



Centre for Affordable
Housing Finance
in Africa



A division of FinMark Trust

HOUSING SUBSIDY ASSETS

Exploring the Performance of Government Subsidised
Housing in South Africa

Urban LandMark Conference

Investing in Land and Strengthening Property Rights

12-13 April 2012 | Hyatt Regency Hotel, Johannesburg

A research initiative commissioned by the FinMark Trust, with support from Urban LandMark, the National Department of Human Settlements, Western Cape Department of Human Settlements, the South African Cities Network, and the FB Heron Foundation

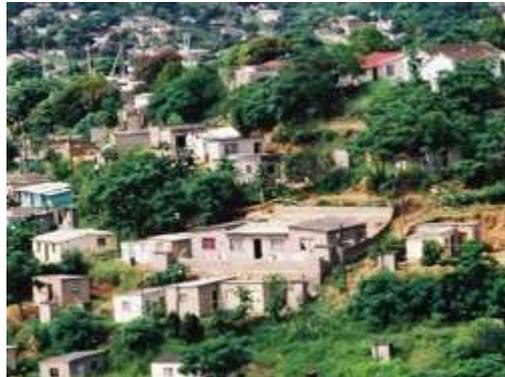


human settlements
Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

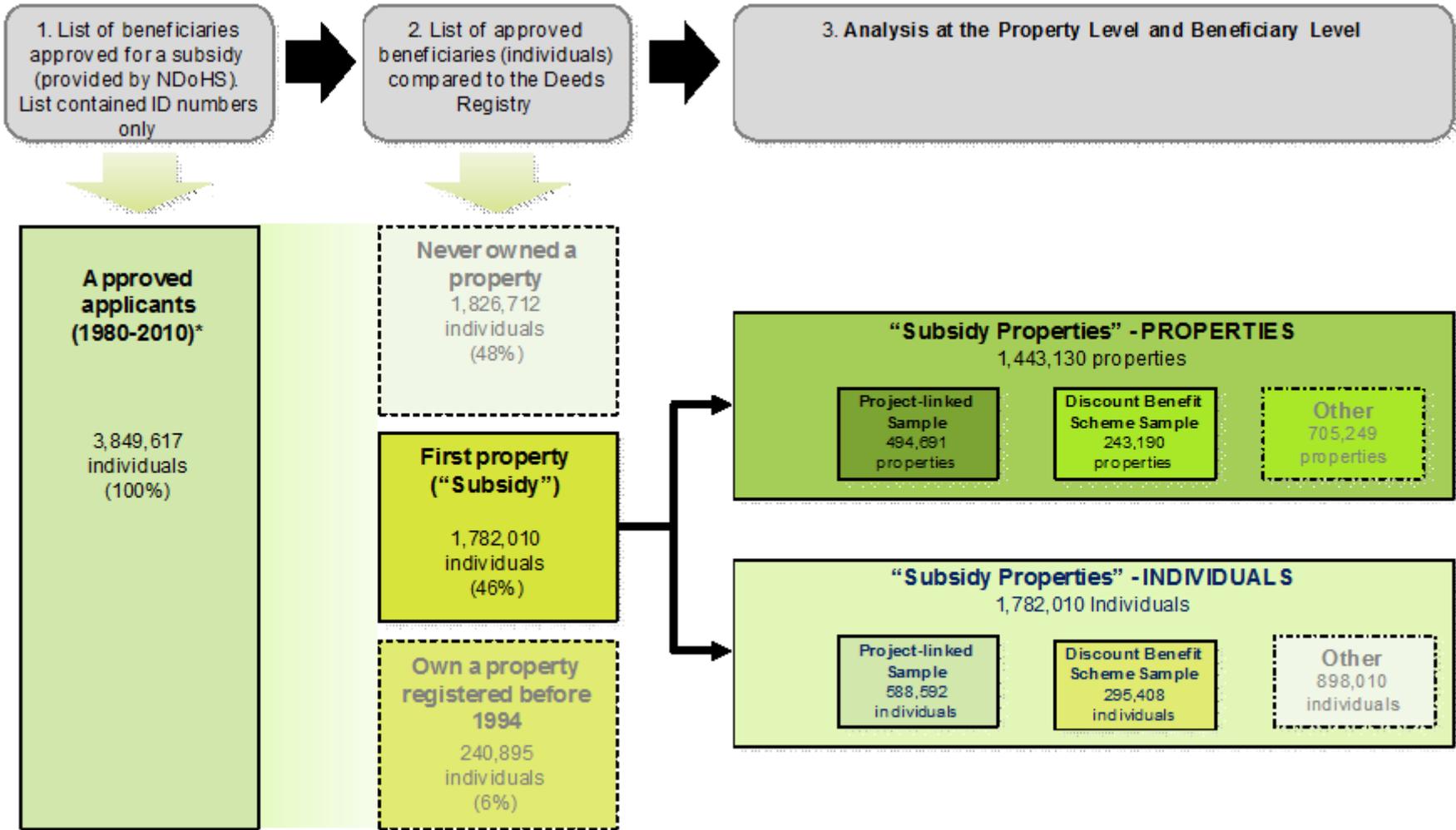


Urban LandMark
making urban land markets work for the poor

In 1994, the South African Government embarked on a highly ambitious housing initiative, promising to build one million houses for a target market that comprised about 84% of its population, within a five year period.



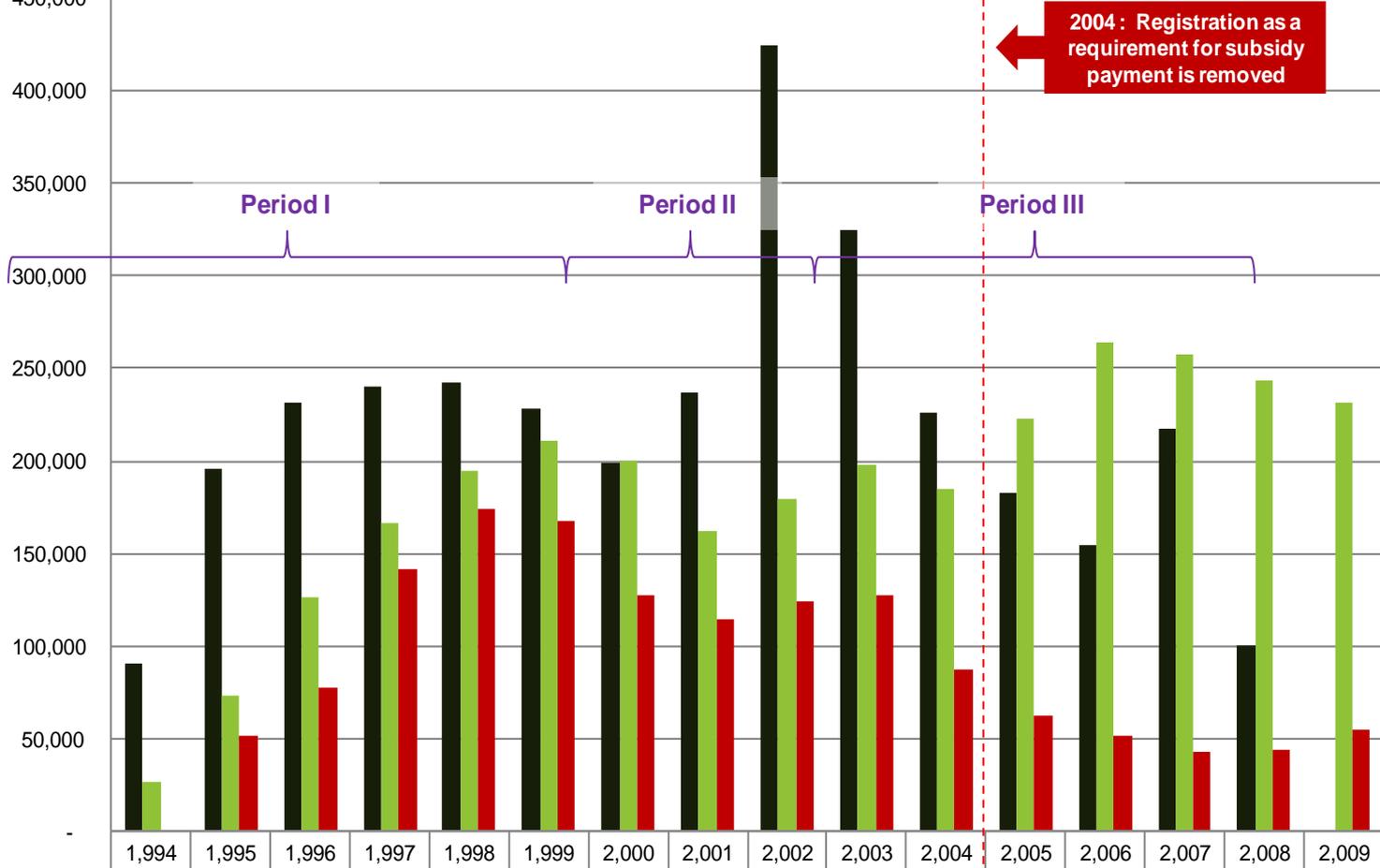
Identifying subsidy housing on the deeds registry



