

Legalbrief

Redefine the state's role on housing delivery - FFC

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The Financial and Fiscal Commission (FFC) has advised government to redefine the role of the state in housing delivery, review 'housing entitlements' and refocus housing policy on building 'a single, inclusionary housing market'. In a **media statement** issued yesterday, the FFC identified these three measures as fundamental to addressing government's 'perceived inability to deliver to scale' and the apparent non-sustainability of fully subsidised housing, writes Pam Saxby for *Legalbrief Policy Watch*.

Other recommendations included investing 'a significant proportion of resources' in interventions that 'stimulate household contributions to housing delivery' and attract additional funding from banks and private developers. Reference was made to tax rebates for private sector investors - and to incentivising 'backyard rental' upgrades by introducing housing vouchers.

Expressing concern at the declining number of housing units delivered despite a 'significant increase in the resources allocated and spent', the FFC drew attention to a range of contributing factors identified during a recent evaluation of existing housing policies and financing instruments 'from an economic and fiscal perspective'. These include 'land assembly problems', administrative and land market inefficiencies, and regulatory requirements that, together, have driven up the cost of housing developments and the level of government subsidy funding required. The evaluation also pointed to the negative financial implications of unsynchronised planning activities across departments and municipalities.

According to the media statement, the FFC has concluded that 'different households in different housing circumstances require specific housing interventions'. What is therefore needed is a 'differentiated approach' to housing delivery and housing finance. While it is not clear which particular set of circumstances presents government with a 'significant opportunity' for using 'incentives around housing to influence the way in which households save and behave in relation to credit', perhaps the FFC has in mind the increasing 'gap market'. The term is often used to describe a growing number of people earning too much to qualify for subsidised housing and too little to qualify for mortgage bonds.

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