho government dwelling houses afforded to the civil servants. By being able to determine where the problem lies, and specific sub-problems established and identified in this respect, it is believed that it would be possible to come up with appropriate solutions and recommendations to the problem.

1.2 Statement to the Problem

There is a conspicuous existence of continuing deterioration of the Lesotho government housing dwelling structures. These housing structures are noticeably ill maintained, more so by way of comparison to the surrounding houses that previously belonged to the government and later sold to individuals. The impact of the current and arguably unhealthy continuing situation will be the excessive losses in terms of asset capital values of these structures, substantial civil servants and solicited expatriates housing deficit, and the worst case scenario being that where the government ends up without any housing structures pool for its important personnel. This would call for unnecessary expenditure on privately owned houses at unsustainable rentals so as to maintain and attract the aspired expertise. It is very possible that the dissatisfaction of the civil service may possibly undermine the political stability of the country.

1.3 Research Question

To what extent is the depreciating situation of the Lesotho government dwelling houses a function of the level of effectiveness of the Lesotho Government property management structure?

1.4 Hypotheses

i) That efficient property asset management is significantly dependent on a good quality property management framework/structure.

ii) That there is a correlation between the declining property values and the level of rentals payable to the Lesotho government.

iii) That the current state of dilapidation of the government housing structures does not reflect the essential age of these buildings.

1.5 The Research Objectives

- Ascertain that lack of good property management structure results in the decline of property values.
- Determine factors that lead to the rapid dilapidation of the Government-civil service dwelling houses.

- Come up with a property management structure that would be effective in managing the Lesotho Government fixed property assets.
- Establish that the rentals charged by the Government are inappropriate for good maintenance of sustainable property values, specific reference to the dwelling houses.
- Determine the appropriate rentals and maintenance standards by drawing on and comparing with those from the private sector in the same region.

1.6 Method of Study

(i) A literature review of the previously undertaken researches on property asset management and associated studies.

(ii) A sample survey through the use of a combination of self-administered and non-administered questionnaires would be employed to conduct this research for the primary data. The sample would be consisting of the occupants of the government housing dwellings and the relevant government officials and or departments entrusted with the administration of the concerned houses. This survey would find much of its ground on how the management of these properties has been undertaken through the years and what have been the persistent problems. Also the existing agreement documents, maintenance log books, rental payment rolls and related materials would be drawn on for secondary data to further help in the review of this structure.

(iii) The private property developers and managers' approach to property management would also be drawn from to add to the local literature and form part of the comparative analysis to the government property management approach, more so because their management of property is conspicuously healthier than that of the Lesotho government.

1.7 Theoretical framework

(i) Property management theories; these basically comprise the literature and other researches done with findings contributing to the theories and practices of property management.

(ii) Property economics and facilities management; the economics of management, largely relating to the management of the finances of property, and the maintenance of the building fabric and its functionality.

1.8 Data Collection and Analysis

Primary data would be extracted from the responses in the questionnaire surveys and this would be analysed by way of comparison with the existing property management framework(s), particularly those that are discussed in the literature. A comparative analysis of the government property management procedures with property management procedures of the private sector and that from the literature would also be drawn on to establish where and what the problem is regarding the management of government houses.

1.9 Scope and Limitation

The research focused on Ha Hoohlo, Florida, White city, Maseru West and Ha Ratjomose villages as the geographical (delimitation) study areas in view of the fact that taking all the government owned housing pool might not be feasible. The maps showing the location plan and these villages are appendix ‘F’. All the occupants of the government houses were treated as research subjects in anticipation of insufficient response due to the fact that there is an obvious neglect on the part of the tenants, with the thought in mind that the questions would make them feel as if they were individually being investigated. The other reason is that the governments servants, effectively the occupants of these houses, were mostly found on Saturdays and Sundays, and only a few during the normal working days, thus making it very difficult to obtain all the respondents effectively.

Further, some private companies that own rental housing constituted a group of respondents regarding issues such as maintenance procedures, rentals payable and tenancy agreements. A total of three private companies was identified and interviewed, and the specimen of the concerned questionnaire is appendix “E” to give an indication of the kind of questions that were involved. Then the relevant government departments were interviewed and these comprised the Ministry of Public Service in their capacity as the administrating authority and the Ministry of Works, Department of Buildings responsible for the maintenance of the government property. Some of the occupants refused to respond to the questions because they were not government employees. Further, some questionnaires had to be answered wholly by the respondents without being administered because of the genuine lack of time for the interviewer. Besides the private sector and the government respondents, a total of 86 respondents were obtained from the occupants of the government houses out of 140 issued questionnaires. It is to be noted that 18 of the subjects were never issued with the questionnaires because they were either unavailable or never there at all.

Time was definitely a hindrance as this research should have been completed by end of March 2004, but dragged on until May 2005. There were also financial constraints that were mainly associated with travelling since the primary data was sought in Lesotho, re-registration and associated fees as the research dragged, and the required stationery and printing expenses already pose a big drawback.

1.10 Relevance of the Study

By way of reviewing the Lesotho government property management structure, this study would essentially give and provide recommendations and solutions to the government of Lesotho property management sector so as to mitigate the current deteriorating state of their housing pool. Not only would the houses be resuscitated, but the likely problems such as the government experiencing loss of valuable expertise, having to house its treasured staff at unnecessarily higher rentals that could be avoided, likely housing chaos and other associated problems would be prevented. It is probable that this study may broaden the knowledge base of property asset management, adding value to this and other related disciplines since it was found to be the first of its kind in Lesotho. The justification is also in cognisance of the fact that some problems and solutions may be country specific.

1.11 Conclusion

Every field of specialization requires the backing of professional expertise for efficient production and performance and property management is no exception to this concept. Fair employment of applicable expertise in any field makes a huge difference in whatever is being pursued, more often than not, coming very close or even exceeding the expected performance. It in this regard therefore, wherever an deficit performance occurs, research is conducted to be of assistance in remedying the situation, hence this undertaking.

CHAPTER 2: A LITERATURE REVIEW

2.1 Property Management

Successful property management is a demanding activity which requires relevant understanding, ability and appropriate technical and organisational skills as well as resources to successfully maintain and improve property value through to its obsolescence. Property assets, which include land and buildings, are a key resource for all types of organizations, including local authorities and central governments. In the same way as other resources - human, financial and information - contribute to the success of these organizations, and so does the property resource.

According to Scarrett (1995) "property management seeks to advice the establishment of an appropriate framework within which to oversee property holdings to achieve the agreed short and long-term objectives of the estate owner and particularly to have regard to the purpose for which the estate is held. The basic needs will be to carry out such tasks as negotiating lettings on suitable terms; initiating and negotiating rent reviews and lease renewals, overseeing physical maintenance and the enforcement of lease covenants as mentioned in chapter one. These activities will take place within an agreed strategic framework where there is a need to be mindful of the necessity of upgrading and merging interests where possible, recognising other opportunities for the development of potential and fulfilling the owner's legal and social duties to the community". Not only is a large amount of capital devoted to these assets, they can also add value to an organization through effective and often creative management.

Two of the major criticisms of inadequate management practices are the lack of a strategic approach to property management and the limited recognition of the value of these assets by property users and operational decision makers, resulting in potential asset becoming a major liability. But many organizations, internally and externally, have responded to the challenges and introduced a number of measures in order to improve their management practices related to operational property.

Initiatives among others including internal rental systems (asset rents), planned maintenance programmes, co-ordinated occupier audits, and valuations of the portfolio have all become much more widespread. Organizations have become increasingly aware of both the problems and opportunities with regard to their operational property. This has had a direct impact on their occupational requirements both in terms of the amount of space required and the cost of occupancy.

A case study done in Queensland Australia shows that state and local governments "typically have a more rigid administrative structure (a.k.a. bureaucracy) and are not required to generate a profit. Historically, the primary focus of asset management by governments has been to defend against loss. This defensive position stems from the desire to protect the taxpayer investment in government assets and, not so coincidentally, avoid negative publicity. As a result, countless activities have evolved over time within governments that are intended to assure stewardship of state and local government property. Auditing, inventory, and financial recovery of losses due to theft or negligence have been the primary focuses of governments regarding property management. Little attention has been given to managing assets during the utilization phase to assure their highest and best use. Additionally, governments have often made decisions related to purchasing or disposing of assets based upon budgetary rather than business considerations. As a result, reliable asset information and property management standards are solely lacking." (www.build.qld.gov.au)

Property has been increasingly recognized as a key resource which, if well managed, contributes to an organization's success. For local authorities, property is the environment in which people work and from which services are delivered. In this sense its suitability has an impact on both employees and clients, and therefore an influence on the efficiency and effectiveness of all the organization's activities. With the pressure on organizations, not least local government, to deliver ever-higher quality services at an even lower cost, property must be considered as a significant element on both sides of the formula, quality and cost.

Elected members and senior managers need to identify and evaluate if and how property is contributing to value for money. This can only be achieved if both groups are clear about how property contributes to the authorities' objectives. Essential is a broad framework for considering property at the most strategic level so that the senior management team are able to understand the costs and benefits of their decisions and the impact on the property resource. Property management of a large group of buildings held for the principal purpose of taking full advantage of financial returns on the best terms available is usually referred to as property portfolio management. On the other hand, if the buildings are held for operational purposes, it is termed property asset management. Operational property is that property which an organization uses and/or owns in order to undertake its main function (BUQS 524 Class notes). It may be office and residential accommodation to house the management and administrative staff; specialist property for a distinct activity such as sports centres, schools, and day centres; retail space for services; or property held for future use. More often than not, the overall objectives of property management would be maximisation of income (total returns) and capital. Effectiveness therefore must be based on the contribution property makes towards an organization's overall objectives. Nonetheless, only when an organization knows why it has a property will it be able to assess its contribution. Even with a clear view on why a property is owned or occupied, it is often difficult to identify precisely this contribution. In some cases it may be a straightforward financial benefit from a property that has been sold, redeveloped or let to another organization.

In most cases though, the contribution of operational property is imbedded in the performance of the main activities. For example, by having the most appropriate property for the purpose, students' learning experience can be enhanced by an upgraded school environment, clients can be better served in a job centre, efficiency can be improved within an administrative centre, and employees can be motivated by a high-quality office and residential environment. The benefit gained from property in these cases is difficult to quantify but that does not undermine the necessity to understand the links.

2.1.1 A Strategic Framework for Property Management

Gibson and Orchard-Lisle (1994) state that if the aim is to ensure that operational property is managed on a par with all other significant resources, property should be part of an organization's strategic planning process. Property should be actively managed, changing to meet the future needs of the organization. Specific targets should be set and measures of performance established as well as monitoring and control system. To implement this it is necessary to have appropriate management information, which combines operational information with property information.

They argue that the detail of effective operational property management is therefore different for every organization because their goals, property requirements and methods of working are unique. The similarity is the *broad management process:* “defining strategic property objectives; determining how to achieve those objectives; monitoring both the property performance and its management; and collecting appropriate information to support the process. All organizations should be going through this process: planning the future direction of property and having a clear understanding of what activities need to be accomplished and when. Action should be planned and potential problems anticipated before the crisis emerges. This is the essence of proactive management.”

Clearly what the authors are trying to show here is the fact that as much as the needs of property management of different organisations may differ, overall, the process towards good property management follows a similar approach on a wider scale. There are however fundamental general requirements that need to be fulfilled towards achieving the goal and hence practising of good property management. Gibson and Orchard-Lisle (1994) come up with the following requirements; appropriate quantity and quality of information. They assert that information that is to be used at the strategic level needs to be a summary of much of the detailed information held in each property. Senior managers, besides being concerned with the general, need to be aware of how this detailed information has been defined in order that they are able to interpret the resulting strategic measures; understanding of the way property interacts with the other resources in order to deliver wider aims of management is of importance to the leaders of the organisations and; since the senior managers are responsible for the performance of the organisation, they need to ensure that all their resources are being managed in an efficient and effective manner. This calls for a series of measures that act as indicators of good or bad performance. It is argued that these indicators are not well developed in the property, but if a strategic approach is to be adopted, there needs to be a set of relevant measures in order to point the senior management team in the appropriate direction. Bond and Dent (1998) attest that accountability must relate not only to the financial resources, but also to the administrative/legal processes of government as well as the overall net benefits of owning and occupying assets. Therefore on the basis of accountability alone, there appears to be clear grounds for authorities to set up systems to manage their property assets effectively and efficiently. Further, the availability of adequate support systems should also be highly rated to the ability to manage property efficiently and this also means that there will be continuing need for a cadre of effective professional staff.

2.1.2 Types of management

There are different techniques by which management of property is done. The in-house management as could be induced from the name is where the management is undertaken within the company itself by the employees of the company. Nonetheless, in-house managers often have to supplement their skills and abilities by employment of the private property management practitioners for special tasks or for certain limited management functions.

Another technique, which is quite popular, is appointing an agent/company to manage the property. It is advantageous to employ this technique for these companies engage in a wide range of activities related to property and maintain highly experienced and motivated teams (Scarrett; 1995). But since these firms would be having a number of clients, confidentiality is threatened for the simple reason that in property information is very valuable to the extent that a company would go to great lengths to protect its information, as it could be used to its detriment by other competing companies.

The third technique is a combination of the first two and all that is required from the agent and the in-house manager is to work as a team towards efficient management of the company's property.

Lastly, the final technique is not very different from the previous, but in this case, the agent is given specialised and limited tasks to attend to.

Gibson and Orchard-Lisle (1994), in a study towards effective operational property management, found out the main weaknesses, which tended to be related to the management process and the attitude towards property within the organizations, were as follows;

> "1. Reactive management: Operational property assets were often managed in a reactive manner. The work was driven either by the short-term requirements of the operations or by the property itself. Operational managers asked for work to be undertaken on a property on an ad hoc basis, with little thought or understanding of how the "improvement" would affect the value of the property. The requirements of the property itself such as an impending rent review or a leaking roof would be the driving force behind the establishment of priorities. In many instances there was little concern for the long term. The objective for property, if one existed, tended to be related to minimizing costs in the short term rather than assessing and enhancing the added value property could bring to an organization.
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> 2. Landlord versus tenant objectives. Allied to the short-term view was the lack of understanding of the difference between the objectives of a landlord and those of a tenant. A landlord is concerned with maintaining

and enhancing the value of the asset while the tenant is concerned with minimizing the cost of occupancy and obligations. This issue was often not addressed by organizations and the property managers found that they had to balance the conflicting objectives with little or no guidance from the senior management team.

3. Lack of performance monitoring. The lack of explicit property objectives led to little monitoring of the performance of property or its management. There was often no awareness of the opportunity cost of property. Operational managers were not charged for the property which they occupied, especially if it was owned freehold by the organization. The effect of this was twofold. First, there was no incentive for managers to use the space efficiently. Second, the true cost or performance of the operations was not known because property was effectively a free resource. Property was subsidizing the operation but the level of subsidy was not quantified.

4. Inadequate information. The information required in order to make informed decisions was often lacking. Although most organizations had a basic property inventory, it was often incomplete and inaccessible. It was also difficult to integrate operational with property information. This deficiency was often the missing cornerstone which made effective property management impossible."

They further explain that if the aim is to make certain operational property is managed on a par with all other significant resources, property should be part of an organization's strategic planning process. It should be actively managed, changing to meet the future needs of the establishment in question. Specific targets should be set and measures of performance established as well as monitoring and control system. To implement this, it is necessary to have appropriate management information which combines operational information with property information.

The detail of effective operational property management is therefore different for every organization because their goals, property requirements and methods of working are different. The similarity is the broad management process: defining strategic property objectives; determining how to achieve those objectives; monitoring both the property performance and its management; and collecting appropriate information to support the process as mentioned in the previous paragraphs. The essence of proactive management is planning the future direction of property and having a clear understanding of what activities need to be accomplished how and when. Action should be planned and potential problems anticipated before the crisis emerges. A strategic approach should be developed and a proper identification of the causes of management shortcomings made.

In professional property management that is commercialised, the primary function of the property manager is to generate income while achieving the owner's objectives, always preserving the value of the property. In this regard, property can be divided into four major classifications: residential, commercial, industrial and special-purpose property, and all these classes individually command a different combination of knowledge and skills from the property manager.

Residential property comprises the privately owned residences, government houses and institutional housing. It satisfies the basic shelter needs of the population. These could be single-family homes which do not require professional property management though they could at times be used as rental properties, multifamily residences where due to increased demand for space in prime areas, these developments dominate through maximum utilisation of space and also the fact that construction costs are relatively cheaper. There may also be mobile home parks and facilities for the elderly under the residential property category.

Commercial property is made of properties that are meant for generating income, among others; shopping centres, office buildings, petrol garages and so forth.

There is also the industrial property, whether light or heavy. This is where raw materials are converted into finished products, comprising all activities involved in the production, storage and distribution of goods.

Lastly, the special purpose property includes properties such as hotels, resorts, schools, motels, government institutions and churches. All these properties would require some form of management, especially the maintenance part of the building fabrics. Poor maintenance has proven to be one of the most prominent drawbacks of good property management.

2.1.3 Factors impacting on Maintenance of a structure

Every structure is ultimately subject to dilapidation, and yet the rate at which the dilapidation process occurs is a result of a range of factors at work during the life of the building. Olubodun (2000) identifies these factors as;

Dwelling external influence where he mentions that, as an example, a defective unattended fence subconsciously impacts negatively on the concern towards the well being of the building structure. Climatic exposure is also one of the external influencing factors;

"Design integrity standard of a dwelling and this basically concerns itself with the effectiveness of the design as some are more resilient than others in terms of wearing out of the structure-the method of construction plays an important role as well;

Tenant's lack of care as some would not respond as soon as the defect occurs or ever at all, therefore leaving the defect intensifying to the detriment of the structure;

Influence of changing and evolving standards such as the heating systems and the type of concrete as compared to those that were used decades ago;

Ageing influence which may sometimes be catalysed by some of the mentioned factors;

Vandalism-sometimes tenants or their close ones may vandalise properties leading to the premature dilapidation of the structures;

Accidental damage may also play a role towards the early deterioration of a building structure;

Dwelling orientation and soil condition. These may be observed by fracturing bricks and wall cracking".

