

Business Day

EDITORIAL: How to solve SA's housing dilemma

October 30 2013, 05:30

THE African National Congress (ANC) often complains that it does not get enough credit for its achievements as the government over the past 20 years and, for all its faults, there is some truth to this. There is a natural inclination to take for granted that which goes in our favour and to focus attention on that which does not. That is one of the ways in which societies progress.

But it is only fair to give credit where credit is due, as long as this is not used as a smokescreen to avoid responsibility for delivery failures. One area of success that is routinely trotted out is housing delivery. The numbers are certainly impressive.

South Africa had a housing backlog of more than 2.2-million units at the time of the 1996 census, yet when then human settlements minister Tokyo Sexwale presented his department's budget vote in May this year, he was able to boast that the government had provided more than 3-million "free houses and housing opportunities" since assuming power in 1994. And the most recent census revealed that 3.5-million more households lived in "proper" housing in 2011 than in 2001, a figure that includes about 660,000 housing units built by the private sector.

That sounds as though South Africa should be awash with housing, yet even by official estimates the backlog has hardly been dented. The reason is partly that the original figure, while possibly statistically accurate at the time, did not reflect the urban migration that came with the advent of democracy and consolidation of the homelands into South Africa.

The census figure probably also underestimated the number of "backyard dwellers" in major cities, and it could not have been expected to forecast social phenomena such as traditional multigenerational family units splitting up and requiring two or three houses where one sufficed before, or the unprecedented influx of political and economic refugees from elsewhere in Africa, especially Zimbabwe.

Whatever the cause, and notwithstanding the government's commendable performance in this area, the fact remains that there is still huge demand for housing in South Africa and supply is not keeping up. In addition, much of what has already been built is either of poor quality or situated far from where people actually want to be, and the standard free-standing "matchbox" house contradicts the need for higher-density living in modern cities. As unfair as the ANC may find the situation, it is shaping up to be a key issue in next year's elections and it does not favour the incumbent.

The government would therefore be well advised to heed the recommendations of the Financial and Fiscal Commission, an independent statutory body that advises Parliament on the division of revenue, which recently slated the state's low-cost housing-delivery model as unsustainable, a creator of perverse incentives that should be comprehensively overhauled.

Its report identifies and costs four scenarios and takes into account the deterioration of the general economic environment, high household debt levels and banks' reluctance to provide mortgage finance at the lower end of the market amid an unemployment crisis. Most important, it promotes a best-case scenario that integrates closely with the goals of the National Development Plan, which President Jacob Zuma said recently should be the overarching blueprint governing all state policy.

This would seek to build more compact cities, which would be more expensive and require that only the indigent receive free housing. It would also incorporate a voucher system as an incentive for households that could afford it to contribute to their own housing, and to encourage people to upgrade backyard accommodation. While these suggestions are unlikely to attract votes in the short term, they are all sensible ones that would serve to place housing delivery on a more sound footing.

<http://www.bdlive.co.za/opinion/editorials/2013/10/30/editorial-how-to-solve-sas-housing-dilemma>