* Includes 3,212,991 applicants and 736,626 spouses. Duplicate and invalid ID numbers removed. Covers all beneficiaries of the national housing programme since inception of the database

1. Over one million subsidy beneficiaries have not been provided with the Title Deed to their property...

Annual Housing Delivery & Subsidies Approved, 1994-2009



2004 : Registration as a requirement for subsidy payment is removed

	1,994	1,995	1,996	1,997	1,998	1,999	2,000	2,001	2,002	2,003	2,004	2,005	2,006	2,007	2,008	2,009
■ Number of subsidies approved	90,107	195,232	232,025	240,079	242,808	228,467	198,838	236,470	424,843	324,882	225,865	182,664	155,012	217,848	100,826	-
■ No of houses reported completed/under construction	26,502	73,321	126,147	166,218	194,705	210,821	200,058	162,226	179,465	197,604	184,613	223,145	263,865	257,798	243,260	231,543
■ Total number of subsidy properties registered		51,106	77,413	141,858	174,256	167,056	127,167	114,395	123,917	127,472	87,195	62,644	51,950	42,302	43,891	54,265

Sources : Reported housing delivery data: 1994-95 to 1999-00, 2000-01 to 2004-05: www.treasury.gov.za/publications/igfr/2005/prov/06.%20Chapter%205%20-%20Housing.pdf Data for 2005-06 and 2006-07: www.treasury.gov.za/publications/igfr/2007/prov/05.%20Housing.pdf Data for 2007-08 and 2008-09: www.housing.gov.za/Content/Stats/Housing%20Delivery%20Stats.htm Data for 2009-10: www.dhs.gov.za/Content/Stats/2009%2010%20Financial%20year.htm ; Subsidy data: www.treasury.gov.za/publications/igfr/2007/prov/05.%20Housing.pdf and <http://www.treasury.gov.za/publications/igfr/2009/prov/06.%20Chapter%206%20-%20Human%20Settlements.pdf> (Note: Reported financial year delivery data has been annualised assuming that 60% of the delivery occurs in the first calendar year and 40% in the 3 months of the second calendar year, e.g. 1994/95: 60% delivery accrues to 1994 and 40% of the delivery to 1995)



2. These registered subsidy houses comprise just under⁶ a quarter of all registered residential properties in South Africa.