From the point of view of a property or maintenance manager, each of these factors represents strategic influence, an understanding of which property inspectors must acquire in order to afford sound remedies to the defects encountered in the inspection of dwellings. The set of component factors for housing maintenance needs give an insight into the criteria available for those involved in determining maintenance budgets. But before the tenant occupies the building structure, there is usually a contract that gives the tenant the right to occupy the building and this contract would usually have applicable conditions both to the landlord and the tenant (occupant), and these are usually referred to as tenancy agreements and or leases.

The scope of work of a property maintenance department include amongst others; maintaining the property, including all buildings and all machinery efficiently and economically; budgeting for annual expenses and endeavouring to operate within the budget; controlling the maintenance workshops and building inspectors; ensuring that planned maintenance procedures are adhered to and; controlling the cleaning of the buildings (Cloete, 1994).

2.2 Tenancy Agreements/Leases

Tenancy in property is guided by a contract between the landlord and the tenant, and usually the contract is referred to as the lease. According to Delport (2001) "a lease is an agreement between one person (the landlord or lessor) and another person (the tenant or lessee) in terms of which the landlord binds himself to give the tenant the temporary use and enjoyment of property, wholly or in part, in return for a payment called rent”. A contract is an agreement entered into by two or more persons, with the intention of establishing a legal obligation between them. Now, the lease agreement conveys the rights of possession of the leased premises to the tenant. In general, for conclusion of legal contracts, it is required that the parties should be in consensus, that is, agreeing on all aspects of the contract; the parties must have the legal capacity to enter into a contract where distinction is made on married persons, unmarried persons and minors; the contract must be lawful (all agreements are lawful unless their conclusion is prohibited by legislation or common law); initial performance under the contract must be possible and; the prescribed formalities must be complied with, more in written contracts (Delport, 2001).

Ring (1967) argues that for the tenant and landlord relationship to be created, it is essential that: (a) the lessor and the lessee should have contractual capacity; (b) there should be an agreement to let and take; (c) the concerned premises should be sufficiently described; (d) there should be a specified term of occupation; (e) there has to be an amount of consideration; (f) an execution such as required by statute and; (g) a delivery and acceptance. Other important provisions of a lease agreement comprise the precise identification of the premise, its extent and location. The date of commencement and term of the lease should be fixed or be ascertainable at the time when the lease takes effect. Still on the lease, Scarrett (1995) states “the law will imply the following covenants in the absence of any express provisions on the part of the tenant:

- to pay the rent, in arrears unless otherwise provided: rent continues to be payable even if the property is destroyed unless there is express provision to the contrary;
- to pay the usual rates and taxes;
- to use the premises in a tenant-like manner;

- to deliver up possession at the end of the term in the same condition, fair wear and tear expected.

And on the part of the landlord:

- to allow quiet enjoyment;
- not to derogate from his grant
- to give possession;
- to pay landlord's taxes;
- in the case of a furnished house, to ensure that it is fit for human habitation at the commencement of tenancy."

These are nonetheless usually provided in the lease contract and or by legislation such as the Rental Housing Act of the Republic of South Africa. Also, they are not necessarily similar to the above provisions in every case-they may differ from one country to another. For example, rates and taxes can be payable by either the landlord or the tenant depending on the agreed terms.

There exist different kinds of tenancies between the tenant and the landlord, amongst others, the monthly tenancies where letting is made for one month only. Here if at the end of the month, the tenant holds over and pays rent and the landlord accepts it, there is by implication renewal of letting for one month and so on. Or, tenancy for a term of year(s), where the tenancy is basically dependent on the agreed term, at which the tenancy ends. It could nonetheless have the option of renewal.

In Queensland Australia, "all government employees occupying government employee housing are required to sign a General Tenancy Agreement in accordance with the *Residential Tenancies Act 1994* as amended by the *Residential Tenancies*

Amendment Act 1998. Private tenants will be normally required to sign a fixed-term lease and pay the prescribed bond.

All government employees who wish to be allocated a government house will be required to sign an acknowledgment covering the following provisions.

- If the employee and/or spouse/partner purchases a residence in the same location, they must advise DPW with the full understanding that they will be required to show cause why their tenancy should not be terminated at 30 day's notice.
- The term of the tenancy is not expected to exceed five years and, if the tenant is still occupying the house after this time, the tenant may be asked to show cause why the tenancy should not be terminated upon six month's notice.

Departments should periodically review the allocation of residences and rental structures to maximise assistance to employees who have been subject to recent appointment or transfer to a centre from another location.

The administration of tenants is to be conducted in a fair and reasonable way and in accordance with the Act and other established protocols and procedures incorporated in the relevant Statutes of Queensland.

All departments are required to comply with the provisions of the Act.

Where one department agrees to place one of its employees in a house owned by another department, a fee equal to market or economic rent as appropriate is to be paid by the one department to the other, unless the owner department determines otherwise.

Unless otherwise determined by the Government, subsidised rental rates for government employees will continue under the salary base structure approved by the Government in 1984.

Private tenants who rent a government employee house from the Scheme are to pay full market rent.

Unless excluded by the Government decisions in 1984 (which apply to unmarried employees in shared accommodation), tenants are to pay for all energy consumption." www.build.qld.gov.au.

2.2.1 Termination of Contracts/Leases

There are cases when the tenancy may have to be terminated, regardless of whether the agreed period of time has elapsed or not. Delport (2001) states that a contract may terminate on the grounds consisting of *performance* where the parties have not performed their respective obligations as demanded by the contract. The parties can mutually *agree* to terminate their contract or enter into a new contract that replaces the existing one. Again by prescription a contract can be terminated. This could be regulated by law of general application such as the Prescription Act 68 of 1969 of South Africa. It gives a period-three years in this act-by which one of the parties should have enforced the contract. *Set-off* grounds where if the two parties owe each other the same fixed amount of money both debts are automatically extinguished by operation of law, or if not the same the smaller is written off and the bigger reduced by the amount of the smaller debt. There may also be circumstances where after the contract is concluded, the other party is unable to perform due to factors beyond his control resulting in *impossibility*. This impossibility should however not be the fault of one of the parties. *Termination by notice* comes into action where the other party, specifically the purchaser, under certain circumstances, terminates the sale agreement within 5 days after it was signed by him in terms of law of general application-Alienation Act 68 of 1981 in

South Africa. Further, according to Ring (1967), leases can terminate on the following events;

1. Expiration of the term of lease.
2. Surrender and acceptance, either express or implied.
3. Breach of conditions of lease.
4. Constructive eviction of the tenant.
5. Actual eviction of the tenant.
6. Exercise of right of eminent domain.
7. Destruction of property.
8. Bankruptcy of lessee.
9. Foreclosure of mortgage.

And the conditions for which the landlord can dispossess the tenant of the property include failure of the tenant to pay the rents, holding over by the tenant at the end of the term, unlawful use of the premises by the tenant, non payment of taxes, assessments, or other charges when under the terms of the lease the tenant undertook to pay them and if the tenant in certain cases takes the benefit of an insolvent act or is adjudged a bankrupt. In all these cases the circumstances would have to be looked into and thus dispossession has to be by order of court and this may be lengthy and involve some costs for court proceedings. It is worthwhile at this juncture to note that as provided by the law, all permanent improvements to the property become the property of the landlord, though the distinction of the permanency and the non-permanency of the fixtures are more often than not settled in the courts of law. Nonetheless, the lease would usually provide that the improvements should be made with the consent of the landlord in order to avoid disputes. It is to be noted again that these improvements when made by the tenant, do not usually affect the rental due to the landlord though they may add value to the building or rental house. Even with the improvements made by the landlord, the rental will be as stipulated in the tenancy agreement until the end of the term of tenancy, where then the improvements may affect the rental setting.

2.3 Rental Setting

Characteristically, most if not all government assets including the housing dwellings, as is the case in Lesotho, are customarily placed outside the usual market forces of supply and demand-the open market. The rents are therefore set on the basis of recovery of costs related to building or acquiring and or to maintain these structures through their lifespan, and not for profit motives. It can be reasoned in this regard that for a rental that would be set for a particular government housing dwelling, there would be other people who would be willing to pay more than the laid down rent if the market forces were allowed to operate. This goes for other activities that governments engage in such as land developments for the purpose of upmarket planning of an area. However, market rentals change over the economic life of the building due to changes in demand for space from potential users and or changes in the supply of space as additions or deletions are made to the stock of available space.

2.4 Building Maintenance

A building fabric is designed to be durable but will need proper maintenance to keep it in good condition. This is to state that buildings' lifespan can be enhanced through the practical application of appropriate maintenance procedures. Maintenance can simply be defined as a means of preserving, or keeping, an item or equipment in a specified operating condition or keeping a building in a condition appropriate to its use. The effectiveness of maintenance management depends significantly on proper deployment of resources, in the form of spare parts and other maintenance materials necessary tools and instruments and manpower. Maintenance activities are moving from a reactive and expensive mode (e.g.

breakdown maintenance, failure-finding maintenance and corrective maintenance) to a proactive-based, cost effectiveness and high service level type of maintenance. New maintenance techniques and approaches (preventive/proactive maintenance) allow the maintenance to be performed in a more cost effective manner in comparison to the reactive-based maintenance approaches (Kit-fai et al: 2002). It is indeed desirable to carryout as little maintenance as possible and as infrequently as possible while at the same time preserving the availability of the services facilities, the building elements and the whole building. The preceding sentence warrants that maintenance should be carried out only when necessary to ensure the continued, safe and profitable use of the building at acceptable levels of satisfaction or when there is potential to extend the life span of the building or its elements (Horner *et al*). But in fact all the three maintenance options are available and either one could be used depending on the nature of the need as long as it is cost-effective, or any combination of the three options since none is entirely satisfactory. Nonetheless, proactive maintenance is deemed to be more cost-effective than the rest, hence the best approach. For one to find the best maintenance strategy or a combination, details of every constituent item that makes a building would have to be looked into and a decision made on the optimum strategy for the particular item such that the best combination is attained considering all the constituent items of a building (Kit-fai et al: 2002).

Cloete (2001) identifies three main benefits of a good maintenance programme. The first benefit he identifies is preservation and enhancement of property value. 'Neglected maintenance can cause the greatest loss an owner can suffer on a real estate investment (Downs 1991; 154). If, however a comprehensive maintenance programme is established, the property's value will be preserved and enhanced during the course of normal operations' (Cloete 2001).

The second benefit he says is 'tenant retention'. He argues that tenant satisfaction due to the standard of maintenance of the building will result in lower vacancy rate and reduced expenses for turnover of rental space.

The third is ‘reduced operating costs’. He states that apart from the reduced maintenance and repair costs of a planned maintenance programme, other operating costs like electricity, insurance premiums, rubbish removal and the like, may be reduced.

According to Cloete (2001), in his citation of Mcduling (2000), the three most persistent and pressing maintenance problems in the South African provincial government sector are; (a) ‘lack of accurate and reliable information on the current condition and maintenance requirements of building fabric and elements’. He states that accurate information is a requirement for cost-effective building maintenance with regards to the building fabric and elements, and these can only be determined through physical condition assessment audits. He further argues that consistent interpretation of building condition is essential to ensure reliable and objective condition assessment and that the cycle of condition and maintenance requirement assessments influences the aging and relevance of the information. Also that there are different maintenance cycles since buildings are complicated conglomerates of fabrics and materials, each with its own unique maintenance requirements’. (b) Inaccurate budgeting for and under-funding of maintenance work. ‘Building maintenance has always been short-funded in South Africa, as reflected in the sad state of neglect of many of the buildings. Because it is difficult to quantify the cost of neglect and the general belief that preventive maintenance can easily be post-poned until budget constraints may be less tight, maintenance work has always been subjected to budget cuts. The problem is that budget constraints are seldom relieved, and insufficient funds force maintenance managers to do only day-to-day, ad-hoc or emergency maintenance.

El-Haram and Horner (2002) state that in order to reduce maintenance costs, it is necessary to minimise the number of maintenance tasks. In general, adopting some of the following strategies could reduce housing maintenance costs:

- "reducing the number of maintenance tasks by selecting the most applicable and cost-effective maintenance strategy (e.g. applying new methodologies such as RCM (El-Haram *et al.*, 1996);
- reducing the duration of maintenance tasks by increasing the accessibility, planning maintenance resources in advance and training of maintenance staff;
- designing new housings for maintenance (e.g. taking into account reliability, durability, maintainability and whole life costing at the design stage); and
- reducing or controlling the impact of the factors which have an effect on maintenance costs."

Gibson and Orchard-Lisle (1994) state that one of the most prominent mitigating factors against managing property in a proactive manner is the long planning horizon required to manage property assets while the length of the political cycle, hence the planning authorities, is at 4 or 5 years period-a short planning horizon in terms of property.

El-Haram and Horner (2002), in their citation of (Alner and Fellows, 1990), express that building maintenance objectives may be summarised as follows:

- "to ensure that buildings and their associated services are in a safe condition;
- to ensure that buildings are fit for use;
- to ensure that the condition of the building meets all statutory requirements;
- to maintain the value of the building stock; and
- to maintain or improve the quality of the building."

Maintenance work of a building is often neglected due to lack of understanding of the need for maintenance and of the real long-term effect of maintenance expenditure on the income and expense account of the building. Good property management requires a thorough knowledge of building services and maintenance demands so that the property may yield the highest possible returns over the property life. Ring (1967) argues that the manager's pride and concern about high-quality service generally invites tenant cooperation and stimulates "proper building use, rather than abuse". He further states that tenants, by and large, are reasonable in their demands and complaints, and where these are voiced, prompt attention should prevail irrespective of how unworthy the manager may think the request is.

In a paper aimed at describing the objectives of building maintenance and the principal elements of housing maintenance cost, a study of which was done in the UK, El-Haram and Horner (2002) state that for many building owners, local authorities and housing associations, building maintenance costs are rising rapidly and that the facts that supported the rapid increase in building maintenance costs in the United Kingdom were as follows:

- "total spending on building maintenance in the UK has increased by 66 per cent in the last ten years (BMI, 1996a);
- repair and maintenance of building stock represented over 5 per cent of Gross Domestic Product, or £36 billion in 1996 (BMI, 1996b); and
- repair and maintenance output is expected to increase by 43.6 per cent between 1989 and 2001 (University of Reading, 1990)."

They further explained that the above figures clearly demonstrated that the rate of building repair and maintenance cost in the UK would grow since then and maintained that other countries showed a similar trend. And any significant reduction in these figures would therefore have a desirable effect not only on the construction industry, but also on the national economy. Factors that resulted in the above situation included building characteristics, human aspects, ways of implementing maintenance, and government policies. These were responsible for the increase in maintenance costs (El-Haram and Horner: 2002). They further state that in order to reduce maintenance costs, it is necessary to minimise the number of maintenance tasks. In housing maintenance, many alternative options are available to the maintenance manager. For example, the maintenance manager must decide whether to carry out periodic maintenance at fixed intervals, whether to carry out regular inspections, or whether simply to respond to the requests of the users after failure has occurred. In general, one could adopt one of the maintenance strategies to reduce the costs, that is, one could reduce the number of maintenance tasks by selecting the most applicable and cost-effective maintenance strategy, reduce the duration of maintenance tasks by increasing the accessibility, planning maintenance resources in advance and training of maintenance staff, design of new houses for maintenance (e.g. taking into account reliability, durability, maintainability and whole life costing at the design stage), and reducing or controlling the impact of the factors which have an effect on maintenance costs.

2.4.1 Structure's Condition Surveys

A condition survey is an attempt at establishing the state of a dwelling or production unit with the overall objective of acquiring an informed knowledge of its state of repair in order to forestall any likely loss of production resulting from sudden breakdown in the case of production units, and preservation of stock in the case of buildings, Olubodun (2000). He further cites Damen (1990) where he identified some of the objectives of condition survey as:

- "to determine stock's need of repair;
- to locate where quality deficiency exists;
- to identify the type of operations necessary to correct the deficiencies;
- to show whether existing maintenance policy is adequate or not;
- to know whether certain measures yield desired result."

2.4.2 Maintenance Costs

There are no buildings that are maintenance free though this may be desirable, and maintenance is always associated with costs that may vary from one maintenance approach to the next. Maintenance costs are the costs associated with the effecting of either of the approaches towards maintenance. They are related to the direct cost of maintenance resources such as material, labour, and plants and tools as well as to indirect costs such as cost of management and administrative staff and overhead costs needed for the successful completion of the task. Also building characteristics such as age, function, location, size, height of building, type of structure, finishes, services, construction materials and method of construction may have an effect on maintenance costs. El-Haram and Horner (2002) identify numerous factors affecting housing maintenance cost, at varying degree, to be:

"(1) building characteristics;
(2) tenant factors;
(2) maintenance factors;
(3) political factors; and
(4) other factors."

Milner (1985) asserts that many maintenance managers tend adhere to the old ways of conducting maintenance used by their organisations. He argues that they are generally conservative and are often reluctant to change to new methods which they feel may rebound on them and as such they are forced to operate in an uneconomic way by the restrictions placed upon them by their seniors under whose inexpert control they find themselves. And they are therefore not given the total charge of the maintenance budget. He further asserts that it is nonetheless evident that there is considerable scope of making savings through increased managerial efficiency and one of the major areas which it can take place is in the initial selection of the method by which work is to be carried out. He makes it clear that there are no instant answers, but suggestions to managing maintenance costs.

As a general principle, the objectives of maintenance management is to ensure the continuing provision of the required standards and level of service provided by the buildings, at the minimum cost since there is always pressure to minimise the overhead cost which maintenance is taken to be (Wordsworth: 2001). It is added that all decisions relating to the necessity for maintenance work have in the final analysis to be related to the cost in financial terms (Milne: 1985). The provision or budget for maintenance has to be made based on the cost of similar work the previous year to keep the building in its 'new state' and the budget be adjusted accordingly for the beginning year. Clearly not all the building elements would require attendance at the same time such that everything that necessitated maintenance the previous year would necessitate it again this year. This is where the life span of these items should be predetermined and how often each would require maintenance, apart from the periodic inspections that are essential to find out which areas or elements warrant maintenance. Thus maintenance work demands lays emphasis on skill including the ability to recognise the symptoms and causes of defects. On the basis of this argument, maintenance budget is a very necessary tool to preserving the value of any given building. It is equally important to keep detailed records of maintenance expenditure for future justification of the maintenance budgets and a point in time when it is worthless to continue maintenance.

