

HOUSING

Policy Direction

Article 26 of the Bill of Rights in the Constitution states that “everyone has the right to have access to adequate housing”. The National Housing Vision, as set out in the Housing White Paper of 1994 and the Housing Act of 1997, is for: “the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to:

- permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements;
- and potable water, adequate sanitary facilities and domestic energy supply.”

The main component of national government housing expenditure consists of capital allocations to the South African Housing Fund, out of which allocations to provincial governments for funding housing subsidy programmes are made.

The main subsidy programmes are the Housing Subsidy Scheme, the Public Sector Hostel Redevelopment Programme and the Discount Benefit Scheme (for the sale of public rental housing). In terms of the Housing Subsidy Scheme, subsidies are provided for households with incomes of up to R3500 per month to assist in acquiring housing. The various types of housing subsidy are:

- Project linked subsidy (project funding for the acquisition of land, and provision of infrastructure and housing)
- Individual subsidy (to purchase a house, or to purchase a plot and build a house; can be linked to housing credit)
- Consolidation subsidy (for households who own serviced sites)
- Institutional subsidy (for rental or co-operative housing owned by housing institutions)
- Rural subsidy (for households with uncontested informal land rights in areas where there is no individual ownership)

People’s Housing Process establishment grants (for funding the operating costs of community-managed housing projects) are also part of the Housing Subsidy Scheme.

Housing subsidy amounts

<i>Monthly joint income (Rands)</i>	<i>Project-linked, individual and rural subsidy (Rands)</i>	<i>Consolidation subsidy (Rands)</i>	<i>Institutional subsidy (Rands)</i>
0-1500	16000-18400	8500-9775	16000-18400
1501-2500	10000-11500	-	16000-18400
2501-3500	5500-6325	-	16000-18400

Note: the lower amount is the basic subsidy amount and the higher amount includes the 15% increase for specific site conditions or location

The Housing Amendment Act of 2001 fundamentally changed the way in which the housing subsidy programmes are implemented. The Provincial Housing Development Boards, which used to be responsible for allocating funds on an application basis, have been abolished, and their powers have been allocated to the MECs for Housing. A competitive procurement policy for housing is being adopted, and it is intended that local authorities should now play a key role in acquiring land for housing and in identifying and initiating housing projects.

Housing Delivery

Houses completed or under construction per financial year (April-March)

Province	1994-1997	1997/1998	1998/1999	1999/2000	2000/2001	Total
Eastern Cape	6 511	42 223	29 659	10 459	9 922	98 774
Free State	16 042	21 001	20 391	8 177	26 088	91 699

Gauteng	65 660	83 416	28 726	144 575	25 911	348 288
Kwazulu-Natal	17 553	78 468	53 105	28 997	28 547	206 670
Mpumalanga	19 884	10 873	16 838	4 808	16 457	68 860
Northern Cape	8 532	6 103	6 621	1 558	7 623	30 437
Northern Province	11 108	15 743	22 899	12 401	20 996	83 147
North West	21 287	20 977	18 367	12 944	17 609	91 184
Western Cape	25 321	43 834	34 575	26 916	17 730	148 376
Total	191 898	322 638	231 181	250 835	170 883	1 167 435

Source: Department of Housing: 2001

Housing backlogs

Province	Backlog 1995	Backlog 2001
Eastern Cape	149 397	361 271
Free State	77 221	123 200
Gauteng	561 873	518 897
Kwazulu-Natal	300 423	402 803
Mpumalanga	24 286	211 620
Northern Cape	23 533	48 576
Northern Province	54 326	426 605
North West	85 912	411 221
Western Cape	171 505	280 000
RSA	1 448 476	2 784 193

Source: Department of Housing: 1995, 2001

The housing backlog is impossible to determine, due both to a lack of reliable and up-to-date statistics and of a commonly accepted definition of inadequate housing conditions. Official figures for the housing backlog reflect this confusion – the official housing backlog has increased from 1.4 million housing units in 1995 to 2.8 million in 2001. This is mainly because the 1995 figure was an estimate for urban areas only, whereas the 2001 figure includes inadequately housed households in rural areas. In reality, it seems as if housing delivery has more or less kept pace with the growth of the backlog in urban areas, but has not been sufficient to decrease this backlog (it was estimated in the 1994 White Paper that the urban housing backlog was growing by 178 000 units per year due to new household formation and urbanisation; housing delivery in the 1994-2001 period averaged only 167 000 housing units per year).

The Budget

The Housing White Paper gave the National Housing Goal as increasing the housing budget to 5% of the total budget, in order to be able to achieve a delivery rate of 350 000 houses a year (which was estimated to be necessary to reduce the housing backlog). In reality, housing expenditure has declined to about 1.5% of total government expenditure, and the housing delivery rate has decreased to less than 200 000 housing units per year.

There are still problems of underspending of housing funds by some provinces. This is partially a result of the new formula for allocating subsidy funding to provinces, which is biased towards the more rural provinces. As a result, provinces such as Gauteng and the Western Cape, where there are large urban backlogs and spare delivery capacity, have had rapidly declining funding allocations, while increased funding has been diverted to rural provinces where there is less delivery capacity.

Year	Total housing expenditure (R millions)	Total housing expenditure as percentage of total national expenditure
1997/98	4 520	2.4
1998/99	3 748	1.9
1999/00	3 494	1.6
2000/01	3 329	1.4
2001/02	3 711	1.4

2002/03 (budgeted)	4 245	1.5
2003/04 (MTEF)	4 664	1.5
2004/05 (MTEF)	4 899	1.5

Source: National Treasury, 2001, 2002

Key questions for debate:

- What can be done to increase housing delivery for the poor?
- Housing subsidies do not provide sufficient finance for a completed house. In what ways can housing subsidies be supplemented by savings, credit and other sources of finance?
- How can the ongoing costs of housing, such as rates and service charges, be made more affordable for the poor?