

DAY 1 FEEDBACK: HOUSING FINANCE OPTIONS ANALYSIS – MAIN THEMES AND ISSUES DISCUSSED

Ramos Mabugu 8 November 2012

For an Equitable Sharing of National Revenue

Day Activities (1) – Sabelo Mtantato

- First housing finance public hearings in Oct 2011 to
 - Better understand dimensions of housing finance and delivery challenges
 - Engage stakeholders and design 'shared'/'informed' problem statement
- Need for options analysis where various alternatives to housing finance frameworks are
 - Scrutinised, costed and modeled and



Day Activities (2) – Eddie Rakabe

- Models and evaluates various housing alternatives and options for South Africa
- Undertaken using financial modeling:
 - Resources required (cost, funding, land, etc) and
 - Impact of different options that can be applied to alternative housing circumstances
- Not intended to formulate specific housing strategy but inform on
 - Implications of various S&D interventions and
 - combining these interventions in different ways



Day Activities (3) – Catherine Cross

Presentation focused on

- urban functionality for in-migrant rural poor and urban peripheries
- How do young people find/get access to jobs? ("Bringing people to jobs")
- Role of spatial structure / spatial mismatch (segregation, transport, housing etc.)
- Role of finding employment in household formation (especially in informal sector and informal settlements where poor youth are)

What can governments do to help poor youth?

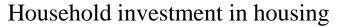
- Necessity to get interventions right on city to city basis
- Role of "informality" in allocating jobs / facilitating job search. Is that always a bad thing, or are they simply providing a service that the government is not offering?



Need for sub-city data, and surveys that can capture "fuzzy" information

Day Activities (4) – Ulrike Rwida

- SA housing profiling shows significant gains (GHS 2010)
- Need to better understand
 - Housing Demand = f(Demographic profile, Location, Tenure, Price)
 - Housing Supply = f(Land, Finance, Infrastructure, Regulation, Construction)
 - True value of government investment in housing via public finance lens
 - Addressing market failure and public goods provision
 - Contribution to Fixed Investment, Consumption and Welfare (Well being)
- Effective Policy Response?
 - Subsidy policy to respond to demand
 - Secure tenure and land regulation
 - Public investment in public infrastructure





- Modelling
- Finance
- Planning
- Land
- Cross Cutting: Informality and employment



Modelling

- Unpack interventions/scenarios and check realism: Are they contestations rather than complements?
- Extend model to capture broader benefits beyond just the household e.g., extend to developers
- Include "renting to buy" as an option
- Strengthen rural dwelling component and proposed interventions
 - Data: Census 2011 as next project



Finance

- 2 way relationship with finance and planning/regulation--impact of land policy and regulation on housing finance
- Macroeconomic environment on housing finance—
 Less spending for housing?
- How to get people/private sector to finance housing appropriate incentives
 - Landholding costs, Procurement
 - Maintenance and bulk infrastructure
 - Certainty around uptake



Planning

- Understanding processes that lead to household formation and development
- Improve upgrading models taking into account:
 - household contribution to projects and cost recovery;
 - long term funding of projects;
 - relationship with economywide systems;
 - institutional arrangements for programming, planning and implementing projects



Land

- Understanding the performance of citywide land markets
- Improving current knowledge on facilitating access of the poor to land, taking into account the role of:
 - Landholding costs including taxation
 - Land regulation
 - Governmental budget programs



• Cross cutting issues

- Mind your language avoid intimidating terms
- Government's role in employment generation programs, versus helping to increase access to housing
- Seeing the informal sector as a resource that should be encouraged to thrive and create jobs, rather than as just a nuisance
- Role of infrastructure (incl. transport) in job search



THE TAKE AWAYS FROM DAY 1 (6)

- There have been some gains, but
- It's bad and may worsen
- We (think) we know what works (at least some of it)
 - Supply side options that mobilise household and private firm responsibility seem effective
 - Demand site interventions show promise (housing voucher)
 - Investment Incentives (using tax rebates) are generally quite effective
 - Combinations of supply and demand side interventions are more efficient
- Get ready to engage





THANK YOU.

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