At all times the building should be kept clean and attractive in appearance through regular inspections. Effective maintenance comes with the coordination within the groups of the maintenance organization, the use of a suitable maintenance approach and utilization of manpower resources. Building service utilities ought to be kept in proper order and potential defects such as on sidewalks, stairs, flooring, plumbing, roofs, wall cracks and so forth checked. This would also keep unnecessary accidents safeguarded. These maintenance and repairs problems, depending on the form of the documented agreement, would be attended to by one of the contracting parties. It is further worth noting that the maintenance of an adequate system of accounts by means of which orderly presentation of periodic activities, detailed as to the income expenditures towards building maintenance, can be drawn from for the analysis and performance of the property. Also the asset register, though it does not itself provide much more than the basis for a usable property management system but, in establishing the register of all assets, the weight, and perhaps crude value, of property will be emphasized to an extent which makes the preparation of a management strategy much more desirable. This data also can be a useful tool in the determining of the management policy through reference to the appropriate facts and figures.

2.4.3 Overview of Residential Property Valuation

A legal title confers the rights to a property and this title to property influences the value of property. For instance, the value of a property descents if to a property title exists servitudes that restrict one from to do with his property as he sees fit. Therefore, this title should be taken into consideration when valuing residential property. Also the physical characteristics of the property would be a consideration in the valuation of residential property. These include location, utility, age, size and the aesthetics. The market forces such as social ideals and standards, economic activities and trends, government activity and intervention, and physical or environmental forces are all considerations in the valuation of property in order to arrive at a market price. The general economic climate together with the quality of different residential areas creates a pattern of values for a defined market.

CHAPTETR 3: RESEARCH METHODOLOGY

3.1 An Introduction

Lesotho is a small mountainous country measuring only 30 355 km^2, where approximately 9% of the land can be classified as arable land, mostly found in the lowlands where more than 70% of the approximated population of 1.95 million resides and the rest is non-arable land. This great disparity of the population distribution is caused by an enormous migration from the mountain regions (mostly rural) to the lowlands due to poverty. People are being pushed from the rural to the urban by the low standards of living in these regions and being pulled by job opportunities in the lowlands (urban). A massive strain has thus been laid on existing social services and infrastructure as population growth surpasses these services and infrastructure in the urban areas. Land and housing are no exception to the pressure being exerted by the substantial increase in population. The capital, Maseru, has endured most of the pressure due to the centralisation of public services, until recently when decentralization was emphasised.

In his research report, case-studying Maputsoe urban area in Lesotho, Maboee (1998) writes that poor housing conditions are 'mainly caused by the rate of growth of population which continues unabated in absolute terms and this in turn puts pressure on many services of the urban areas such as health services, educational, housing etc, hence we eventually talk of aspects like overcrowding, untidy environment, high rates of pollution and the like in such areas, especially if the houses are mainly rental, not owner-occupier houses.

This research's main objective is to illustrate the practices of property management by private institutions as against that of the practiced by the government of Lesotho. In order to adequately address the foregoing objective, the responses from the private property owners and or developers and the response from the two concerned government ministries together with responses from the tenants were drawn from to establish whether the level of effectiveness of the Lesotho government property management structure, if any, is actually principal to the depreciation of the government dwelling houses.

The methodology towards this research involved the intensive reading and assessment of various literature on the title subject; personal and telephonic preliminary interviews; contacting of several organizations that deal with property either as managers and or developers in South Africa and Lesotho; and a survey would be conducted through both administered (for the individuals who occupy the subject houses) and non-administered questionnaires for the relevant institutions and these comprise; Cope Housing Association in South Africa as property managers (their response was found to be irrelevant to the purpose of this research); Lesotho Government property section/department; Lesotho Housing and Land Development Corporation (LHLDC) as property developers and managers; Sigma Construction as property developers in Lesotho; (this company gave the management of their houses to Amdee Estate Agents); and Amdee Estate Agents as property managers in Lesotho. The responses from the subjects were analysed, evaluated and interpreted in chapter 4.

3.2 A Literature Study

Written materials from journal articles through to books on the title subject were studied. These included topics such as property management, building maintenance theory, leases (tenancy agreements, lease structuring, lease termination etc), housing theory, relevant legislature and policies, and subtopics deemed to relate to the subject title. All these readings provided valuable information and insight towards this study.

3.3 Interviews

Members of the relevant institutions and occupants of the selected rental property were interviewed in order to establish the relationship between the depreciating of buildings and the management thereof. The reasons to the observed disparity of the housing structures owned by the government of Lesotho and those owned by private property managers and developers was revealed through comparison of their property management methods and the written literature.

In anticipation of the usual poor response by the respondents from experience, two more villages have been added namely Maseru West and Ha Ratjomose, and every subject house in these villages constituted the research population. In total, they came to approximately one hundred and fifty eight (158) government housing units. In this regard only 86 responses were obtained from these subjects. Then there were the occupants of the private property developers and managers housing developers and managers housing dwellings (LHLDC housing dwellings and Amdee Estate Agents' (property managers) housing dwelling occupants. It should at this juncture be noted that Amdee Estates Agents, as mentioned earlier, manages property for Sigma construction.

There were four (4) types of questionnaires in this study. One to the Ministry of Public works, department of Buildings, which is responsible for the maintenance of these housing structures, the second one to the Ministry of Public service responsible for allocations, policy making and the structuring of leases, the third was to the housing dwellings' occupants as respondents, whereas the last was to the Private Sector Property Managers. The reason for the four (4) different questionnaires is because there was varied information required from the respondents, some of which was used to counter-check some of the responses given by other respondents, and equally relevant to this research .

CHAPTER 4 DATA ANALYSIS AND INTERPRETATION

4.1 An Introduction

In general, it is undesirable to manage property without regard to the value added by the existence of that particular property. In the same way and having taken cognisance of this fact, it would be fitting for the property to be managed by competent personnel in order to preserve the value of the property. The length of survival of a building that would continue to serve a continuing purpose can actually be extended by practice of good property management. It is appropriate in this regard to mention that generally many governments were not practicing the recommended modern methods of property management until recently.

This chapter's main objective is to illustrate the approaches to property management by the Government of Lesotho as opposed to that undertaken by the Private Sector. In order to adequately address the foregoing objective, information from the private sector will be used to form a basis for comparison between some of the components of property management in the private sector with those from the government. The literature in chapter two that will be drawn from to make this comparison and the gathered data from the private property sector in Lesotho will help in establishing whether the level of effectiveness of the Lesotho government property management structure, if any, is actually the principal cause leading to the depreciation of the government dwelling houses.

The data analysis would be a three-legged kind of analysis since there were three types of questionnaires; the private sector; the government; and the occupants of the government houses.

There were initially four respondents identified from the private sector, but only three responded though the last respondent only gave information on questions that did not require some elaboration. Some of the information given by the last respondent was nonetheless utilized for analysis.

The second part of analysis was concerned with the two government responses-from the Ministry of Public Service and the Ministry of Public Works. The core of this study obtains its substance form these responses. The objectives and the hypotheses were realized and established from these responses.

The last part of analysis was that from the occupants of the government houses, they were used to offset the information gaps that are usually possible from the government responses. These responses also constituted data cache of some of the required information for this study, especially in areas influencing the structures' maintenance.

The last part of analysis was that from the occupants of the government houses. They were used to offset the information gaps that are usually possible from the government responses. These responses also constituted data cache of some of the required information for this study, especially in areas influencing the structures' maintenance.

4.2 Private Sector Property Management

It was mentioned earlier in this chapter that there are actually three respondents for this analysis. By way of administered questionnaires from the survey that was undertaken and through a lengthy general observation, the private companies/institutions properties gave the impression of being well looked after. One of the questions concerned the age of these structures and the diagram below shows the relative age of their housing structures-the average newest and the average oldest.

All three respondents showed that their newest structures fell in the age group of 10-19, thus giving the mean age of 14.5 years for newest structures. The pie chart in *figure 4.1* below shows the relative age of their oldest housing structures.

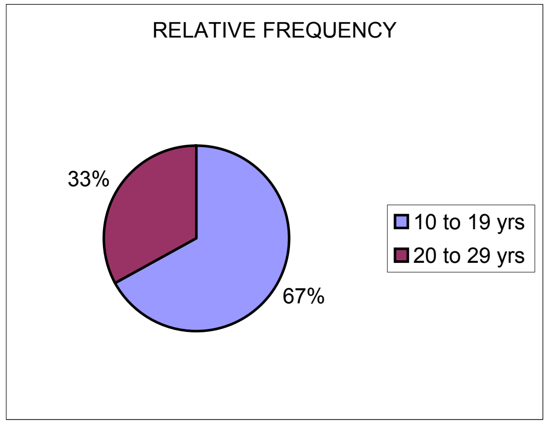

Figure 4.1 Relative age of buildings

Figure 4.1 illustrates that 67% of the privately owned housing structures are aged between 10-19 years age class indicating a majority of relatively new houses whilst 33% falls between the age class of 20-29 which is also indicative of not so old housing structures.

Owning a block of rental housing structures for any purpose should be of vital importance to the main production activity of the concerned institution directly or indirectly, or either constituting significantly to the main activity to the company or institution. The private institutions showed that they consider their properties as a key resource. This is indicated by the fact that 100% (all three) of the responding institutions regard their holdings as a key resource. They also pronounced that they have carried out valuation of their total stock, which in itself suggests that they are concerned and knowledgeable of the contribution made by the property to their companies' capital and or assets.

The research also showed that the kind of expertise available for the administration of the private sector property was appropriately varied and these included; a property valuer; a quantity surveyor, a construction manager (regarded as a property manager as well); a town planner and a housing expert. Moreover, these institutions affirmed that some of the components that are concerned with property management are often outsourced from companies that they have established good working relationships with whilst carrying out business and such cases included the valuation of property, refurbishment of property including electrical repairs, and so forth.

Making further investments in terms of development of more property as well as investing in other property avenues is usually characteristics of a company that is doing well in property. At this juncture, it is worth mentioning that the manager owning company stated that they own a couple of sites that they wish to develop into residential rental units as of 2006, thus showing a positive progress. This company further expressed that the current management strategy/approach seems to be effective for they are have not encountered any difficulties since the recuperation of the company more than eight years ago.

Tenants are conferred their rights of occupation of a property by some form of contract and this contract almost always sets out the conditions that would be applicable during the occupancy period/term. More often than not, the conditions differ from one landlord to the other.

4.2.1 The Enabling Legislation

Whether a small business operation or a vast expanse of investment, some form of administration should be put into effect and usually this is given direction by some written guiding principles of the company and or institution. This would be called a company policy and it will be based on the kind of business one is involved in usually, there exists a legislature intended to govern the wider operations through setting the parameters within which the institutions would have to operate, e.g. The companies Act in South Africa which governs the conduct of all companies. The preliminary surveys showed that the legislature that concerns property does not exist in Lesotho except some fragments that deal mainly with dealings in land contained in the Land Act No. 17 of 1979, and the interviews further ascertained the foregoing observation.

Formation of company property policies is moreover necessitated by the absence of legislature as without the governing legislature tenants lose a sense of security and so do the landlords in some cases. It would be chaotic to not have the policy, as this would upset even the setting out of agreements and or contracts, which are very important in property dealings.

The following pie chart gives an indication of what is the governing factor in allocating housing units by the private property practitioners.

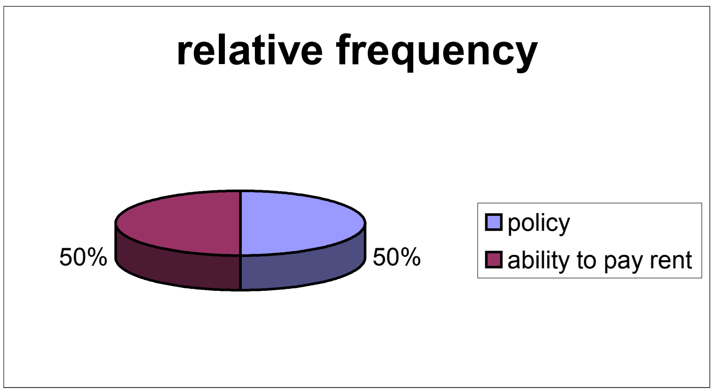

Figure 4.2 Basis of allocation

From *figure 4.2* pie chart above, we have 50% of the responses saying that their allocations are governed by a policy and other 50% saying that these are governed by the ability to pay rent. The ability to pay rent however, still constitutes one of the most important items in the policy, hence we can safely argue that the allocations in this regard are nonetheless governed by the policy seeing that the ability to pay rent is a feature in the policy.

4.2.2 Rental Setting and Rental Housing

Common approach and or technique in property industry relating to the rental setting is basing the rentals on the open market values. The open market value as concerns residential rental buildings can simply be defined as the amount of rent a potential tenant is prepared to pay to a willing landlord having considered the economic well-being of the building and the expected returns by the landlord.

100% of the responses showed that their rentals are actually based on the open market values whilst none considered different. They further indicated that the value of the building is of consideration as well as stating that if the property is relatively new and as 'high utility value'; the value of that building will definitely influence the amount of rentals. A three bed-roomed house is a standard house in the case of Lesotho for families which the government and the private sector accommodate. For the private sector, such a house was rented at **M 3 100.00 per month** in what is called the open market at the time of this research.

The private sector's response also firmly asserts that the rentals are enough to sustain the maintenance, ensure financial returns business continuity of their companies and preservation of the properties value. *Figure4. 3* below shows the frequency of rental reviews of private property sector.

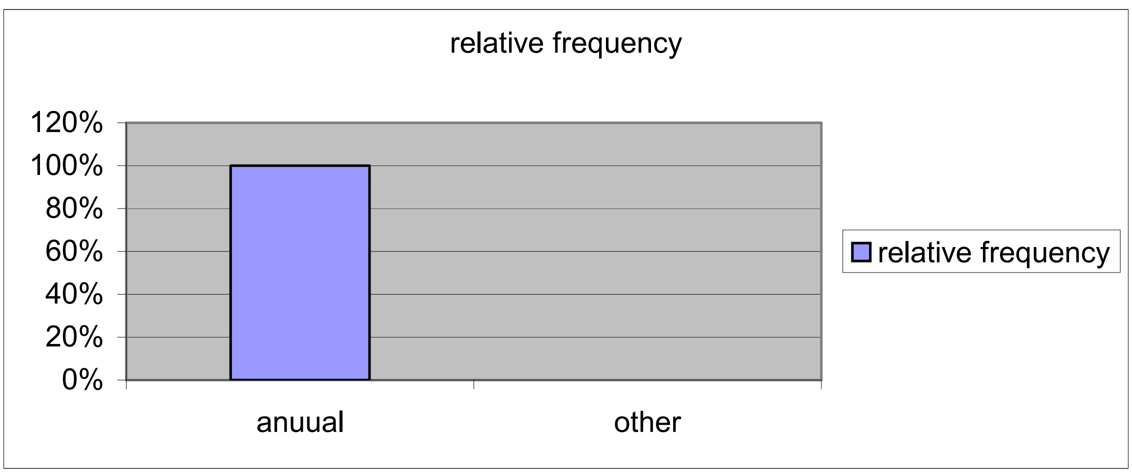

Figure 4.3 Rental reviews

It is evident from figure 4.3 above that rentals are reviewed annually in Lesotho by this sector. This was followed by a question relating to the amount of rental escalation annually and it was shown by all the respondents that the rentals are currently escalated at ***10%*** annually (at the time of this study).

The private sector mixture and extent of the type of rental housing in Lesotho is represented in the pie chart as shown in figure 4.4 below.

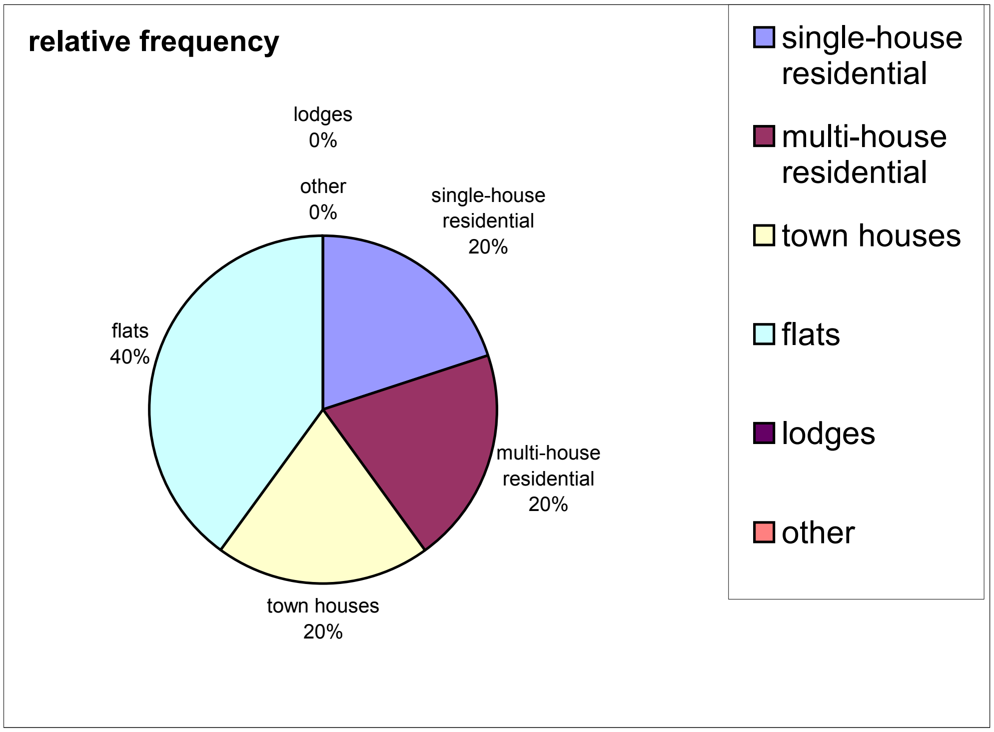

Figure 4.4 Mixture of rental housing

From figure 4.4 above, Single-house residential, multi-house residential and town houses each account for 20% and flats represent the remaining 40% proportion of housing types.

