



FINANCIAL
AND FISCAL
COMMISSION

SECOND HOUSING FINANCE PUBLIC HEARINGS
“SUSTAINABLE FINANCING OF HOUSING:
EXPLORING THE OPTIONS”
GROUP 3

7-8 November 2012

For an Equitable Sharing of National Revenue

CITIZENS DEMAND AND THE STATE OBLIGATIONS ON HOUSING

- What does adequate housing really mean and interpreted by different interest group?

A. Backyard Dwellings

Should also be seen as a source of income

- Depends on interest group and affordability, e.g. room and access to ablution facilities
- Meet minimum standards: Size of stand, and should be formal structure that can stand the test of time.
- Access to basic infrastructure such as sanitation, water, electricity

CITIZENS DEMAND AND THE STATE OBLIGATIONS ON HOUSING

- Plan of structure should be approved by municipality (Regulation/Standards/ Enforcement). Need also to standardise and streamline the sometimes cumbersome regulations
- Municipality need to review existing (through a consultative process) bye-laws e.g. on household numbers, etc
- * But need survey to find out from those in backyard dwellings on what is adequate. Need to follow-up the Gauteng Backyard Policy/Subsidy to owner and outcomes/impact of this initiative.

CITIZENS DEMAND AND THE STATE OBLIGATIONS ON HOUSING

Traditional Dwellings

Formal structures, in a rural setting

- Depends on interest group and affordability, and area specific (peri-urban, rural)
- Need to create minimum standards: On Material used, Size of stand/space should allow traditional activities- (gardening) e.g. 1000m², Settlement Planning should be done so that the provision of basic infrastructure is cost effective and all this should in consultation with Traditional Leaders. **(Recognise capacity constraints)**

CITIZENS DEMAND AND THE STATE OBLIGATIONS ON HOUSING

Traditional Dwellings

Formal structures, in a rural setting

- Choice/flexibility should be on the structure and such structures should stand the test of time.
- Consultative processes between traditional leaders and municipalities with regard to structures
- Access to basic infrastructure such as sanitation, water, electricity

CITIZENS DEMAND AND THE STATE OBLIGATIONS ON HOUSING

- What does progressive realisation mean and interpreted by different interest groups?
- In this context PR is when basic services are provided and as the fiscus improves, or when additional resources are available improvements are done or after the provision of basic services, household then progressively improve on what has been provided.

CITIZENS DEMAND AND THE STATE OBLIGATIONS ON HOUSING

- What role should be played by the state and households themselves towards fulfilling of housing needs?
- State should provide basic infrastructure, planning services and assist poor households and improve access (catalyse) to housing
- Households: Take responsibility for achieving housing needs. Need for change in mindset on housing entitlement that state will provide.

HOUSING CIRCUMSTANCE: BACKYARD DWELLING OWNED OR RENTED

- What are current supply side, demand side and investment interventions for these housing circumstances?

- **Backyard Dwellings**

- None on supply
- None on demand side

(Upgrading backyard dwellings by incentivising (grant) owners to upgrade. Follow-up up the Gauteng pilot).

HOUSING CIRCUMSTANCE: BACKYARD DWELLING OWNED OR RENTED

Traditional Dwellings

Voucher Scheme. Vouchers are for materials

Secure and unsecured lending by Financial Institutions

Rural Housing subsidy

HOUSING CIRCUMSTANCE: BACKYARD DWELLING OWNED OR RENTED

- And what improvements are needed on these current interventions?

For unsecured lending we need government guarantees to reduce the interest (rate is too high on unsecure lending) and increase amount of lending available. Applies to both backyard and traditional dwellings.

HOUSING CIRCUMSTANCE: BACKYARD DWELLING OWNED OR RENTED

What new approaches in terms of demand-side, supply side and investment interventions needed to ensure that we get the scale and quality to respond to the housing?

Need soft loans (by financial institutions) to be provided on backyard dwellings

- What are the technical and political risks that would need to be managed and the opportunities to be capitalised on?
 - **It is risk to subsidise backyard dwellings as these are businesses**

HOUSING CIRCUMSTANCE: BACKYARD DWELLING OWNED OR RENTED

- Who should fund these proposed new interventions?

Government, Private Sector and Households

- Who bears the highest costs?

Backyard: Should be Landlord, and lesser on Government (grants)

Traditional: Households themselves

- Which income group is likely to benefit from these proposed interventions?

Less R10000pm



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THANK YOU.

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