

State must revise housing funding model: FFC

It would cost government up to R800 billion if it were to meet the massive demand for free housing by 2020, the Financial and Fiscal Commission (FFC) said on Monday.

Briefing reporters in Cape Town on alternative finance and policy options for sustainable housing delivery, commission chairman Bongani Khumalo said the current housing funding model was not sustainable.

"If we were to look at the demands or the backlogs that we currently have and we have to eliminate those by 2020, the total amount that would be required by that period is close on R800bn... that would translate to over one hundred and some odd billion rand a year," Khumalo said.

Housing backlogs had increased from 1.8 million in 1996 to 2.1 million in February this year.

The FFC said these figures did not take into account the 2011 census.

While the delivery of housing units increased from 20,000 a year in 1994 to 200,000 in 1999, progress since then had been declining.

In 2012, 113,000 low cost houses were built.

"The decline in the number of housing units delivered occurs against a significant increase in the resources allocated and spent, which is a matter of concern to the commission," Khumalo said.

The FFC identified several problems which caused the decline.

These included the "perceived inability of government to deliver to scale", and the unsustainability of providing fully subsidised housing.

The increasing gap market was also concerning.

The gap market refers to households earning over R3500 a month and thus do not qualify for subsidised housing.

The commission had made several recommendations.

These included using incentive schemes for both the private sector and households.

"Such interventions include investment incentives using tax rebates, upgrading of backyard rentals with incentive and housing vouchers," Khumalo said.

Government also had a key role to play in ensuring that it eradicated "inefficiencies which led to long waiting periods for housing beneficiaries".

The human settlements department needed to monitor housing projects and ensure contractors were adhering to norms and standards, given that a large number of homes had to be demolished and rebuilt because of shoddy workmanship.

"The replacement of those [houses] that had already been built, it's not for free."

FFC commissioner Tanya Ajam said one of the major contributing factors towards the high cost of building was land availability.

"I think we need to acknowledge that the most expensive part of building housing is actually the land, not the top structure and because of that we actually tend to locate these houses on the periphery and that has been very bad for employment," Ajam said.

"It's not only the quality or the physical structure and physical integrity [of housing] and whether it meets standards, but where is it located and is it being located in ways which overcomes the spatial divisions of the past."

- Sapa

http://www.thenewage.co.za/109842-1007-53-State_must_revise_housing_funding_model_FFC