4.2.3 Letting Contracts and Common Disputes

Letting of property generally requires some form of agreement that sets out the conditions to be followed and that would be binding to both the landlord and the tenant. As per the collected data, ***100%*** of the private sector respondents agreed that there is some form of agreement that is entered into by these two parties (the landlord and the tenant), and it is generally termed a 'tenancy agreement'. It was also advanced that these tenancy agreements have a certain period of occupation with the option of renewal at the end of the term if agreed by the two parties.

It was further learned that the tenants are actually allowed improvements on buildings they occupy. Nonetheless the improvements should not be structural in nature and should be for enhancing the tenants' facilities. It was made clear that issues such as improving the facilities should be communicated to the landlord prior being effected, and the issue that tenants can improve is always communicated to the tenants before occupation.

Since the tenancy agreements usually set out the terms of occupations for the tenants and the rights of the landlord pertaining to the particular building, it is almost inevitable to have disputes cropping up between the landlord and the tenant. Table 4.1 below shows the most common disputes between the landlord and the tenant in the private sector.

Table 4.1 Landlord common disputes.

Response	**Relative frequency (%)**
Non payment of rent	28.6
Misuse of property	28.6
Breach of contract	14.3
Alterations	14.3
Subletting/Subleasing	14.3
Totals	**100**

It is illustrated in table 4.1 above that the non-payment of rent and misuse of property are the most occurring disputes between the landlord and the tenant. Breach of contract, subleasing and alterations all carry an equal weight of 14.3% relative frequency each, meaning their occurrence as disputes is similar.

4.2.4 Private Sector Property Maintenance

One of the most important aspects in property management is property maintenance. Without the right property maintenance, any property is bound to depreciate at an accelerated rate than with effecting worthy maintenance. Maintenance of a building therefore is of vital importance to the well being of the building, hence why it is usually undertaken periodically to preserve the fabric of the building. This survey found the frequency of maintenance inspections by the private sector to be as indicated in the following relative frequency bar chart in figure 4.5.

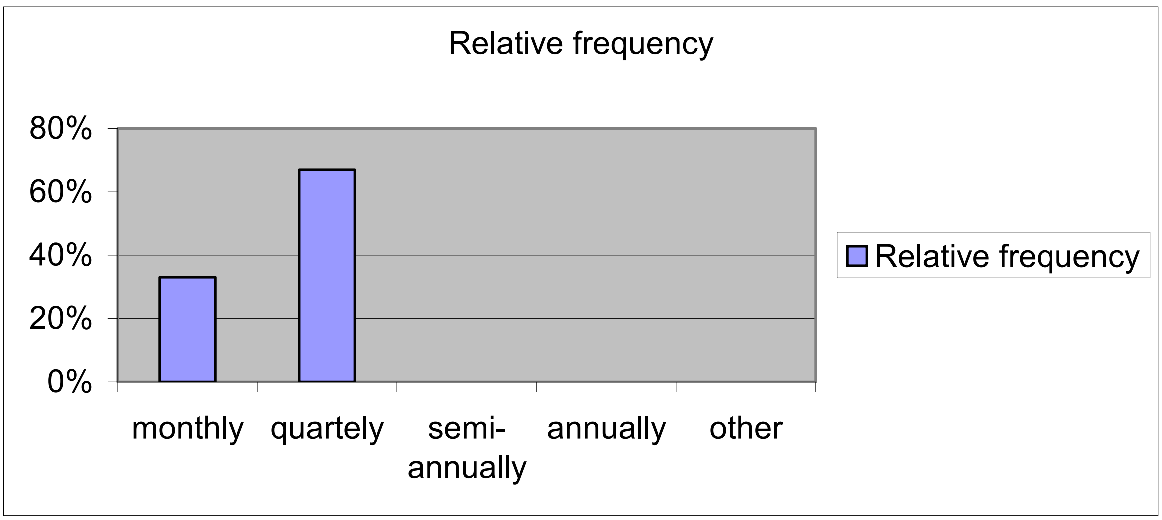

Figure 4.5 Maintenance frequency

As shown in the above bar chart, the common maintenance inspection period stands at quarterly with 67% relative frequency. This means that 67% of the private institutions undertake maintenance inspections quarterly and 33% undertake their maintenance inspections monthly. It was further noted that maintenance inspections are undertaken as and when tenants request/report maintenance requirements.

4.2.5 Rental Property Market in Lesotho

The foundation of the rental property market in Lesotho is based on the local vacancy rates applicable and the local *demand* for rental housing at the time of this research/study. The demand is drawn from the related and actual housing applications from the members of the public to the institutions providing residential housing.

The following table illustrates the extent of vacancy rates that were applicable for the rental housing in the private sector at the time of this study.

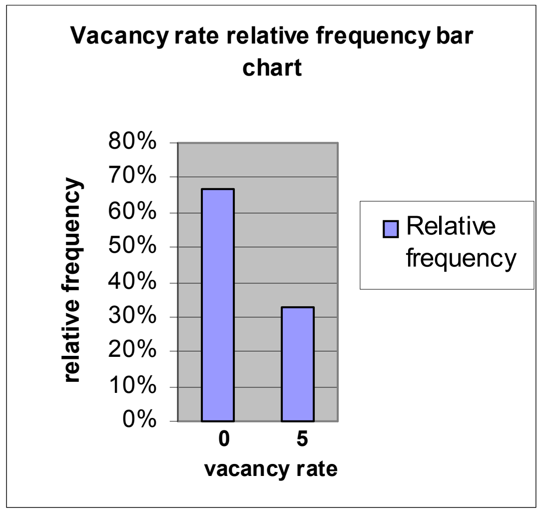

Figure 4.6 Vacancy rate

The mean applicable vacancy rate inferred from the above diagrams is ***2.5 %*** in the residential rental housing property in Lesotho as derived from a response of two 0 % and 5 % vacancy rates. However, it should be noted that the 5 % vacancy rate was alleged to be applicable during repairs and or related concerns and that it was the maximum vacancy rate that occurs. Nonetheless, a vacancy rate of 5% in the property industry is usually taken to be ordinary and not a threat to the profitability of the business.

The number of applications per annum would also be indicative of the demand for rental housing in Lesotho in the private sector. The survey further suggested that the annual rental housing applications were as reflected in the following relative frequency pie chart.

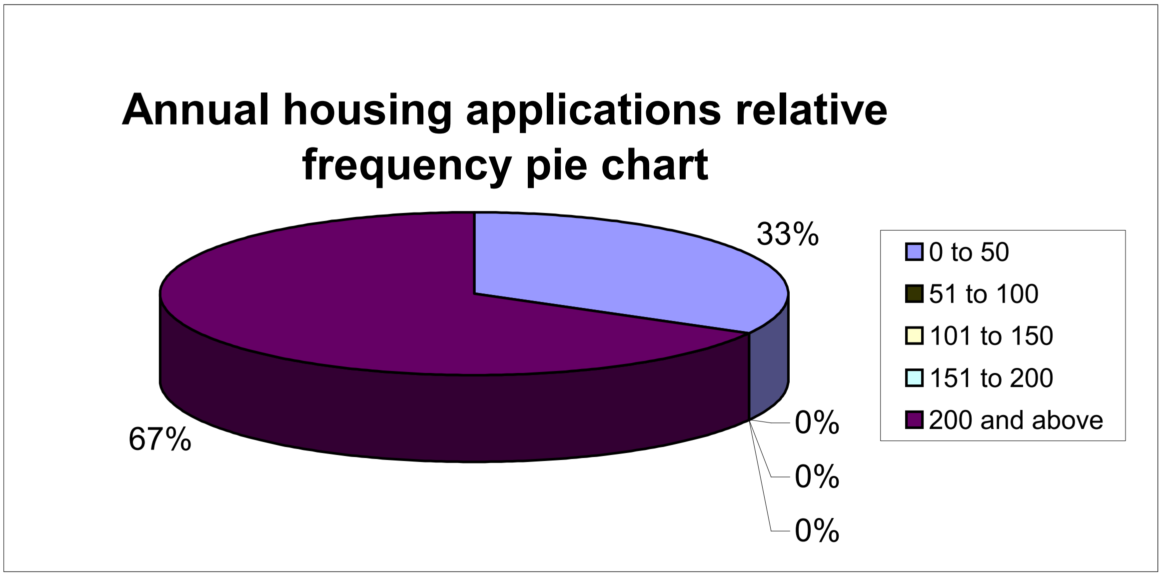

Figure 4.7 Annual housing applications

In *figure 4.7* above, the pie chart gives an illustration of the annual housing applications relative frequency pie chart***.*** ***67%*** represents the annual housing applications of ***200*** and greater per year, and ***33%*** represents the range of ***0 to 50*** housing applications annually. The varying stake of the respondents in the concerned property brings about this difference since there existed owner-managing institutions and managing institutions only. It could be owing to the difference in the amount of rent payable for a similar house to different institutions, the managing-only likely becoming more expensive as it involves the management costs salaried to the managers and the profit due to the owner, whilst the owner-manager cuts the costs that would otherwise be paid to the managers had they engaged such.

4.3 Government of Lesotho Property Management

The Lesotho government is one of the main providers of rental housing in Lesotho and these houses are seemingly meant for the public servants and their families in an applicable case. It was established in this regard that the government owns a massive ***2700*** housing unit structures across the country and all of these units are under the management of the Ministry of the Public Service (referred to as MoPS hereafter) in terms of administration. In respect of maintenance and related matters, these units are taken care of by the Ministry of the Public Works (referred to as MoPW hereafter). This goes to show that the administrating and the maintaining structures of the government are in possession of the inventory of all houses owned by the government.

4.3.1 Age of units

The age of a building has an effect on its value and on its functionality as a building through to its obsolescence; the older the building, the more attention it needs in terms of maintenance, also owing to the building materials and the workmanship skill used in which then influences the lifespan of the building. Therefore the condition of the building affects the value of the building. From the response given by the MoPS, respondent, the mean age of the Lesotho governments' newest structures was at ***44.5*** years of age taking the midpoint of the upper and the lower class intervals at the time of this study/research and the oldest structures at least more than 50 years of age. This suggests that these houses are quite old and therefore warrant comprehensive maintenance.

Though initially not thought of and not disregarding the fact that the houses are considered as assets, it is of significance to note that the respondent also felt that these housing structures are not regarded as key resources to the government for the simple reason that the government provides these houses as a fringe benefit.

4.3.2 Value of property stock

Although the management asserted that they are in possession of the inventory of all the houses, the survey revealed that the value of the total stock owned by the government was not known and that this property has never been valued.

4.3.3 Property management

Since the MoPW undertakes maintenance of all the government houses and the MoPS undertakes administration of these houses, a question was posed whether the MoPW reports to the MoPS regarding issues concerning the houses and it was recounted that the MoPW does not report to the MoPS regarding any issues concerning the houses. It was further explained that the reports that ever come out between these two ministries concerned issues like 'expenditure towards these houses, required budget for the following year, number of inhabitable houses, comparison of budget and expenditure and any other' are submitted to the Housing Committee only on request. For administration purposes, a team made of officials from the various government departments holds fortnightly meetings and these include officials from the MoPW as well.

The property management structure of the Lesotho government property is made of the Housing Committee comprising of the '*Principal Secretaries of Finance, Works, Local Government, Public Service, Cabinet office, and a representative from law office'*. It should be noted that Principal Secretaries in Lesotho are political figures. The question of the available level of expertise for the administration of the government houses to which a list consisting of a; property valuer; quantity surveyor; construction manager; property manager; project manager; town planner; housing specialist and a choice of any other discipline that may have been available was provided and the answer to that question was a committee of Principal Secretaries. Even with the existing composition of property management personnel, the government never outsource, in the least, some components of property management.

4.4 Lesotho Government Housing Policy

Behind a good property management structure is often a good property management policy and or management guidelines. At the time of this study the Lesotho government housing policy was 5 months old. This is the government's first housing policy and it basically governs allocations and utilisation of government houses.

The survey as well showed that the government used a tenancy agreement for letting property and further that the signing of the tenancy agreements was a new procedure to the government and that this was in accordance with the housing policy.

4.4.1 The Rental Setting for Government Housing

Rental setting is one of the most important components of rental property management. The setting of rentals usually employs the comparables rental setting method where the rental of a building is used as a benchmark to determine the rental of a similar building and then making necessary adjustments taking into account differences in items like legal status, age, location, condition and other matters. With the government of Lesotho it was declared that the rental payable is subsidised and not derived in the open market and that the value of the structure is not even one of the considerations in rental setting.

The maximum rent charged for a standard three-bed-roomed house with all utility services connected was ***R 294.00*** in the year 2004 for all the government houses. The survey was also able to establish that the reviewing of the rent would be done '*as and when the Honourable Minister for Public Service deems it necessary in the powers vested upon him*'. The rate of rental increase was at 100% increase and a 10% escalation rate was proposed for the 2004 and these are the figures used in this study and this increase was just a decision that was taken by the administrators since there was no increase or escalation for a long period of time. The escalation will be included in the policy when it becomes fully operational according to the government respondent. The respondent acknowledged that the rentals plus the subsidies are not sustainable in terms of maintenance and continuity of provision of houses by the government.

4.4.1.1 Maintenance budget

MoPS was not aware of the annual budget for maintenance of these housing structures nor the total amount spent towards maintenance annually, pointing out that the MoPW would be in a better position to respond to this issue.

4.4.2 Lesotho Government Letting contracts and the Common disputes

As a letting contract, the government of Lesotho asserts that their form of leasing property is by a tenancy agreement. The tenancy agreement as earlier mentioned draws its origin from the Lesotho government housing policy which is relatively new in this regard. It was mentioned that the public servants had only began signing these tenancy agreements with the institution of the new housing policy. The maximum occupation term of the tenancy agreements was/is at a ***5***-year period starting from the day of the signing.

Within this period the tenants are allowed minor improvements but they have to obtain the consent of the MoPS. The respondent confirmed that such issues (those concerning minor improvements and obtaining of the MoPS consent for such) are ***not*** communicated to the tenants at all prior occupation of the house.

The survey indicated that government rental housing tenants do get evicted and the most common grounds on which the tenants are evicted were outlined as follows:

a) Illegal occupations-occupation without authority
b) Occupation by a tenant who has ceased being a public servant
c) Tenant on a study leave exceeding one year and,
d) A tenant occupying a house due for demolition.

4.5 Lesotho government Housing Maintenance

The MoPW undertakes all government property maintenance and their policy is to undertake major repairs at intervals of 5 years whereas minor repairs are undertaken as need arises. Moreover, the MoPW asserts that it has in its possession the record of all the government public servants dwelling houses as it is concerned with the maintenance of these houses.

4.5.1 Maintenance schedule and Concerns

The response from the MoPW tells us that the ministry has in its custody the maintenance schedule for these houses. Also that the inventory of these houses is available but was last updated in *1995* which is approximately *9 years* ago. It was also stated that the maintenance record of all the attended maintenance requests is safely kept and available. The main causes of these defects were also recorded and the most prominent defects were; '*major roof leakages (that would involve re-roofing); painting both external and internal; foundation failures (resulting in wall and floor cracks); sewage blockages (waste water outlets); burst water pipes for standpipes and the other pipe and; major renovations'*.

The respondent maintained that if the above defects were found to be caused by human negligence and or doing, the Ministry does not charge the costs of repairs to the tenants. Also that the tenants do not adhere to any provisions of an agreement by virtue of the agreement being non -existent.

The time taken to respond to maintenance requests was estimated to be a month for major repairs and one to two days for minor repairs. If there are delays, the reasons given were said to be including (for major repairs) *lack of funds, slow response by tender board authorities and having to skip the intended house to the next due to the latter's urgency*, and for minor repairs the reasons were advanced as *transport shortage and lack of the required materials for the concerned repairs*. These are the main causes of delays in responding to maintenance requests. The items that were said to be in a state of disrepair included burnt down properties and floors where floors were made of flooring boards.

4.5.1.1 Annual maintenance cost

The estimated annual cost of maintenance was not known and annual budget for maintenance was presumed to be between ***R 5 000 000 and R 6 000 000***.

The respondent expressed that the type maintenance approach employed by the government (MoPW) is the reactive approach raising the reason that it is the policy of the government to respond to claims, and condition-based because there is a plan to maintain the government quarters within a five year period.

Further, it was revealed that the ministry undertook physical site/house inspections ‘as need arises’ bringing up the argument that there is shortage of staff to undertake such inspections.

The MoPW showed that the only relationship they had with the MoPS was at the time of maintenance, meaning in cases that involved a burnt down house and the like.

4.6 Housing Occupants Data Analysis

Imperatively some of the problems associated with housing management are borne by the housing occupants themselves and the housing occupants data will help in establishing these problems. The housing occupants data would also be used to annul and or validate the data from the government respondents seeing as it is typical of respondents to occasionally and calculatingly give inaccurate information in an attempt to protect themselves and or their respective institutions with the aim of avoiding disgrace, especially in cases where they suppose they are erroneously at fault. The questionnaire was set in a way in which the housing occupants would not withhold information suspecting that they are being investigated.

4.6.1 Acquisition and Allocation of Units

The acquisition and allocation of housing units should theoretically be based on a sound procedure and or policy intended to make the involved processes effective, transparent and just. *Figure 4.8* below gives an illustration of what proportion of the housing occupants applied for the houses they occupy.

