

Land Assembly: Implications for Housing Finance in South Africa

Finance and Fiscal Commission

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BACKGROUND

- ❑ Lens of sustainable and “comprehensive” human settlements

- ❑ One key objective in achieving sustainable human settlements is the enhancement of the [location](#) of new housing projects.

- ❑ Policy and developmental aspirations for
 - ❑ affordability,
 - ❑ choice and
 - ❑ access

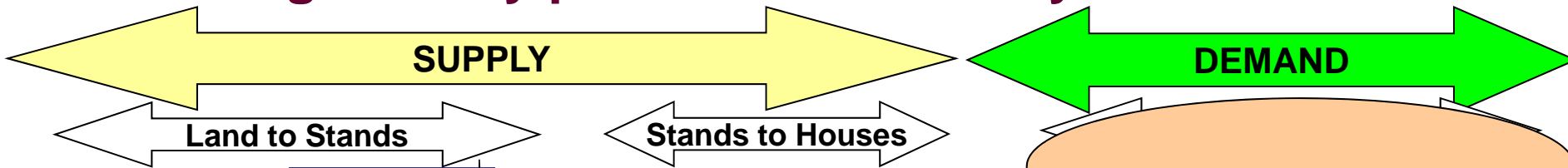
- ❑ Improve supply-side efficiencies

BACKGROUND cont.

- The following interventions are essential:
 - The accessing of well-located public land and the acquisition of well-located private land for integrated housing development;
 - Funding for land acquisition and development;
 - The development of fiscal instruments and incentives to support the acquisition and development of well-located land.
 - Land assembly must be undertaken in a manner that facilitates coordinated, integrated and quality human settlements development

Appreciating the nature of the problem

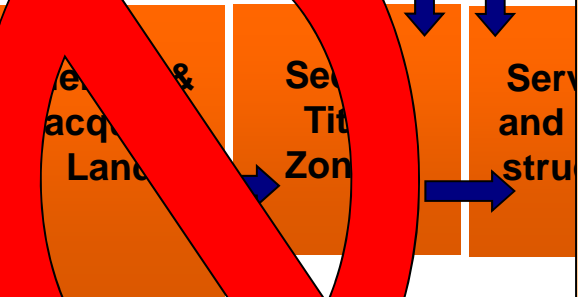
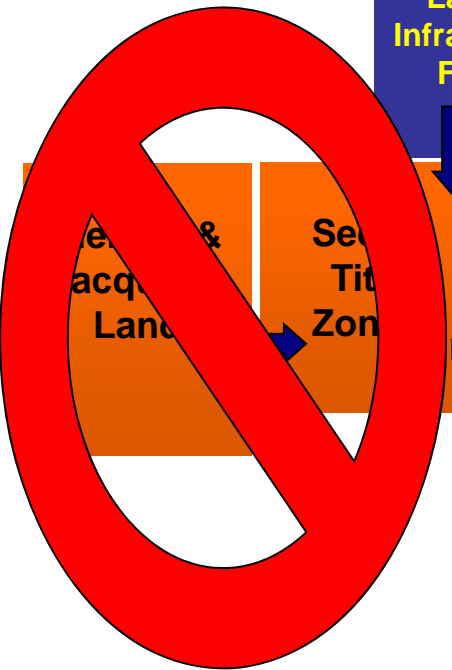
Addressing delivery process and delivery bottlenecks?



Land and Infrastructure Finance

Consequences:

- Limited possibility of Performance
- Constrained delivery: new + 2nd stock)
- Slow delivery
- Product price + opportunity cost
- Sustainability erosion
- Access rights “deferred”



Land Developers

Property Developers

Estate Agents/Originators/
Beneficiary Admin

Some practical realities

The established HDA must *inter alia* address:

- identify, acquire, hold, prepare and release land for human settlements purposes
- Provide project management services in support of housing and human settlements projects

Some practical realities

KEY ISSUES:

1. Scale of Land Assembly v/s size of housing need
2. **Speed** of Land assembly v/s **pace** of urbanisation
3. **Efficiency** of land supply v/s downstream ambitions
4. Timing of land release v/s presentation of opportunity
5. Housing finance: function of efficiencies (or lack thereof) in the housing development value-chain
6. Goal must be to secure efficiencies in the housing development value-chain i.e. inputs and timing
7. Cost modelling to account for life-cycle

Conclusion

- HDA as a special purpose vehicle?
- Perspectives to be shaped by:
 - Original problem (weaknesses in land assembly)
 - Strategic intent in establishing HDA
 - Policy ambitions/ expectations
 - Impact on the problem
- A comprehensive programme for land assembly offers opportunity to address product price and subsequent cost of finance
- Land: a pivotal input in housing affordability

- DEMO 1: Spatial Analysis – land values price distribution
- DEMO 2: State Land spatial distribution