

Housing backlog will cost R800bn

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By Babalo Ndenze

Durban - South Africa needs at least R800 billion - and a "miracle" - to clear its housing backlog of 2.1 million houses within the next seven years.

This is according to the Finance and Fiscal Commission (FFC) which released its report on "alternative finance and policy options for effective and sustainable delivery of housing in SA" on Monday.

It also believes the present approach to housing provision won't be sustainable.

The FFC's main responsibility is to make recommendations on the "equitable" division of revenue between the three spheres of government and provide advice to organs of state on financial matters.

The head of the commission, Bongani Khumalo, said the housing sector faced many challenges. This included increasing housing backlogs and a decreasing number of low-cost houses being provided by the government.

Some of the reported 3 000 service protests in the country since 2009 have been blamed on unfulfilled promises of RDP houses. Khumalo said the backlogs had increased from 1.5 million housing units in 1996 to 1.8 million units in 2001 and then 2.1 million in February this year.

"If we were to look at the demands or backlogs that we currently have, and we have to eliminate those by 2020, the total amount required for that period is about R800bn to actually eliminate in the next seven or eight years," said Khumalo.

He said this would translate to more than R120bn a year.

The government allocates about R30bn to provide housing. "So the sustainability is really an issue, unless a miracle happens... And also it's important that when look at sustainability, we also look at the track record," said Khumalo.

He said the housing sector was also affected by the "unique phenomenon" of an increasing gap market.

The gap market is made up of households earning too much to qualify for subsidised housing, just above R3 500 a month, and too low to qualify for mortgage bonds, earning about R15 000.

Khumalo said overall, the commission concluded that different households in different housing circumstances required specific interventions and a different approach. He said one solution would be to encourage additional funding from the private sector as well as household contributions towards housing provision.

However, he stressed that "the choice remains the government's".

The FFC's warning comes a month after researchers reportedly said that the housing waiting list, used by the government to allocate RDP houses on a first-come-first-served basis, was a "myth".

A report by the Socio-Economic Rights Institute and the Community Law Centre at the University of the Western Cape apparently found that there were multiple mechanisms and systems to allocate housing, some of which were out of sync with one another.

The report scrutinised the provision of housing in Gauteng and the Western Cape.

It said that beneficiaries were often forced to rely on luck to get houses. "Other... idiosyncratic and often community-based methods are adapted to local situations."

<http://www.iol.co.za/news/politics/housing-backlog-will-cost-r800bn-1.1595609#.UmaBO40aL5o>