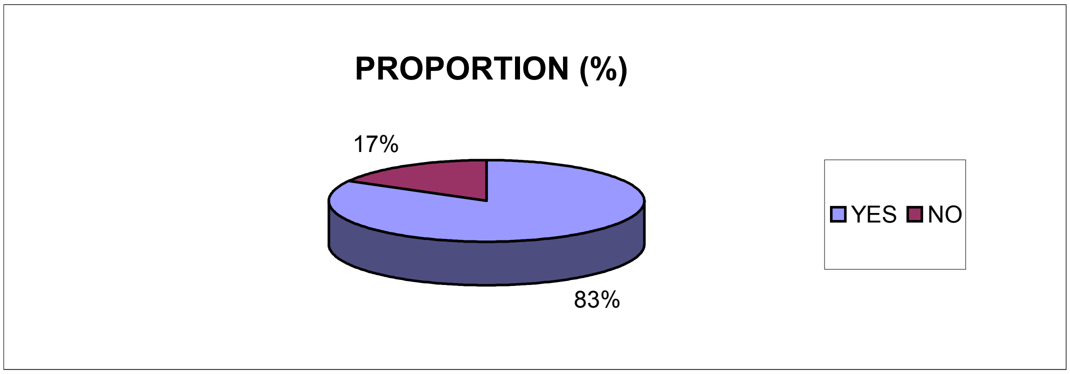

Figure 4.8 Housing applications proportion

It is observed in figure 4.8 above that ***83%*** of the occupants applied for the houses they occupy whilst ***17%*** represents the proportion of the occupants that did not apply for the houses they occupy.

Figure 4.9 below illustrates the form of contract that was used to bind the landlord and the tenant in respect of the concerned properties.

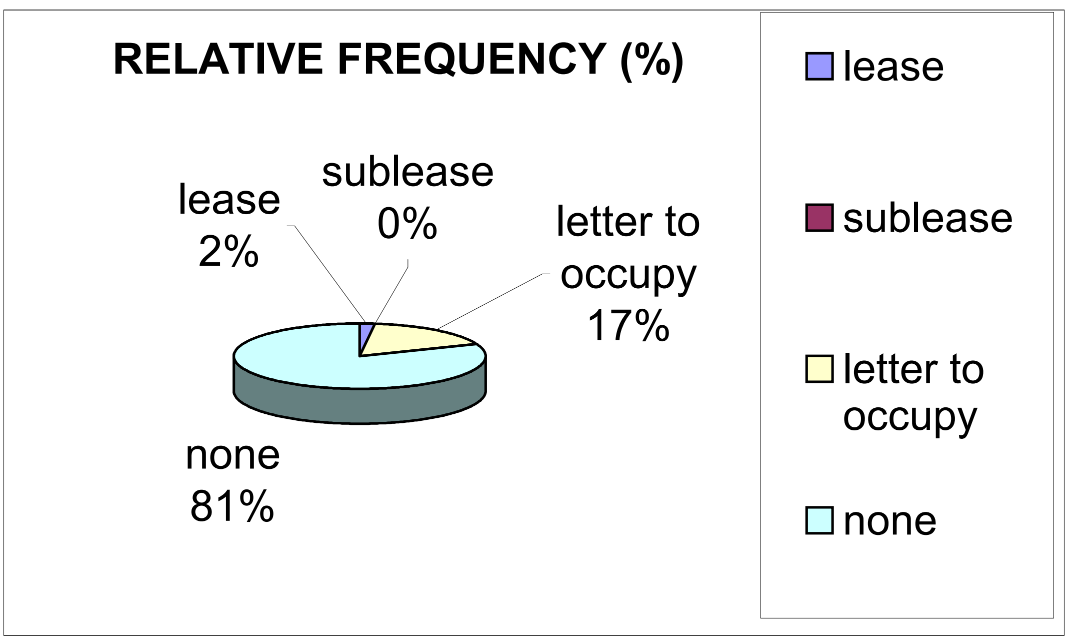

Figure 4.9 The occupation contracts

From the above chart, it is evident that none ***(0%)*** of the respondents used a sublease as a form of contract, ***2%*** used a lease, ***17%*** were given a letter to occupy whilst ***81%*** were not given any form of contract to occupy the government houses.

4.6.2 Occupancy Period

The questionnaire also attempted to establish the length of time the housing occupants have been occupying the houses and table 4.2 and figure 4.10 below show the findings:

Table 4.2 Length of occupation

CLASS INTERVALS (yrs)	RELATIVE FREQUENCY (%)
0-5	64.7
6-10	28.2
11-15	2.2
16-20	0
21-25	2.2
TOTALS	**100**

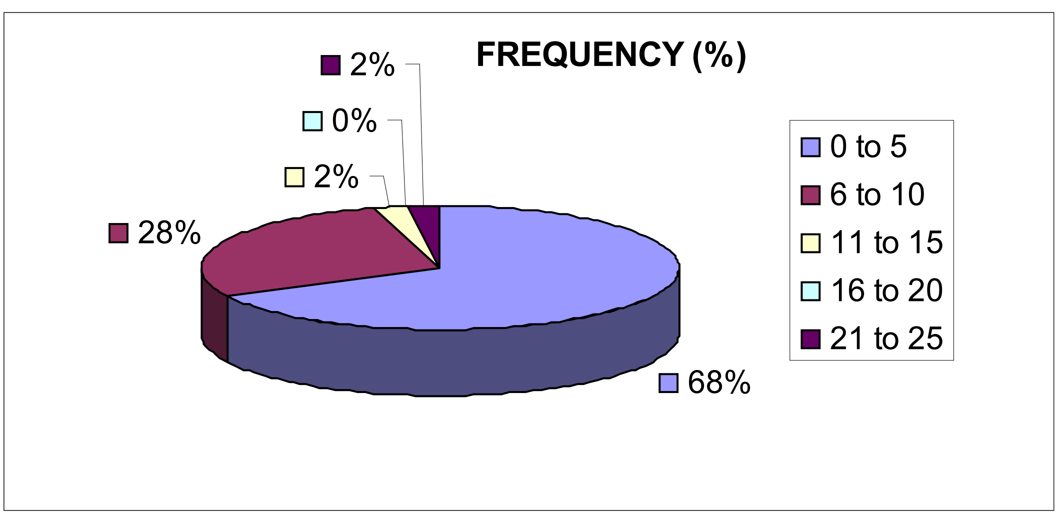

Figure 4.10 Length of occupation chart

Table 4.2 and figures 4.10 above illustrate the relative frequency distribution regarding the length of time the government tenants have been in occupation of government houses. A total of ***68%*** (majority) of the government tenants have stayed in government houses for range of **0-5** years. This percentage is followed by ***28%*** who have stayed in government housing for between 6 to 10 years. The age class intervals 11 to 15 and 16 to 20 both each have 2% of tenants who have stayed in government houses for those number of years.

In letting of property, there is almost always a time period that the tenant would be expected to occupy the concerned house and this period should be communicated to the tenant in terms of law. The government tenants were asked if there was a limit to the term of time period they would be occupying these government houses and ***96%*** responded that there was no time limit to the occupation, some even going further to mention that they would only vacate these houses upon retirement or stopping working for the government whilst ***4%*** showed that they were aware of the limit time period.

The following analysis is intended to look into some of the maintenance aspects as seen by the tenants themselves. The tenants were asked whether they at times undertake some of the maintenance requirements on finding that the government is delaying and figure 4.11 shows how they responded:

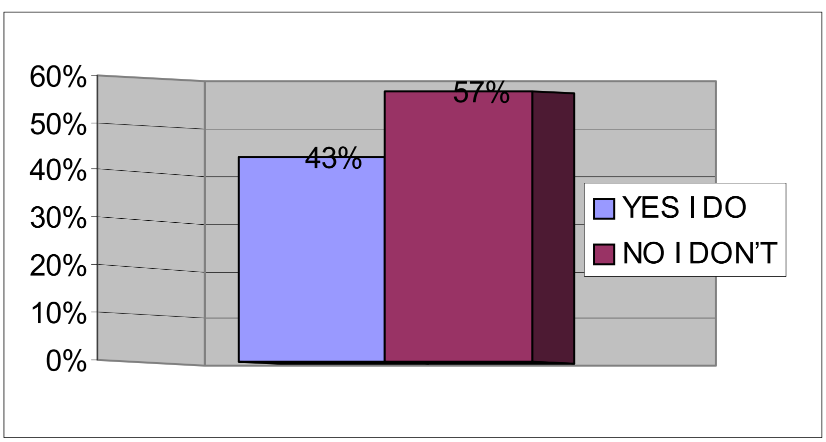

Figure 4.11 Maintenance undertaking

As indicated in figure 4.11 above, ***57%*** of the tenants reasoned that they do not undertake to maintain the houses themselves whilst 43% showed that they do undertake to maintain the houses themselves.

A follow up question was if the tenants before undertaking to maintain the houses, they seek the consent of the landlord or not, and the chart in figure 4.12 below represents the tenants' response:

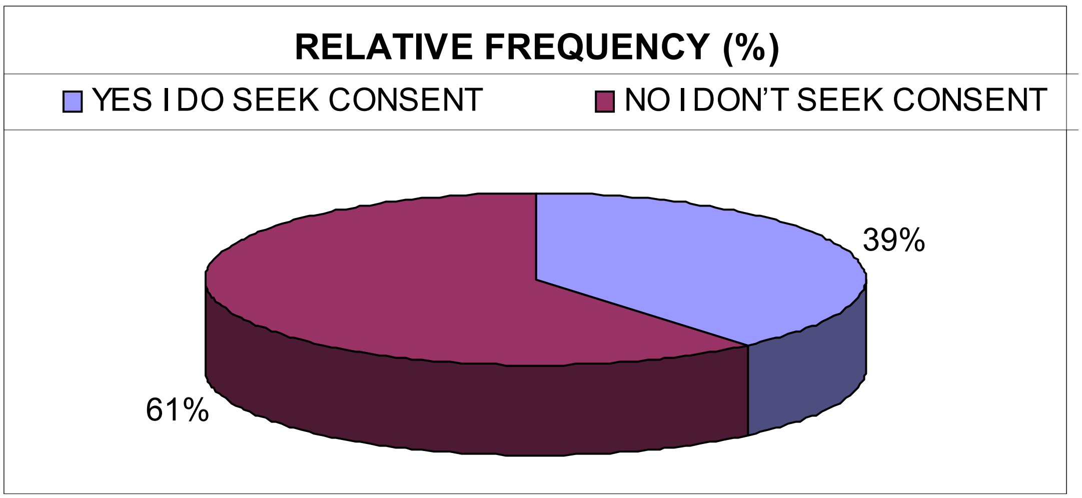

Figure 4.12 Seeking of landlord's consent

61% of the tenants indicated that they do not seek the consent of the landlord before attempting any maintenance of the houses they occupy, while the other ***39%*** showed that they do seek consent of the landlord before attempting any maintenance. The study further tried establishing if the money used for the maintenance is ever claimed and consequently paid, claimed and never paid and, never claimed. Figure 4.13 below shows these proportions.

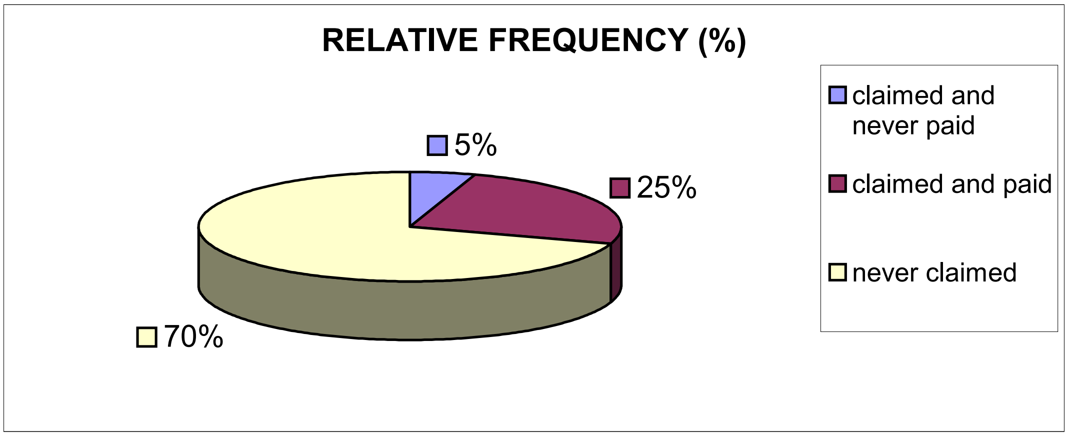

Figure 4.13 Maintenance money claims

It can be seen from figure 4.13 that ***5%*** claimed their money and were never paid such money, ***25%*** claimed and got reimbursed whilst ***70%*** never claim the money used for maintenance.

4.6.3 Response time

As one of the most important aspects of maintenance, the time taken for maintenance claims to be responded to, is worth discussing as a management issue. Different periods were given which respondents were supposed to select the time the MoPW takes to respond to the maintenance claims and figure 4.14 below illustrates these different times the respondents thought to be the time taken to respond to the claims.

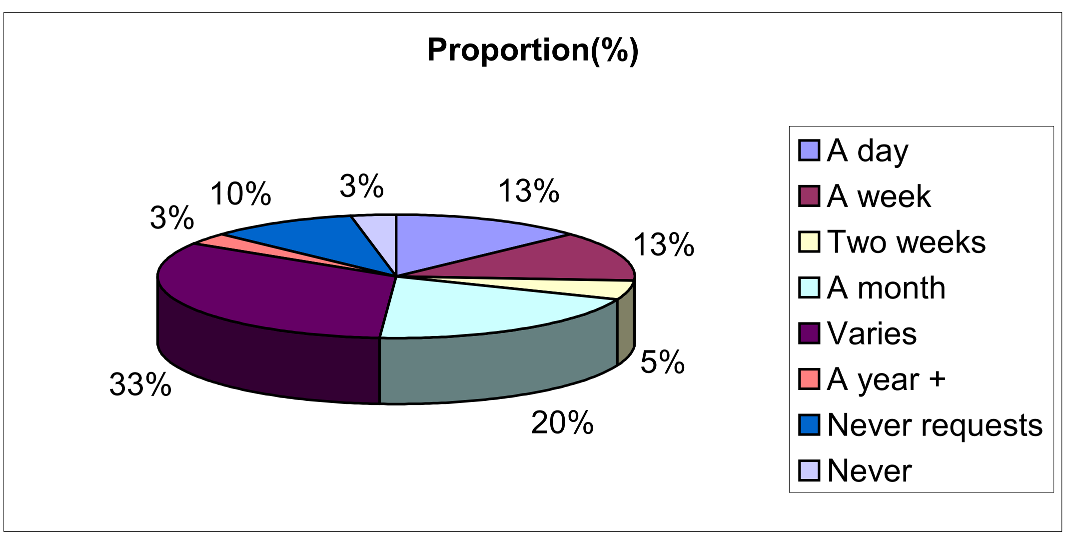

Figure 4.14 Response time

Most of the respondents showed that the time taken to respond to maintenance requests varies (depending on the type of maintenance required), where then ‘varies’ becomes the most frequent response, meaning ***33%*** of the occupants argue that the time taken by the government to respond to their maintenance requests changes. Another category that follows is **20%** of the respondents showing that the time taken is usually a month before the maintenance request is attended to. ***13%*** said for a week and another ***13%*** for a day. ***10%*** said it never places any request for maintenance. This is followed by ***5%*** saying two weeks whilst the least proportion at ***3%*** said the time taken is usually a year or more and the last ***3%*** showing that their maintenance requests are never attended to. The difference here could be caused by the fact that seniority is a consideration in attending to some of the maintenance requests.

4.6.4 Prominent Maintenance Problems as seen by Tenants

Prominent maintenance problems as seen by tenants are shown in figure 4.15 below.

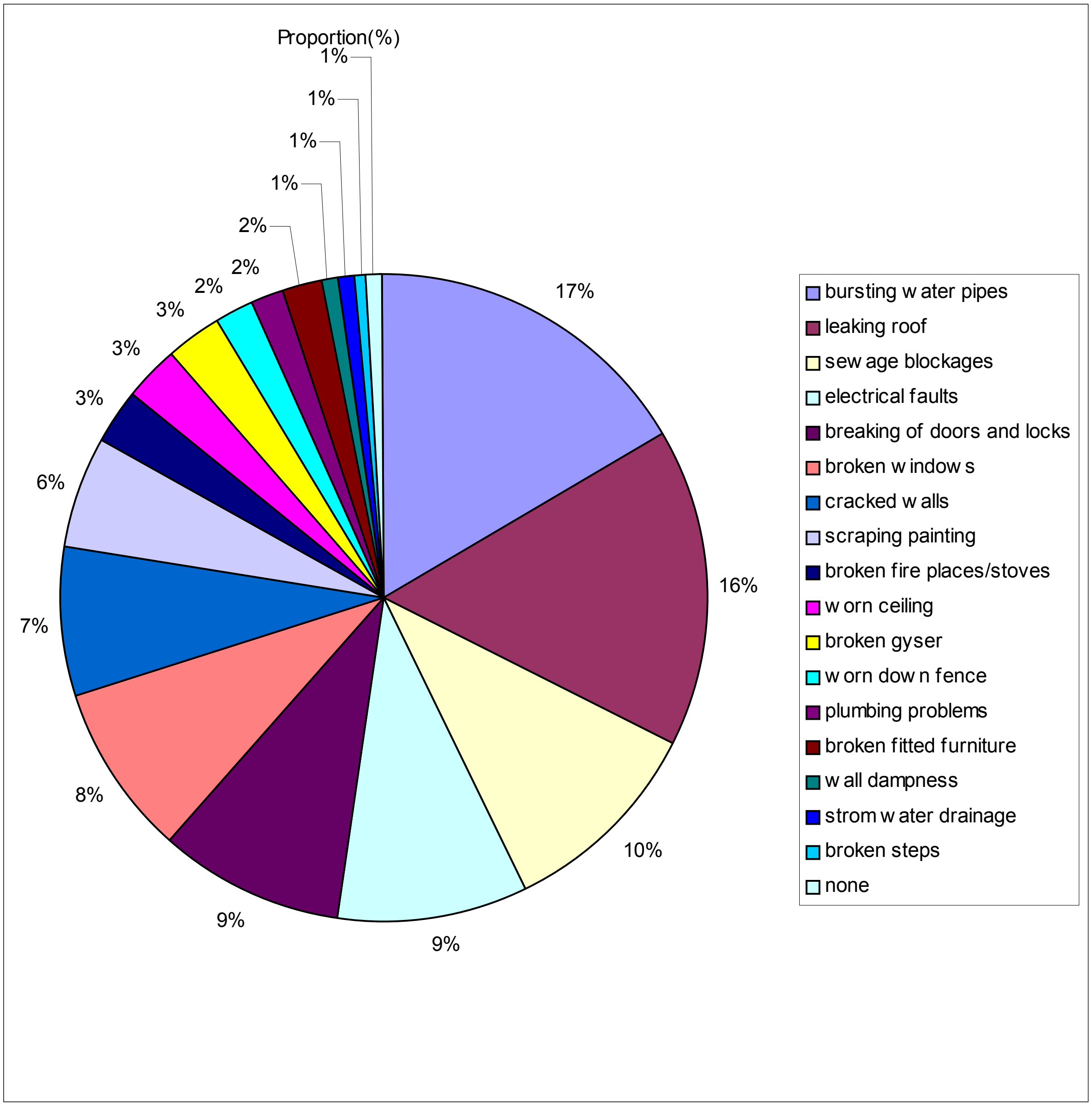

Figure 4.15 Prominent maintenance problems

4.7 Interpretation of the Results

The following paragraphs are aimed at comparing the foregoing data and establishing if and to what extent is the property management affects property maintenance and hence depreciation. It entails basically making a comparison of the property management approaches practised by Lesotho government, with those from the private sector and the literature, and occasionally alluding to data from the government occupants, which is meant to authenticate data supplied by the government respondent.

