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### South African living standards 'on the up'

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The proportion of adults with the lowest living standards has decreased by 77% over the last 10 years, according to the latest South Africa Survey, published last month by the South African Institute of Race Relations.

Using Living Standards Measures (LSMs), a marketing tool developed by the South African Advertising Research Foundation, the survey shows that in 2001, one in 10 (11%) adults were in LSM 1, the lowest living standard category. By 2010 this had fallen to only 2%.

Over the same period, the proportion of adults in the top three LSM categories, LSMs 8 to 10, has increased by 25%. In 2001, 16% of adults were in LSMs 8 to 10, while by 2010 this had increased to 20%, or one in five adults.

LSMs use criteria such as whether people are urbanised or whether they own motor vehicles and major appliances to determine standards of living. Income is not used to determine a person's LSM.

The research manager at the Johannesburg-based institute, Lucy Holborn, said that despite high unemployment and shortcomings in service delivery, South African living standards have actually improved significantly over the past decade.

"There are, however, still notable racial discrepancies," Holborn said. "In 2001, Africans made up 99.7% of those in LSM 1, but only 3% of those in LSM 10. In 2010 Africans made up 98% of those in LSM 1, and 19% in LSM 10. Of adults in LSM 10, 65% were white.

"The data shows that the racial differences have narrowed slightly, with more representation of Africans in the top LSM groups than 10 years ago, demonstrating a growing African middle class."

### 83% of households do not qualify for mortgages

At the same, the institute's survey indicates how far South Africa still has to go in overcoming the social legacies of apartheid. It finds, for instance, that some 83% of the nearly 14-million households in the country do not earn enough to qualify for bank housing loans.

Sourcing information from a 2011 report by the Financial and Fiscal Commission, the survey found that, in 2009, some 60% of households earned R3 500 or less a month, thus qualifying for full state housing grants, while 16% of households had to make their own contributions to state-subsidised houses based on their income (R3 500 to R7 000).

Some 7% of households earned between R7 000 and R10 500 - enough to disqualify them from state housing programmes, but not enough to get a bank mortgage.

Some 5% (700 000 households) fell in an income bracket high enough to qualify them for bank finance in the affordable housing sector. The government provides a guarantee fund and acts as surety for applicants in this sector.

Only 12% (1.6-million households) earned enough to qualify unassisted for a bank mortgage.

The survey also shows that the number of informal backyard dwellings in South Africa rose by 83% between 1996 and 2010.

The publication notes that people who are on the waiting list for state housing programmes, and the majority of those that do not qualify for such programmes, often migrate to backyard dwellings that offered cheaper rentals.

"The income figures demonstrate the pressure on the state's housing delivery programmes, with 60% of all households eligible for government-subsidised housing," said Kerwin Lebone of the institute's research department.

*SAINfo reporter*

<http://www.southafrica.info/about/social/living-standards-030212.htm>