

Struggle to secure interests

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THE displacement of residential and commercial tenants is rapidly increasing, both in the inner cities and the suburbs. Three major reasons are: conversion of residential dwellings to sectional title schemes; and, for commercial purposes, change of ownership; and exorbitant rent hikes.

In the 1970s and early 1980s landlords, developers, buyers and estate agents saw a lucrative niche in sectional title ownership. The government was under pressure to change legislation to “stimulate” the conversion process in the residential rental sector. Against this pressure for change in a free market society, tenants protested for “protection” from the reality of being displaced.

There was a need to balance the conflicting interests of the different groups but, through various changes, South African tenants are today at risk of their tenancies being terminated for buyers willing to pay any price to acquire ownership rights in the inner cities and suburbs.

Families and single parents in particular are often uprooted to make way for student accommodation, sectional title ownership and market-related increases. Sitting tenants of more than thirty years, usually families, pensioners and single mothers are forced to relocate.

The whittling away of existing under-supply of the housing stock translates into the displaced tenants frantically looking for accommodation of any standard, anywhere

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and at a rental that leads to greater sacrifices to make ends meet.

In a market-based economic system, it can be argued that investors must do what is best for them to get a profitable return; they provide temporary accommodation acting as agents for the government and they are exposed to risks, especially from tenants who arrogantly believe it is their right to live free of any rental commitment and obligations required of tenants.

Granted that it is the national government’s responsibility to ensure a roof over the heads of its citizens, the conversion of residential dwellings into private sector landlords for large profits for themselves will ultimately impact negatively on the entire economy.

The governments of the US, Canada, United Kingdom have passed legislation allowing for conversions and lifted restrictions on rental increases, then imposed protection for tenants. Subsequently they abolished protection and are now at a phase where rent stabilisation and rent control measures and subsidy schemes are in force for tenants in the private sector rental accommodation.

The challenges to balance the interests and welfare of all parties in the private rental sector is beginning to resurface in South Africa and again we will witness threats from investors and protests by tenants as the age-old battle continues for more money and for a better life.