4.7.1 Critical analysis of Lesotho Government Property Administration

The private sector in Lesotho clarified that they consider their owned and or managed property as a key resource since the income realised by the operation of that concerned property is able to effectively sustain their institutions. One of the responding institutions asserted that the income realised from their residential sector forms between 40% and 60% of the company's income. The government respondent further affirmed that although the government's houses may be considered as assets, they are not regarded as a key resource because they are provided as fringe benefit to the public servants. This statement in itself undermines the capital value that property fetches in the market in that as a resource, it carries value as an investment, regardless of whether the returns do not scale up to what the investment would normally realise in the open market. Scarrett (1995) wrote that '…of the principal factors of production-workforce, raw materials, machines, energy and property (land and buildings, also referred to as the fifth strategic resource in production decision theory)-the operational role of property is not well understood and this is the case with the Lesotho government.

The private companies were able to estimate in monetary terms the collective value of their property stock and this stood at an average of approximately M 42.5 Maloti, (with the same exchange to the US dollar as the South African Rand). It would be purpose defeating for the private companies to neglect this kind of investment, let alone not be able to constantly figure out the value of their properties. The Lesotho Government property stock has never been valued and thus the value of their stock was at the time of this study not known. Scarrett (1995) provides that attention to performance of property has sharply increased in the past few years, owing to investors wanting to highest possible returns for their investment. The Lesotho Government is obviously not one of the public institutions that has recognised this concept since their operational property is not given that attention which includes the valuation of the total stock.

4.7.1.1 Maintenance Budget and Expenditure

Furthermore, it was established that the MoPS, which basically forms the administrators of the government property, did not know the annual maintenance expenditure of the government houses, whilst the MoPW did not know the estimated annual costs of maintenance. It has become a norm for annual budgets of maintenance to be based on the actual expenditure for the previous year and then making appropriate adjustments for that year. It was stated that the only relationship concerning property management these two ministries have is in such cases as when there is a burnt down house. The response showed that either ministry would get a report from the other ministry only on request, not that there is an established line of reporting between these ministries. This means that the management of the concerned government property is haphazard.

4.7.1.2 Management structure and skill

Scarrett (1995) writes that ‘successful property management is a demanding activity requiring understanding, ability and technical and organisational skills and resources…property management seeks to advise on the establishment of an appropriate framework within which to oversee property holdings to achieve the agreed short and long term objectives of the estate owner and particularly to have regard to the purpose for which the estate is held. The basic needs will be to carry out such tasks as negotiating lettings on suitable terms, initiating and negotiating rent reviews and lease renewals, overseeing physical maintenance and the enforcement of the lease covenants. These activities will take place within an agreed strategic framework where there is a need to be mindful of the necessity of upgrading and merging interests where possible, recognising other opportunities for the development of potential and fulfilling the owner’s legal obligations and duties to the community.’

As mentioned in chapter 2, there are different approaches to property management that are available for carefully selecting and adopting as a strategy depending on what a company would presume to be the best type of property management approach in respect of its objectives and these are; the in-house management; management by an appointed agent; a combination of the first two and; a hierarchical division, where the in-house manager directs the strategic thrust, limiting the agents to carry a limited management role, (Scarrett: 1995). Similarly, the private property sector in Lesotho engages a variety of some of these approaches towards managing their properties- a combination of the first two. The mixture of construction industry relevant expertise available for the management of the properties included;

(a) A Property Valuer (degree);

(b) A Property Manager (degree);

(c) Housing Professional (degree);

(d) Housing Professional (post graduate);

(e) Town Planner (post graduate) and;

(f) On call Consultants (out-sourcing).

On the other hand, it was explained that the Lesotho government property management structure as one of the most important aspects of property management, was made of the 'Housing Committee' which comprised of 'principal Secretaries of Finance, Works, Local Government, Public Service, Cabinet Office, and a representative from law office'. All these people, except the representative from law office, are political figures who would typically not be established construction industry professionals or practitioners. Even with this kind of expertise composition, the Lesotho government declared that it never out-sources any elements of property management. Administration at the lower level also does not feature much of the relevant expertise.

This study was triggered by the comparative upsetting rate of dilapidation of the government houses and one of the main objectives was to determine factors that lead to the rapid dilapidation of the Government-civil service dwelling houses. Clearly, and for all intents and purposes, the Lesotho government property management framework is not up to the required and appropriate standards due to lack of fitting expertise and or outsourcing of such to manage the government property and this is a factor in the rapid rate of dilapidation of government houses. The two houses in *figure 4.16* below are located in Florida (one of the study areas) and are opposite one another (the one on the left is a government house but the one on right used to be government house but it was sold to an individuals);-

Figure 4.16 Former Govt house & current Govt house

4.7.2 The nature of Lesotho Government Maintenance

Being another very important aspect of property management, the subsequent paragraphs would look into how the Lesotho Government carries out the maintenance of its housing stock relative to that practised the private sector and what is suggested in the literature.

Cloete (2001) points out that often building maintenance is accorded little or no merit and this usually devastates the morale of those involved in its management resulting in low delivery. The property owners often want to maximise profits and besides, the benefits of maintenance are commonly invisible and the money spend towards maintenance does not appear to provide a return. This results in the withdrawal by the property owners from undertaking good property maintenance, leading to the unnecessary early dilapidation of property. He adds that the neglect of essential maintenance is often the product of ignorance than that of malice, but does lead to the deterioration of property, higher costs of repairs and a lower return for the building owner.

The private sector in Lesotho reported that they do undertake maintenance of their properties, and in that regard 100% of the respondents showed that they are in possession of schedules for maintenance. Furthermore, the relative superior aesthetic appearance of their property is sufficient proof that the buildings are well kept and looked after in terms of maintenance. In this regard, information from figure 8 reveals that 33% of the private sector in Lesotho undertakes maintenance on a monthly basis and 67% on a quarterly basis. Also that maintenance inspections are undertaken as and when tenants report the breakages that require immediate attention. On the contrary, the government of Lesotho declared that maintenance inspections are undertaken 'as need arises' and this is attributed to shortage of staff to carry out maintenance inspections. Gower Press Industrial Society (1970) writes that 'up-to-date knowledge of the condition of all important parts of buildings, services and work being done is an essential part of good management. This implies regular inspection in one form or another', which undesirably, the government of Lesotho is unable adopt and put to practice. It is further stated that it is essential to inspect the buildings, services and fittings systematically in order to avoid breakdowns and serious deterioration that may result in high maintenance costs. Buildings and their fittings cannot be expected to function indefinitely without attention. Regular inspection helps ensuring that minor defects are rectified even before they can become more serious by neglect. Cloete (2001) reasons that efficient maintenance management starts with the establishment of a clear objective which is compatible with the overall objectives of the organisation and that information and techniques necessary to achieve the objectives of management include: -

(I) Building records
(II) Expenditure records

(III) Establishing maintenance requirements
(IV) Estimates and budget information
(V) Budgetary control
(VI) Methods of execution
(VII) Communication with tenants and staff
(VIII) Decision-making about the execution of maintenance

Formation of the maintenance objectives requires a clear understanding of the above items by the maintenance manager which should be in line with the overall objectives of the organisation, but this study established that some of the above mentioned items do not form part of the objectives of the ministry charged with the maintenance of government houses.

The undertaking of periodic maintenance inspections is especially recommended as one of the approaches to maintenance since it helps one find as early as possible the aspects of a building that may lead to a future failure, attending to it then, thereby preventing the fault even before it occurs, and this forms the basis of the proactive or preventive maintenance.

The private sector in Lesotho does to an extent practice preventive maintenance since they carryout physical property inspections and recognizable potential future faults dealt with before they get more serious, but this is to an extent because they showed that they sometimes attend to maintenance faults as and when the tenants report them, which then amounts to reactive maintenance. The Lesotho government entirely practices the reactive maintenance as mentioned in the given response. Kit-fai et al (2002) does agree that all the maintenance options and or approaches are suitable depending on the nature of the need as long as it is cost effective, but goes on to make mention of the fact that proactive maintenance is the most cost-effective type of maintenance.

4.7.3 Causes of the Rapid Dilapidation of the Government Houses

Cloete (2001) in his citation of Lee (1987) imparts that the condition and quality of building reflect public pride or indifference, the level of prosperity in the area, social values and behaviour and all the many influences both past and present, which combine to give the community its character. He further argues that there is little doubt dilapidated and unhealthy buildings contribute in the depression of quality of life and some measure of antisocial behaviour.

The built environment is under enormous stress owing to the lack of current and reliable management information, more often than not property managers are not in possession of this information ending up not knowing what facilities they are responsible for, the location and nature of these facilities, their condition and maintenance requirements-only because they do not have complete and up-to-date asset registers. ‘As a result of this, maintenance budgets are under funded, building conditions deteriorate daily, the volume of emergency maintenance work increases at an alarming rate and crisis management has become the order of the day.’ (Cloete, 2001).

4.7.3.1 Prominent Defects

In chapter 4, the Lesotho government housing units' prominent defects were shown to be; major roof leakages; faded painting both external and internal; foundation failures; sewage blockages; and burst water pipes. The pictures below are of some of neglected government houses that are used for housing the civil servants: -

Figure 4.17 Govt housing structure

The top right picture is the good example of the roofing that is neglected in terms of securely fastening it to the timber planks, making the tenant to secure the roof by holding to the top of the house with stones, and the side load-bearing wall has been neglected in terms of painting; the top left picture shows a combination of neglected painting of the building walls, and on the roofing, evident is the stones pinning the roofing down, meaning the planks need replacing, and probably as well as the roofing. The bottom left also shows the neglect in terms of roofing as in the above cases. The bottom right picture shows a house that was burnt and abandoned as in the picture for more than two years (sourced from people living around that house) now.

4.7.3.2 Maintenance type

Having outlined these prominent defects, it is appropriate to start by mentioning that one of the most important sources that lead to the rapid dilapidation of the government housing units is the reactive nature by the responsible ministry. For example, regarding painting as a major defect shows this reactive nature of the government's maintenance approach considering the fact that painting is one of the easiest maintenance routines. Through records and relevant expertise, the period it would take for these housing units to require re-painting can easily be established and appropriate action undertaken timeously, but the maintenance staff awaits the request to be made by occupants before planning to re-paint the houses. This amounts to reactive maintenance where defects or need for maintenance become more serious before being attended to, which is very costly and leads to the rapid deterioration of the housing structures.

Further, the responsible ministry disclosed that physical site and structure inspections are undertaken as 'need arises' which also amounts to reactive maintenance in that under normal circumstances, a fault or defect would have to aggravate before an unsuspecting tenant sees and attends to it. For example, a roof would have to leak and lead to more damage before being attended to since no inspections would have been undertaken in order to recognise that the roof would need to be replaced before it leaks and cause more damage.

An overwhelming 43% of the tenants showed that they often undertake repairs and maintenance themselves. Although some of these people might have relevant expertise of the required maintenance procedure of the different defects, the majority are unlikely to have. It is therefore likely that the repair work undertaken by the tenants themselves might exacerbate the situation, causing further dilapidation of the housing units.

4.7.3.3 Response time

Again the time taken to respond to maintenance requests plays an important role in the rate of dilapidation of a building. Although the times given by the respondents varied, it is worth mentioning that some of the times given (for example - 10% of the respondents said it often takes more than a year for the ministry to respond) are enough to warrant a serious concern on the part of government maintenance system.

As much as it amounts to a property management strategy, it is only fair to observe that if the Lesotho government made outsourcing of a renowned property companies a component of its property management approach, the rate of the government housing units dilapidation would not be as alarming.

4.7.3.4 Maintenance schedule

From the responses, it was established that the undertaking of major repairs was at an interval period of five years, but it is to be noted that due to the different factors such as quality and the age of the building, the major repairs period would have to be reduced to an appropriate period, and that failure to recognise and appreciate this situation leads to accelerated rates of deterioration of the concerned structures since by the time the repairs are attended to, the building would have deteriorated further thus demanding more attention and cost.

4.7.3.5 Lack of terms of contract

The fact that the tenants are never surcharged on any faults, even if the faults appear to be caused by the tenants, renders the responsible ministry incompetent for they have to repair and maintain unduly committed faults. Worse, the tenants may end up abusing this privilege since it involves no costs for them to vandalise the property, which then leads to further unnecessary deterioration of the government housing units.

The absence of, until recently as per the contents of the findings from the interview, any form of agreement legally binding the tenant and the landlord gave tenants leeway to abuse the property for there would not be any basis for pinning them to the faults caused by their negligence and or deliberate act. Further, it is worth noting that 61% of the 43% that undertake their own maintenance do not seek the consent of the landlord.

4.7.3.6 Inappropriate management structure

Also, the composition of the relevant expertise available for the maintenance of the housing units is not up to the required standards. Cloete (1994) amongst others identifies the following as a make up of a maintenance structure; a maintenance manager; assistant manager-electrical and mechanical; assistant manager-structural; building inspector and; a lot of relevant technicians from varied disciplines. What may have been the core staff in the case of the government management structure included; a quantity surveyor with a diploma; a civil engineer with a diploma and; a construction manager with a degree. It was nonetheless mentioned that the government is highly under staffed, but not acting on this recognition on the part of the government is failure which leads to the increased rates of dilapidation of the government housing units.

4.7.3.7 Rental charges

Lastly, the amount of rentals charged by the government was far too little even though subsidised. This is seen in the fact that prior 2002, the rentals paid by the tenants have never been revised for at least the preceding ten years leading to 2002. Even after the revision in 2002, the subsidy level paid by the government came to 90.5%, which means that the tenants are paying only 9.5% of what they ought to be paying in the open market. The 9.5% from the tenants will not be capable of covering the costs of repairs and maintenance thus the rest having to come from the government coffers. This situation often leads to stringent budgets for maintenance and therefore leading to less maintenance requests attended to or carried out and as result the dilapidation of the housing units.

4.7.4 Overview of Government Rentals

There are a lot of factors that go into consideration for determining appropriate rentals for particular buildings in the open market. There are also different approaches to rental setting and these approaches have their own different justifications. But in the end, the rental that is finally arrived at would be regarded as a market rental (i.e. what a willing tenant is willing to pay as rental for a particular unit to a willing landlord). This rental should ultimately be able to offset costs such as debts (if any), taxes, operating costs (which repair and maintenance are usually classified under), and cover the landlord/owner's required or desired return for a profit-making organisation.

Including an escalation clause in the lease between the landlord and the tenant should also offset the rising costs of other things related to the management of property.

Since the rental of the government housing units is not based in the open market, calculations were made to establish the amount of the subsidy since there existed no standard rate. The following table illustrates comparative changes in rental of the government in relation to that of the private sector (considered to be the asking rents) for a similar type of a housing unit (3-bedroomed house) at the time of this survey which is the first quarter of 2004;

RENTALS			**% CHANGE**	**SUBSIDY LEVEL**	
OPEN MKT	GOVT	DIFF	From R 294 to R 3, 100	MKT	GOVT
R 3,100	**R 294**	**R 2,806**	**954%**	**0%**	**90.5%**

Table 3 rental comparison of government and private houses

From the above table, the open market rental for a three bed roomed housing unit is **R 3, 100** and for a similar housing unit the government charges **R 294**. This brings the amount of subsidy by the government to **R 2, 806** which gives a percentage increase of **954%** (increase form R 294 to R 3, 100). Thus the level of subsidy by the government is at the rate of **90.5%**, meaning that tenants only pay **9.5%** of the amount they would have paid in the open market. At that rate the tenants are almost occupying the houses for free.

To this effect, the average vacancy rate of the private sector at the time of this research was at 2.5%. The private sector showed that this rate was only applicable when their properties were undergoing major repairs and renovations and that it would not be applicable for the whole year. In the Republic of South Africa, the normal vacancy rate in drawing a cash flow is usually estimated between 5%-10% on average and this is said to be very acceptable. It goes to show the kind of rental housing property market that exists in Lesotho-it is a very attractive market, but the government of Lesotho has not been able to take advantage of that fact and remain charging lesser rentals at the detriment of the maintainability of the housing structures.

The figures in the above paragraph come after a 100% increase in 2002 in the rentals charged by the government. Also the frequency of rental reviews of the government housing units solely depend on the Honourable Minister for the Public Service and this is done as and when he deems it necessary in execution of the powers vested upon him. It shows that prior 2002 the situation was even worse than it is today. This sure retards the government property management process further.

