Moving up the ladder or stuck on the bottom rung? Homeownership as a solution to poverty in South Africa

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Aims of study

We are moving towards the concept of a house as an asset. You have to give people title deeds to give them complete ownership of the house. Then they can re-bond a house and have access to more money ... or they can improve the house and sell it a few years down the line and make a profit (Lindiwe Sisulu, quoted in Delivery, 2005)

Research Questions:

• Is the asset (RDP property) financially realisable?
  – Is there a market for state-subsidised houses?
  – Can/do vendors purchase alternative property?

• Can/is the asset used to secure collateral?

• Poor homeowners’ understanding of property
RDP case study: Westlake village, Cape Town

Typical houses & streets (2004-6)
RDP property: financially realisable?

- Functioning RDP property market exists:
  - 23% transaction rates (over 6 years)
  - Rising house prices

- Low transaction values: unable to buy elsewhere
  - R60 000 mean house value
  - Difficult to secure bond
  - Movement of sellers

My friend’s father sold his house for R45 000 ... Now he stays in a bungalow in Philippi [A.I. 03/09/06]
Property: collateral security?

• RDP property can be used as collateral security (3% hholds)

• Why so uncommon?
  – Home-owners risk aversion

• Instead, property as income generation
  – Sub-letting
  – Backyard tenancy

My husband would like a loan, but I don’t want because if you can’t pay then the bank comes and takes your house, then you must live on the street [AvdM 11/09/06]
Poor homeowners’ understandings

- A non-financial asset?
  - Socio-cultural: end of struggle
  - Physical, financial, social, cultural and symbolic

- A burden
  - Increased costs

Is homeownership an appropriate anti-poverty strategy?

I struggled long to actually have a house. I’ve had to move all around and now I’m settled down, so I won’t sell [K.S. 21/09/06]

I can’t afford to turn the fridge on because I only have a few pennies in the electricity [M.F. 21/09/06]
Conclusions: RDP property as a mixed financial asset

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<td>Low transaction rates prevent upwards movement</td>
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