

Innovative solutions needed for SA's housing crisis

The concept of RDP housing has been a revolutionary programme replicated nowhere in the world. Despite often justified criticism, it is hard to deny that it has been a large force for empowering and enfranchising the most disenfranchised in South Africa. However, after some three million homes have been given away, it appears this policy has served its purpose and something more sustainable is likely to take its place.

Several developments these past weeks have confirmed that SA is moving away from a singular focus on the provision of free housing to other forms of subsidy that aid poorer households and allow them to join the formal housing ladder.

Soula Proxenos, managing partner at International Housing Solutions (IHS) says recent developments indicated the biggest single policy change on housing to date, and that initiatives announced by government were going to provide significant support to working South Africans who could not previously afford to buy a home.

Current housing model is not sustainable

Speaking at the IHS Investor Conference in Stellenbosch after the budget announcement, Planning Minister Trevor Manuel said: "Government has provided three million subsidised homes since 1994. But the current model is not sustainable." He analysed the challenges of the current model and said that densification needed to be explored, and noted the president's announcement with regards to gap housing subsidies. Manuel said that it may be required to redesign the system in its entirety. "A different approach is required. We need new models with the three spheres of government working closer together and a strengthening of public-private partnerships."

Gap housing, or affordable housing, services the section of the market which does not qualify for free RDP homes but which also does not earn enough to qualify for a bond at the mid-to-higher end of the market. Unfortunately, for historical reasons, there is a huge discrepancy between the supply of affordable housing and demand. IHS has been at the forefront of funding affordable housing development in the country, and is nearing the close of its first fund, the South African Workforce Housing Fund.

Densification must be assessed

Represented at the investor conference were institutional investors in charge of more than R1.5 trillion globally. Manuel as well as Cape Town Mayor Patricia de Lille impressed upon them the current and growth expectations of the affordable housing sector, as well as the necessity of stock provision in the affordable housing market in coming years. Both of them confirmed the need for innovative solutions and public-private partnerships to address the housing crisis in SA, as well as a serious assessment of densification.

"While once there was a heavy focus on the provision of free homes, there now is an increasing focus on the need for gap housing," said De Lille. "I do think that our focus as a country has been providing housing to one aspect of the market. As much as those who cannot afford houses need them, and there is a long waiting list, there are also those who are just above this level. The need for gap housing is possibly one of the more urgent development pressures we face in South Africa," she said.

"We have land which we are willing to sell to developers to create these integrated communities. That is a benefit for the City's housing backlog, a benefit for the developers, a benefit for the housing market, and a benefit, most importantly, for ordinary people themselves."

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