This whole set up concerning rentals by the Lesotho government is neither desirable nor sustainable as seen and observed in the rapid dilapidation of the civil servants housing units by the government. It is a mediocre property management approach.

4.7.5 The Policy and Procedures to Allocation of Government Houses

Behind a good property management structure is usually a good property management policy. The private sector in Lesotho and the literature shows that a good property management policy is the foundation of efficient and effective property management. The Lesotho government has developed a housing policy which, at the time of this interview, was five months old. This policy basically governs the allocation and utilisation of government houses. It is the first policy that government has had for the sole governance of its housing units.

Prior to this policy the government had the Public Service regulations of 1969 to administer the allocation and utilisation of the government houses. It is emphasised in the policy statement that 'it is the policy of the government to provide housing for the public servants doing critical jobs at subsidised rents for as long as it is practically and economically viable to do so'. The Concise Oxford Dictionary (1999) defines economical as giving good value or return with concern to the resources expended, or sparing in the use of resources or money.

The government felt that the policy is new and therefore should not be subjected to review as yet. This in itself disregards the fact that some of the major problems of strategies are established on implementation. Scarrett (1995) argues that before an appropriate policy on management of dwelling houses is proposed, a vast range of information is required for undertaking this exercise and he outlines some of the more usual information. He nonetheless cautions that this information may vary in importance;

'*(a) The collection of properties (factual)*

- size of the portfolio
- type of individual property
- geographical spread

(b) Physical

- age of buildings
- quality of buildings
- type of buildings
- specialised buildings or use

(c) Financial details

- capital value
- rental income
- covenants of occupiers
- capital available now and in the future

(d) Legal details

- nature of legal interests
- authorised planning use class
- lengths of leases
- terms of leases

(e) Opportunities and prospects

- redevelopment/upgrading
- possible disposals
- possible rearrangement of leases

(f) Deficiencies requiring attention

- underachievement
- unacceptable level of risk

(g) Other considerations

In formulating a policy for discussion, approval and adoption the property manager will need to consider and advise on a number of issues:

- state of current holding-whether sound, weak, deficient, etc.
- current yield-whether appropriate to risk, whether likely to be sustained; opportunities for improvement
- appropriate size of individual investments-lumpiness
- mix/balance/rebalance
- disposals
- acquisitions

- renegotiations
- enlargement of portfolio
- targets.'

He further states that adoption of a document as policy would include a recognition of the level of expenditure and change required to achieve it; 'the policy must then be kept under constant review and, if necessary, adapted to internal and external influences likely to affect it. It should be regarded as a blueprint that will only be effective if it is maintained in this way and accepted as a broad directional indicator rather than a precise route. In particular, it should not inhibit consideration of unexpected opportunities.

It is worth noting that the private sector in Lesotho has been practising with the aid own property management policies for a long time .for the reason that the private companies are profit-oriented, it was stated that their policies should be based on a sound financial management for continuity and sustainability of the companies. They showed that the policy is kept flexible to adapt to the needs of investment management.

The analysis shows that with the government tenants, 83% did indeed apply for government housing and the remaining 17% never applied. This may be owing to the fact that the most senior personnel such as the Honourable Ministers and Principal Secretaries by virtue of their positions qualify for the government houses as well as the expatriate personnel. However, it does not rule out the possibility of some of these senior managers having their own houses within close proximity to their work places, but nonetheless occupying government houses for one reason or another.

A massive 81% of the government tenants do not have a contract with the government on occupation of these houses. 17% were just given a letter stating that they can occupy the houses. 2% responded that they signed leases with the government on occupation of these houses. Both those who did not sign a contract and the ones who were given a letter to occupy (making it 98%) are basically not bound by any means whatsoever to adhere to and follow standard procedures subjected to a tenant on occupation of a house. Since they are not bound anyhow, negligence on their part would easily prevail and thus leading to the observed rapid dilapidation of the housing units considering that they do not have any obligatory responsibility to properly look after the buildings. The then lack of policy combined with poor property management structures could have easily been the cause to this situation.

The first hypothesis was *that efficient property asset management is significantly dependent on a good quality property management framework/structure* and indeed this study confirmed that the Lesotho government property management structure contributed substantially to the inefficient management of government property, as it exhibited a very poor management structure and therefore management practices. It was also hypothesised *that there is a correlation between the declining property values and the level of rentals payable to the Lesotho government* where this study established that the level of rentals payable to the government is inadequate for the maintenance of these structures as in the study of the Du freese and Coleman, hence the decline in the government housing units value. Since these housing units are ill maintained, their appearance supersede their effective age as confirmed by the government valuer. (that they look older than they really are).

Evidently the Lesotho government property management structure is unreasonably ineffective for they even lack enough relevant expertise to undertake the management of the pool of government housing units. This chapter undoubtedly revealed this ineffectiveness. The ineffectiveness has led to the rapid dilapidation or deterioration of the government housing units, thus losing their asset capital value and attractiveness. At the rate of their dilapidation, soon the government would have little or no housing units of their own, ending up having to accommodate the required expatriates and their valued personnel in the private sector houses which would even be more costly for the government as the rates here are revive from the open markets. Like earlier mentioned, this may lead to the discontent of the civil service and eventually undermine the political stability of the country for the government is still the largest employer in the country since the mammoth retrenchment of the mine workers from the Republic of South Africa. In order to redress the current and continuing situation (the dilapidation of the government houses), the review of the Lesotho government property management structure and practices and certainly inevitable, and sooner this is done the better.

In conclusion, the recognition that poor maintenance of the building structures lead to an increased rate of dilapidation of the same structures is of vital importance to the management of these structures, as maintenance is one of the most fundamental strategic issues in the good property management. The significance of efficient asset management, as part of an active property management systems is evident from the analysis in this chapter, dwelling mostly on poor maintenance of the government buildings, mainly caused by the external phenomenon on the building fabric. From the point of view of a property manager, an understanding of the fact that maintenance has a greater impact on the value of the building should be prioritised, and failure to take cognisance of the fact may lead to massive costs of keeping the structures habitable in the end. Property management is very important.

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Property has become one of the most important resources in today's context of investment and one should always strive towards improving property-concerned management practices. As much as goals in the management of property have to be set in relation to organisational and service objectives of individual organisations, the importance of operational property should not be undermined and thus becoming a lesser priority for it does not produce tangible returns.

The entire contribution of this kind of property should be well understood by the managers and as such appropriate strategic goals set accordingly. The property personnel have to be broad thinking enough to formulate and execute the strategy and there should be a structure to assist in efficient implementation and as well as systems that provide key decision-makers with information that allows them to evaluate their actions.

The basis for proper decision-making with regards to the concerned activities is having relevant information and comprehension thereof in order to make sound decisions. It is worth making mention of the fact that the management team from the government did not know the expected lifespan of the buildings they manage. In principle, property managers should know the expected lifespan of their properties for sound decision-making might require this information. Moreover, in property management, relevant expertise is a requirement for it may not be easy for any other person to understand the concerned requirements.

Generally, governments do not practice current conventional methods of property management. It is only lately that some of the developed countries governments started revolutionising the approaches to property management. There have been studies in other countries to look into the methods employed by the local governments' property management. As much as governments should not be profit-making institutions, appropriate and sound approaches to property management should form the basis for management of property, hence its preservation through proper and sustainable maintenance method such as applying logical rentals. On the same note, the Lesotho government's practice of property management is not satisfactory as it has been established in this study that almost the whole structure lacks the relevant expertise, if not misplaced, leading to an incompetence on their part with respect to the management of the housing structures. Owing to this situation is the observable unusual rate of dilapidation of the government houses as opposed to those in close proximity to them.

It would not be doing justice to the government of Lesotho by omitting to mention findings that would otherwise be regarded as sensitive by the powers that be. The government houses are not seen as a resource by the top management of government and as per the response from the government respondent. Further, even if government houses are allocated to the civil servants as a fringe benefit, they are still a resource to the government for they provide housing to the government's employees, therefore saving the government the costs of having to provide such housing by renting from the private sector.

In this regard, accountability on the part of government would be highly recommended. This comprises defining, valuing and managing the property assets. Accountability relates therefore, not only to the financial resources, but also to the administrative process of government as well as the overall net benefits of owning and occupying these assets.

One of the objectives of this study was to *ascertain that lack of good property management structure results in the decline of property values.* It has been established in the analysis that the government of Lesotho lacks a good property management structure, and lack of or poor property management has been captured as one of the factors that lead to the decline of property values in the literature. (For example, the management of property is left in a hands of principle secretaries from varies ministries who are not necessarily professional or trained in the relevant field). For all intents and purposes the first objective has been achieved in this study.

Factors and or causes that lead to the rapid dilapidation of the government houses have been identified in chapter 4 of this research. As one of the most prominent factors, it was found that the level of subsidy of government housing units stood at 90.5%, and as in the study made by De Freese and Coleman (1998), it was inferred that the 9.5% rental of what ought to be paid in the open market, which is paid by the government housing occupants is not sufficient for even the maintenance of the these housing units and this is at the expense of satisfactory preservation of the government housing units, and hence their value(which is rapidly diminishing).

The government of Lesotho showed that it is not aware of the annual maintenance expenditure of its housing units. For one to be able to come up with the appropriate rentals that would suit maintenance of these structures, the annual maintenance expenditure would have to be known, the amount that is reserved for the subsidy of these structures would also have to be known, but unfortunately all these were not known by the government, to an extent that the open market rentals were used to determine the rate of government subsidies by the respondent and for purposes of these research only. Since the government would not be concerned with profit from renting these units, all that is required for the calculation of the appropriate rentals would be the expenditure and the amount available for subsidies (since they are not standardised), where then the government would be able to charge sustainable rentals.

5.2 Recommendations

The recommendation in the following paragraphs are concerned with what options could be embraced by Lesotho government in order to remedy by persisting and increased dilapidation rate of their property.

5.2.1 Efficient Property Management Practices

The Lesotho government administration has to appreciate that property is the key resource to the government in very respect and it is recommended therefore that they adopt appropriate measures in order to improve and maintain their property in a habitable state. Many organisations and or local governments have introduced numerous measures in order to improve their practice related to operational property, including; sound reviews of the rental systems for the assets, improving maintenance by engaging in planned maintenance programmes, valuations of the portfolio and asset registers becoming widespread, occupier audits and so forth. The Lesotho government has also to appreciate that property is a resource and adopt these measures in order to improve and maintain their property value.

5.2.2 Proactive Property Management Approach

As a stating point and to be able to properly to manage the property, the government of Lesotho should consider the proactive property management approach as an effective tool reviewing and management of their immovable property. Olubodun (2000) argues that proactive management entails a broad management process including; defining strategic property objectives, determining how to achieve those objectives, monitoring both the property performance and its management, and collecting appropriate information to support the process. Understanding and evaluation of the information will be very important to adequately set out the strategy. In their case study of the Glasgow City council, Croal et al (2003) conclude that the proactive approach adopted by the Glasgow city council building services department in the UK has had tangible improvement in efficiency, as measured by reduction in the average cost of repairs and the high overall tenant satisfaction for the delivery of quality improvement.

5.2.3 Support Systems

The availability of adequate support systems (legal backing; policy and so forth) is very important to the ability to manage property efficiently and a cadre of effective professional staff employed to that effect. This further assists educating and setting clear procedures of how property may be used by the tenants would also help in the reduction of the current rate of government houses dilapidation. It also calls for written contractual agreements between both parties to afford a cautionary sense as regard misuse of property by the tenants and to protect the same tenants from ill-treatment from the landlords. With the right kind of staff, schemes such as the computerisation of assets to its management would be easy. Although this may prove to be very costly, in the end it will benefit and become a chief management tool for the government.

5.2.4 Review of government rentals

Although the government rentals are not based on the open market, in the least rents should be set such that they cover the costs of maintenance and repairs for as the case is, there are people who would be willing to pay more rent for the same kind of accommodation as that being afforded by the government. Also the land that these government houses occupy today is currently of prime value and without those improvements, could possibly fetch more rent in the open market than the rental which is currently being paid by the government tenants for occupation of the houses.

If the Lesotho government was to adopt the recommended strategies towards the management property, attention would have to be paid to the fact that the planning horizon would either be of one or two terms of government service (4/5 or 8/10 year terms), which then would have to be taken into consideration when drawing plans and or strategies for the management of property. Further, different organisations have to appreciate the fact that there are different and proper approaches to property management that have different requirements for effective decisions to be made so as to avoid reactive management.

De Freese and Coleman (1998), reveal that the government of Lesotho has no formal commitment to provide civil servant housing although the interview revealed that housing is provided as a fringe benefit to the civil servants. De Freese and Coleman (1998) argue that this provision of housing is further exacerbated by the fact that the rents paid do not even cover the costs of maintenance to the housing units, and that at the time undertook the study (Rapid assessment of the housing and urban management sector in Lesotho-1998), the rents had not risen in the last ten years. They stated that the rent on a typical government house then was approximately 1/30th of the then market rent, and the rents covered only about 1/10 of the cost of maintaining the units. As a result, the maintenance of the housing stock was inadequate and therefore resulting in the appalling rate of deterioration in the condition of many housing units. Although rents were recently (2002) increased by a 100%, the analysis illustrated that the rate of government subsidy on rental stood at an average of approximately 91% (rounded) at the time of this study, meaning that the tenants were paying only 9% of what they ought to be paying in the open market. Still if this remains the situation, the condition of the government housing units will continue to deteriorate at dramatic rates.

5.2.5 Efficient management of resources

The senior managers are ultimately responsible for the performance of the organization and therefore need to ensure that all their resources are being managed in an efficient and effective manner. And for them to achieve this goal, the possible causes of the appalling rate of dilapidation have to be identified and traced in all directions so as to be able to offer appropriate remedies. This is actually the main challenge to the Lesotho government. Varady et al (1998) argue that 'for many in housing authorities and other housing development organisations, the key major in housing success in public housing is always management.' For example, it amounts to poor management of resources not to be able to know the amount of money that is annually spent on maintenance by the department that undertakes maintenance, and these are some of the critical key areas that should be constantly monitored considering the fact that maintenance budget should draw information from this area.

5.2.6 Maintenance Strategies

Again, the fact that the maintenance expenditure was not known by the responsible ministries (MoPW and MoPS), shows that the Lesotho government maintenance practices are not at all satisfactory, which will then have to be changed if the government's resources have to be managed in a professional and effective manner. It is mentioned in the above paragraph that the maintenance budget should draw its figures from the last year's expenditure, with the help of the gathered information from the physical inspections. Also, it was mentioned earlier in the execution of maintenance activities in order to use up the maintenance budget for the year end or worse, deferral of some of maintenance activities due to the fact that the budget was not enough to cover the maintenance needs.

5.2.6.1 Physical Maintenance Inspections

The frequency of Lesotho government's physical property inspections is unsatisfactory considering the state of repair of these houses. Undertaking of physical building inspections in an attempt to establish the state or condition of repair of a dwelling is critical to the good maintenance of property. In the end one is future breakdowns so as to preserve the building in good condition as well as good asset value. Olubodun (2000) states that there are usually minimal resources involved in preventing a fault than restoring (proactive maintenance management).
The private sector in Lesotho and the literature suggest that it is common practice to undertake physical site inspections annually in order to keep track of the items in need of repair and maintenance budgets. More frequent inspections are even recommended so long as these visits do not constrain the available funds for maintenance tasks.

It is stated in chapter 2 that as regards to maintenance costs, ways to reduce such include among others; selecting the most appropriate and cost effective maintenance strategy such as proactive/preventive maintenance strategy; controlling the impact of factors that have an effect on maintenance costs; again training of maintenance tasks, and so forth.

5.2.7 Privatisation of Certain Services

Another recommendation would be for the government to privatise some of the services concerned with the management of property. Li and Sui (2001) state that 'privatisation of services from the public sector is topical currently mainly because of the potential of savings and efficiency to be gained. In the aspect of property management, the Hong Kong Housing Authority owns more than 600,000 units of public housing flats and the requirement for good and efficient property services is enormous. The current policy of privatising these services to the private management agents has proved to be of a correct direction in terms of retaining the growth of the public sector, and also improving the level of services to the tenants'.

They further state that as much as privatisation might bring more opportunities for growth in the private sector, the government has to forge a proper transitional arrangement so as to not jeopardise the already low morale of the public sector. The government of Lesotho may want to consider this privatisation as an option regards to components of property management, especially maintenance since well maintained property and hence attractive may be able to fetch higher rentals and therefore able to fund maintenance. Nonetheless, there is risk that the issue may be easily politicised for the change from the current rentals to those that would be charged by the private sector would cause an uproar.

In support of the above argument, Li and Sui (2001) show that in Hong Kong about 9%(rounded) of the public sector tenants were satisfied with the repair and maintenance of the houses they occupy, while 61%(rounded) held a contrary view. They conclude by showing that performance in the private management agents is more satisfactory than that of Public Housing Department as the tenants in the private sector-managed estates showed a higher level of satisfaction than that of the Public Housing.

Also the private sector in Lesotho suggested that if a company lacks resources (human) to properly manage its property, it should outsource such services from renowned property management companies for effective property management. They also felt that these companies should refrain from undertaking unsustainable business to the detriment of the company if proper property management cannot be practised.

As an option also, though it may be politically sensitive, the government might want to consider setting a strategy to sell the houses to the public if it is not prepared to raise its maintenance standards since the current situation seems to be eating deeply into the government coffers. Du Freese and Coleman (1998) state that the MoPW had a proposal for government to dispose of their housing stock, which they thought, was both sound and credible. On the same note, the disposal of the government housing stock would offer a solution to the appalling conditions of these houses. The government would also be able to generate income form this disposal against draining their coffers, and with that income set a strategic profitable fund from which the public servants may be able to access housing loans. Not all the houses may be gotten rid of, but strategic units for selected government personnel could be retained for the simple reason that there always exists a need to house the specialised personnel for the government, by the government.

5.2.7 Establishment of a Relevant Department

If the government wishes to retain the management of its property within its system, then the department that is specifically concerned with the management of government houses must be set up and sufficiently authorised and autonomised.