3,8 million applicants approved for subsidies, 1980-September 2010



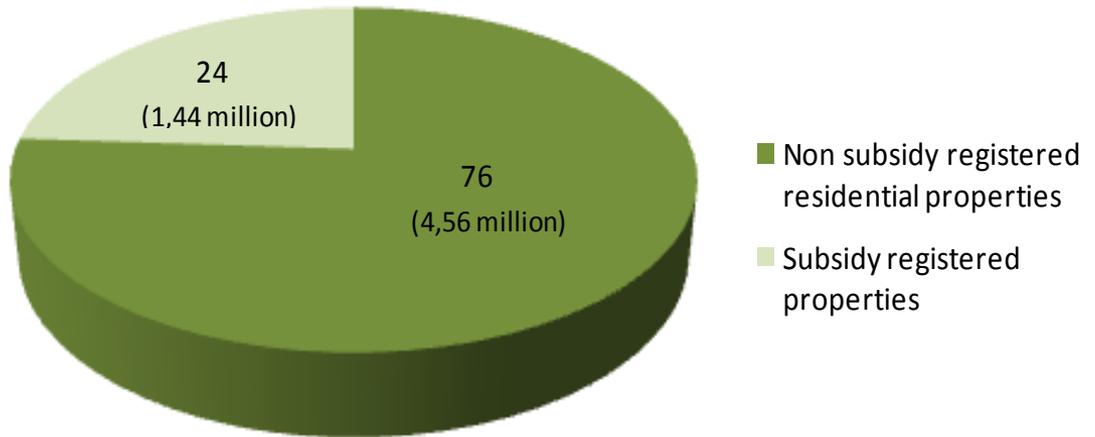
1,7 million registered as property owners on the Deeds Registry



1,44 million houses owned by approved applicants

If all the properties reported delivered (± 3 million) had all been registered, this would comprise 38% of the entire deeds registry.

% of registered subsidy properties of all registered residential properties in the Deeds Registry



3. Subsidy houses are effective as a social and economic asset⁷



Three
backyard
rooms
with water-
borne
sewerage

Container in
the front yard
for spaza
shop

Original
RDP
house –
built
around
1995

Building materials for
the next project

4. Subsidy houses are valued by their owners and something they want to invest in





5. The financial asset value of the subsidy house is less prominent. Project linked houses are seeing the lowest selling prices (on the formal market).

Selling Price		Period 1 (1994-2000)	Period 2 (2001-2003)	Period 3 (2004-2009)	Total 1994- 2009
Total Database (90 858 sales between 1994 and 2009)	Average price Subsidy (Nominal) – R	54,032	75,105	160,849	100,973
	Average price Subsidy (Real Base 2008) – R	102,354	104,417	180,663	134,090
Project Linked Sample	Average price Subsidy (Nominal) – R	11,892	21,184	49,091	28,630
	Average price Subsidy (Real Base 2008) – R	21,461	29,525	54,439	36,265
Discount Benefit Scheme Sample	Average price Subsidy (Nominal) – R	60,978	95,999	191,947	120,370
	Average price Subsidy (Real Base 2008) – R	114,214	133,767	214,120	158,087

Why? The subsidy house is undervalued? Buyers can't afford more without finance? The subsidy amount defines the purchase price?

Overall recommendations

- Subsidy housing stock should not only improve the living circumstances of beneficiaries but also their wealth – **all points in the housing asset triangles, public and individual, must perform.**
- The resale of subsidised housing is a **potential and important supply for the gap market – filling in the gaps in the housing ladder**
- Interventions should be put in place to support asset performance and enable the sub-market to operate more effectively:**

Housing as an individual asset | Housing as a public asset

Social asset | a place in the settlement, an address, effective citizenship

Economic growth | backwards and forward linkages, impact of housing on the economy

Sustainable human settlements | integrated with functioning local economies



Housing Asset

Financial asset | can be traded for money and can be used as security against a loan

Economic asset | part of a households economic strategy for income purposes

Job creation | new employment opportunities through housing construction or home based enterprises

1. Clear and consistent policy & political messaging on the housing asset
2. Address housing asset quality by eradicating the title registration backlog
3. Facilitate property market functioning and remove restrictions to trade
4. Support use of house as an economic asset
5. Develop detailed monitoring and analysis



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This study was undertaken by Shisaka Development Management Services.

All the reports are available for download on <http://www.housingfinanceafrica.org/projects/rdp-assets-study/>

For more information, visit

www.housingfinanceafrica.org | www.urbanlandmark.org.za

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Making financial markets work for the poor



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