Further, if the Lesotho government was to adopt the recommended strategies towards the management property, attention would have to be paid to the fact that the planning horizon would either be of one or two terms of government service (4/5 or 8/10 year terms), which then would have to be taken into consideration when drawing plans and or strategies for the management of property. Further, the government has to appreciate the fact that there are different and proper approaches to property management that have different requirements for effective decisions to be made so as to avoid reactive management.

Areas of further pursuits in relation to this paper include;

- Detailed review of government tenancy-the origins of the subsidies and the justification thereto

- Review of the Lesotho government housing policy- to what extent are allocations according to the policy; are issues such as; whether one owns a house within close proximity to the work place thoroughly looked into

- Impacts of disposal of government housing units

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$\boxed{\text{APPENDIX “A”}}$ STUDENT PROJECT DECLARATION

The theme of this research to find and come up with solution(s) to the following research question:

To what extent is the depreciating state of the Lesotho government dwelling houses a function of the level of effectiveness of the Lesotho Government property management structure/framework?

A letter of identification indicating what the information gathered here would be used for is herein attached for your perusal should you find it necessary.

I, nonetheless, declare that this investigation is towards the partial fulfilment of an MSc Building degree in Property Development and Management with the University of the Witwatersrand and the information gathered in this context will be treated in full confidentiality.

NB: -

- ***Questions are to be answered by only the occupants whom the rights of the housing dwellings were conferred to by the government, and not any other occupant residing with this occupant.***
- ***For extra writing space, you may write at the back of this page together with the number of the question you are answering.***
- ***Please do not attempt to answer sections that are not relevant to you as this may distort the report.***

APPENDIX "B" Housing Occupants Questionnaire

Allocations:

1. Did you apply for this house?
   a. Yes
   b. No
2. How long did it take before your application succeeded?
   a. Less than a month
   b. Between 2 and 4 months
   c. Between 4 and 8 months
   d. Between 8 and 12 months (a year)
   e. More than a year
   f. Other (specify)________________
3. Is your living here a *temporary or a permanent* arrangement?
   a. Yes
   b. No
4. What document gave you rights to this housing structure? Tick appropriate.
   a. A lease
   b. A sublease
   c. An agreement
   d. Other (specify)____
   e. Did ***not*** sign any document meant for occupation of the house?
5. How long have you been occupying this house?
6. Is there a given limit to the term (number of years) of your occupation to this house?
   a. Yes
   b. No
7. Do you have your own house?
   a. Yes
   b. No
8. If yes, how far is your own house from your work place?
   a. Between 5 & 10 km

b. Between 10 & 20 km

c. Between 20 & 30 km

d. Over 30 km

e. Other (specify e.g. in another District-Leribe etc)

____

9. Are all the amenities for residential purposes available?

a. Yes

b. No

10. Do you ever run out of water?

a. Yes

b. No

11. Do you know of any act that governs the tenancy of this structure besides the agreement you signed if at all?

a. Yes

b. No

12. Have you ever received a warning letter concerning the occupancy of this house?

a. Yes

b. No

13. Could you describe in few lines the contents of the letter and the main warning?

____

____

Maintenance:

14. Does the agreement if any, specify items that would be maintained, repaired or replaced by you as the occupant of this house? Explain.

____

____

15. If the above are undertaken by the owner/manager-institutions, usually how long do they take to respond to a request of either of the above?

a. A day

b. A week

c. Two weeks
d. A month
e. Other (specify)

____

16. Do you ever undertake to maintain, repair or replace any of the items of the housing structure upon delay?
    a. Yes
    b. No
17. If yes, do you seek the consent of the property owners/managers?
    a. Yes
    b. No
18. Is the money used for the above ever claimed? Tick appropriate.
    a. Claimed but never paid
    b. Claimed and paid
    c. Never claimed
    d. Other (specify)

____

19. What are the five most prominent maintenance problems according to you? e.g. bursting sewers, broken windows etc
    a. ____
    b. ____
    c. ____
    d. ____
    e. ____
20. Would you blame yourself for most failures of this housing structiure? Give reasons for your answer.

____

21. Do you have any suggestions to the property owners/managers regarding maintenance?

____

APPENDIX "C" Government official respondents' questionnaire: -

1. How many houses does the government own in total? ________________

2. Of what age is the oldest structure?

   10-19

   20-29

   30-39

   40-49

   50+

3. Of what age is the newest structure?

   10-19

   20-29

   30-39

   40-49

   50+

4. What is the average expected lifespan of these structures? ________________

5. Do you have a physical property inspection programme?

   a. Yes

   b. No

6. If Yes, how often? Tick appropriate.

   a. Monthly

   b. Quarterly

   c. Semi-annually

   d. Annually

   e. Never

   f. Other (specify) ____

7. Are these properties regarded as a key resource to the government?

   a. Yes

   b. No

8. If yes, how?

____

9. If no, why?

____

10. Are these properties considered as assets or liabilities? Give reasons for your answer.

____

11. Do you have an inventory of all the government dwelling houses stock?
    a. Yes
    b. No
12. If no why?

____

13. Has the total stock owned by the government ever been valued?
    a. Yes
    b. No
14. What statutes are available for governing property, its owners and occupiers (e.g. Landlord-tenant act, Rental housing Act etc)?

____

15. What type of a document do you use as a contract between the tenant and the government?

____

16. Are the conditions of the agreements, if any, ever enforced and if yes, how?

____

17. Is there a policy that governs the allocation of government houses?
    a. Yes
    b. No_______ (If no, continue to question number 22.)
18. If yes, what is it?

____

19. How old is the policy?

____

20. Do you think the policy should change?

a. Yes

b. No

21. If yes, why should it change?

____

22. If no, (from question 17.), what is the tool that is used for guide-lining the government housing allocations?

____

23. What is the maximum term of occupation of these government houses?

<5 Years

6-10 Years

11-15 Years

16-20 Years

21-25 Years

26-30 Years

30 and above

Other (specify) ____

24. Do you have a property management structure? *If no continue to question 27.*

a. Yes

b. No

25. If yes, could you give its brief description;

____

26. What is the available level of expertise for administration of government dwelling property? Choose from the list below: -

Property valuer___________________ (*specify; certificate, diploma, dgr etc*)

Quantity surveyor____________________(specify as in the above)

Construction manager____________________(specify as in the above)

Property manager___________________(specify as in the above)

Project manager___________________ (specify as in the above)

Town planner___________________ (specify as in the above)

Housing field___________________ (specify as in the above)

Other_____________________________ (specify as in the above)

27. If no, why?

____

28. Are some components of property management ever out-sourced?

a. Yes

b. No

29. If yes, is it a renowned property management company? Expalin;

____

30. Is there an intention by the government to construct new housing structures in the future? Give reasons for your answer;

____

31. When setting rentals, is the value of the building structure a consideration? Explain;

____

32. Are the rentals charged subsidised?

a. Yes

b. No

33. If yes, at what rate (percentage of the sum that would be normally charged if not subsidised) are the subsidies? M ____________________.

34. What is the total sum of rental collection per year for the total stock? M____________________.

35. In monetary terms, what is the total sum of subsidies for these housing structures? M____________________.

36. At what rate are the subsidies for individual houses ____________%

37. How often are the rental reviews? Tick appropriate.

Monthly

Quarterly

Semi-annually

Annually

Other (specify)___________________

38. At what rate are the rental escalations? _______%

39. Do you think the rentals plus the subsidies to these structures are sustainable in terms of maintenance and continuity? Give reasons for your answer. ____

40. What is the total amount spent towards maintenance annually?

    M ___________________

41. What is the total budget for maintenance annually

    M ___________________

42. Do you think the value of these properties is preserved? (Give reasons for your answer) ____

43. Who takes responsibility to pay costs such as insurances, rates and taxes? Tick appropriate.

    Tenant

    Landlord (government)

    Not paid

44. Are the tenants allowed improvements to the structure?

    a. Yes

    b. No

45. Does the office ensure that such issues (in 44 above) are communicated to the tenant before he/she moves in?

    a. Yes

    b. No

46. Are these houses ever short of tenants?

    a. Yes

    b. No

47. Roughly, how many house-applications are received annually? Circle the appropriate.

0-50

51-100

101-150

151- 200

200 and above

48. Do you ever evict tenants?
    a. Yes
    b. No

49. What are the five most common grounds on which tenants are evicted?
    a. ____________________
    b. ____________________
    c. ____________________
    d. ____________________
    e. ____________________

50. Do you have an investigation strategy to check if the contracted/leased tenant uses the dwelling house?
    a. Yes
    b. No

51. If yes, how often?
    a. Monthly
    b. Quarterly
    c. Semi-annually
    d. Annually
    e. Never
    f. Other (specify) ____________________

52. If no, why?

    ____

53. In your own opinion, do you think the allocations are fair?
    a. Yes
    b. No

54. Does the ministry of works report to your ministry any issue concerning these houses?

    a. Yes
    b. No

55. What kind of reports do you get, if any? Circle appropriate.

    a. Expenditure towards these houses
    b. Required budget for the following year
    c. Number of inhabitable houses
    d. Comparison of budget and expenditure
    e. Other (specify) ____

56. Do you ever hold meetings with property concerning government property issues with the ministry of works?

    a. Yes
    b. No

57. If yes, how often are the meetings?

    a. Monthly
    b. Quarterly
    c. Semi-annually
    d. Annually
    e. Never
    f. Other (specify) ____

58. If no, why?

    ____

59. Do you have any other comments and suggestions regarding the government-housing framework?

    ____

APPENDIX "D" Ministry of Works Questionnaire

1. Does the ministry undertake all government property maintenance? Tick appropriate.
   a. Yes
   b. No
2. Is there any form of regulation towards maintenance of these structures and if so, what is it?

   ____

3. In response to maintenance, repair or replacement requests; on average, how long does it take to respond to such?

   ____

4. If it is not timely, what are the usual reasons for the delay?

   ____

5. What are the five most prominent types of maintenance requests/claims?
   a. ____
   b. ____
   c. ____
   d. ____
   e. ____
6. Is the ministry in possession of a maintenance schedule or any document similar to it? Tick appropriate.
   a. Yes
   b. No
7. What are the estimated annual total costs of maintenance? M_______________________
8. What is the annual budget for maintenance? M__________________________
9. Which maintenance approach (proactive, reactive, condition-based etc) is employed and why? ____
10. How often does the ministry undertake physical site/house inspections of these properties? Tick appropriate.

a. Monthly
b. Quarterly
c. Semi-annually
d. Annually
e. Never
f. Other (specify) ____

11. How often do you update these housing dwellings' inventory?
a. Monthly
b. Quarterly
c. Semi-annually
d. Annually
e. Never
f. Other (specify) ____

12. When last were these properties inventoried? Tick appropriate.
a. A month ago
b. Six months ago
c. A year ago
d. Never
e. Other (specify) ____

13. Is the ministry in possession of record of all the government properties (esp. housing dwelling for civil servants)? Tick appropriate.
a. Yes
b. No

14. Is record of attended maintenance requests kept?
a. Yes
b. No

15. Do carry out the assessment of the main causes of defects/faults?
a. Yes
b. No

16. What are the five most common faults on three houses?
a. ____
b. ____

c. ____

d. ____

e. ____

17. If found to be caused by human fault, are the occupants ever billed/made to pay?

    a. Yes

    b. No

18. Are people who do assessments and or inspections qualified personnel in the construction industry?

    a. Yes

    b. No

19. Please tick the level of expertise available in this regard in the list below.

    a. Property valuer___________(specify; certificate, diploma, dgr etc)

    b. Quantity surveyor_________________(specify as in the above)

    c. Construction manager________________(specify as in the above)

    d. Property manager___________________(specify as in the above)

    e. Project manager___________________ (specify as in the above)

    f. Town planner___________________ (specify as in the above)

    g. Housing field___________________ (specify as in the above)

20. Which items are in state of disrepair?

    a. ____

    b. ____

    c. ____

    d. ____

    e. ____

    f. ____

21. Do you think the tenants adhere to the provisions of the agreement if any?

    a. Yes

    b. No

22. Do you have any relationship concerning these houses with the ministry of public service? Give reasons for your answer.

____

23. Do you have any suggestions regarding government property maintenance?

____

APPENDIX "E" Private property owners' questionnaire: -

1. Which category of housing does your establishment offer services for?

   Tick appropriate: -

   a. Single house residential
   b. Multi-house residential
   c. Town houses
   d. Flats
   e. Lodges
   f. Other

      (specify)____

2. Approximately how many individual properties do you manage?

   ____

3. What guidelines/policy do you draw from; towards the management of these houses? ____

4. Rentals: -

   i. Are the rentals based on the open market value?

      a. Yes
      b. No

   ii. If no, what is the basis for calculating the rentals? ____

   iii. How often are the rentals reviewed?

      1. Monthly
      2. Quarterly
      3. Semi-annually
      4. Annually
      5. Other (specify) _______________________________

5. Leases: -

i. What form of contract is used for leasing the properties? ____

ii. Do the tenants understand the conditions of these leases?

a. Yes

b. No

iii. What is the average term of these leases?

0-5 Years

6-10 Years

11-15 Years

16-20 Years

21-25 Years

26-30 Years

30 and above

iv. What statutes and or policies govern and affect the services offered by your establishment?

____

v. Do you ever get any disputes between the company and the tenants that are settled by a court of law?

a. Yes

b. No

6. Maintenance: -

i. How often are the maintenance inspections undertaken?

a. Monthly

b. Quarterly

c. Semi-annually

d. Annually

e. Other (specify)

____

ii. In your own opinion, is the time given above adequate?

a. Yes

b. No

iii. If no, Why?

____

iv. Do you levy tenants on repairs and maintenance?

a. Yes
b. No
c. Depends on the agreed provisions
d. Other (specify)

____

7. Do you think the value of these properties is preserved? Give reasons for your answer.____
8. On what grounds are tenants usually dispossessed of and or evicted from the property?____
9. Of what age are the company's oldest-owned structures?
   a. 10-19
   b. 20-29
   c. 30-39
   d. 40-49
   e. 50+
10. Of what age are the company's newest-owned structures?
   a. 10-19
   b. 20-29
   c. 30-39
   d. 40-49
   e. 50+
11. How often does your institution do physical property site inspections?
   a. Monthly
   b. Quarterly
   c. Semi-annually
   d. Annually
   e. Other (specify) _______________________________________
12. Are these properties regarded as a key resource to the institution?
   a. Yes

b. No

13. If yes, how?

____

14. If no, why?

____

15. Are the concerned properties considered as assets or liabilities? Give reasons for your answer.

____

16. Have you ever valued the total stock owned by the institution?

    a. Yes

    b. No

17. What is the total collective value of these properties? M___________

    a. What statutes are available for governing property, its owners and occupiers (e.g. Landlord-tenant act, Rental housing Act etc)?

    ____

    b. Are the conditions of the agreements enforced and if yes, how?

    ____

18. Is there a policy that governs the allocation of these houses?

    a. Yes

    b. No (If no continue to question number 25)

19. If yes, what is it? ____

20. How old is it? ____

21. Do you think it should change?

    a. Yes

    b. No

22. If yes, why should it change?

    ____

23. If no, (from question 20), what is the tool that is used for guide-lining the your housing allocations?

24. What level of expertise is available for the administration of your property? Choose from the list below: -

Property value____________________(specify; certificate, diploma, dgr etc)

Quantity surveyor____________________(specify as in the above)

Construction manager____________________(specify as in the above)

Property manager___________________(specify as in the above)

Project manager___________________ (specify as in the above)

Town planner___________________ (specify as in the above)

Housing field___________________ (specify as in the above)

Other______________________________________ (specify as in the above)

25. Are some components of property management ever out-sourced?
    ____

26. If out-sourced, is it a renowned property management company? Support your answer. ____

27. Is there an intention by the institution or your own client to construct new housing structures in the future?
    a. Yes
    b. No
    c. If no, why? ____

28. Do you have housing stock that is held for operational purposes? Tick appropriate;
    a. Yes
    b. No

29. If yes, do you apply the same principles of property management to the stock in question?
    a. Yes
    b. No

30. When setting rentals, is the value of the building structure a consideration?
    a. Yes
    b. No

31. What is the average rental per month/year within a 6 km radius from the CBD of the following units?

Single bedroom, lounge, kitchen and a bathroom

M__________/________

Double bedroom, lounge, kitchen and a bathroom

M__________/_______

Three bedrooms, lounge, kitchen and a bathroom

M_________/________

Four bedrooms, lounge, kitchen and a bathroom

M__________/________

32. How often are the rental reviews? Tick appropriate.
    a. Monthly
    b. Quarterly
    c. Semi-annually
    d. Annually
    e. Other (specify)__________________
33. At what rate are the rental escalations? _______%
34. Do you think the rentals to these structures are sustainable in terms of maintenance, continuity and financial returns?
    a. Yes
    b. No
35. Give reasons for your answer in 37 above.

    ____
36. Do you think the value of these properties is preserved? (Give reasons for your answer)

____

37. Who takes responsibility to pay costs such as insurances, rates and taxes etc? Tick appropriate.
    a. Tenant
    b. Landlord (the institution)
    c. Not paid
38. Are the tenants allowed improvements to the structures?

a. Yes
b. No

39. Does the office ensure that such issues (in 41 above) are communicated to the tenant before he/she moves in?
    a. Yes
    b. No
40. What is the vacancy rate applicable the rental housing structures? _______%
41. Roughly, how many house-applications are received annually? Circle the appropriate.
    a. 0-50
    b. 51-100
    c. 101-150
    d. 151- 200
    e. 200 and above
42. Are there any disputes between the you and the tenant that have to be settled in a court of law, and if yes, give five (5) most predominant?

    ____

On what grounds are tenants usually dispossessed of and or evicted from the property?

____

43. Do you have any other comments and suggestions regarding the institution's property management framework?

    ____

44. What is your view of institutions that own property but ***without*** a proper property management structure?

    ____

45. Do you have any comments and suggestions regarding the housing property management framework?

    ____

**I thank you for your valuable time and will ensure that you get the copy of the finished research report

I would want to have: -

(a) Maintenance schedule
(b) Tenancy agreement copy
(c) Allocation policy