

## **Housing delivery**

South Africa's housing backlog has no prospect of alleviation within decades at the current rate of delivery or within the existing policy framework. Delivery is far below Reconstruction and Development Programme (RDP) targets.

This *Briefing Paper* suggests additional and adjusted housing policy instruments to accelerate substantially the provision of housing.

The proposals are not utopian and are made in the full recognition that they would initially lead to housing of standards that would need to be upgraded when resources permit. What is proposed would have the effect of bringing about immediate and substantial improvements over the *status quo*. It would then be easier, cheaper and more expeditious to bring about subsequent improvements as private and government resources become available.

## **Government land**

According to the 1996 *Green Paper on Land* government, in all its forms, owns a huge portion of South Africa's land. Land held by central government, parastatals and other quasi-government organisations amounts to about one third of all land. Much or most of this land is defined by the *Green Paper* as "superfluous".

Superfluous government land is held by various organs of state, notably the Departments of Land Affairs, Public Works and Transport, the Defence Force, provincial governments and municipalities.

## **Site without service – the incremental approach**

Superfluous state land should be used to provide every homeless household with a free plot of land. Under this "**one-family-one-plot**" policy there is no need to wait for social and physical infrastructure for housing to be financed or built, for costly and time-consuming surveying and deeds registry formalities, or for conflict-provoking land redistribution and land title dispute resolution.

Under this proposal land would be transferred into full and immediate ownership under secure and unambiguous title that can be freely sold, mortgaged or let.

The prevailing policy is for land and housing to be made available only after existing private land has been acquired and infrastructure and/or basic housing provided. This means that the majority of landless people are condemned to remaining so indefinitely. What is proposed is a site-before-service approach on the basis that people are better off with undeveloped, securely held land which they can develop, than with no land or housing at all. Site before service is and has always been the basis of traditional land allocation in South Africa (without, of course, the benefits of secure tradeable title).

## **Avoiding the subsidy bottleneck**

A short-term effect of this policy would be an end to land invasions and sprawling uncontrolled squatter settlements. The provision of large numbers of plots under the proposed policy entails virtually no budgetary implications. It can be easily combined with existing housing subsidies. There is no need to wait for the processing of housing subsidies.

Assuming a minimum of 32 million hectares of state land, as the *Green Paper* does (the real figure is closer to 40 million hectares), and 8 million households with an average family size of five, one third of whom are homeless or landless, there are approximately 3 million families needing land/housing

urgently. (This is probably an exaggerated estimate, since many of these occupy land as tenants or tribal residents, or live in accommodation supplied by employers.)

Even on this maximal assumption, the state could supply land easily to all landless South Africans by utilising less than one hundredth of the land at its disposal. If one third of these landless households are rural and receive one hectare each, and the remaining two million households are given urban plots of 200 square meters each, the state will be left with about 31 million of its 32 million plus hectares.

In other words, the government can provide all homeless households with unencumbered title to land and still be left with more than 96% of the “superfluous” land it already owns.

If rural families are given as much as 5 hectares each, and urban households are given 4 000 square metres each, this would still leave the state with well over 25 million hectares – nearly a quarter of all South African land.

Pending the development of the financial and administrative capacity to deliver services and social infrastructure to these households, and pending provision of the statutory R15 000 housing subsidy, all South Africans would, at least, have a place of their own, and be able to live in a house, even if the initial structures are very rudimentary. This is unquestionably better than nothing and better than the alternatives that have been proposed. It would launch a dynamic and dramatic process of empowerment and housing improvement.

### **Building codes and township development**

Two of the great obstacles to housing delivery are formalities and compliance costs in respect of property development for residential purposes and approval of building plans for housing (including high-rise buildings).

Whilst township development laws and building codes have been relaxed in recent years, a more radical interim solution is proposed to redress the urgent plight of the homeless. After most people are housed, and only then, does it make sense to concentrate on high minimum standards. The preferred alternative is an incremental advance in housing standards.

This *Briefing Paper* proposes a low-income housing alternative along the lines of special economic zones for economic development purposes. Under this policy, “Special Housing Zones” (SHZs) should be established where township development and slum laws are suspended or radically relaxed. In practice this would mean that homeless people would settle on land in which they have security and mortgageable wealth and where they can build immediately – confident that their buildings will not be condemned. The result would be a substantial and immediate improvement over the present plight and blight of squatter settlements and land invasions. Obviously SHZs will have to be located carefully with due regard to neighbourhood effects and other externalities. In due course the upgrading of social and physical infrastructure, and the provision of housing subsidies, would lead to further improvements over the *status quo*.

### **Housing finance**

An additional source of housing finance should be tapped. At present housing finance comes primarily from government subsidies and private financial institutions. Usury and other financial market controls have the effect that poor people, perceived to be high risk borrowers without security or a credit record, cannot borrow lawfully for housing purposes. Even in the minority of cases where

the poor have mortgageable title, existing formal sector lenders will not provide finance because the rate of return allowed is too low, and the real or perceived risk too high.

Accordingly, it is proposed that SHZs should be exempted from laws that impose interest rate ceilings so that low-income people can access housing finance, formally and lawfully, from additional sources. It is recognised that such finance will be at higher interest rates than those prevailing in markets that are presently formal and lawful, but they will be at more favourable rates and on more generous repayment terms than those prevailing in the informal and underground markets into which the poor have been driven. In other words, those who are in need of finance will gain access to new sources, instead of being forced into borrowing from “loan sharks” or being condemned to having no housing finance at all.

### **Building industry**

There are presently laws imposing entry barriers into the building industry and minimum standards in respect of building materials and labour. These have prohibitive cost-raising effects that curtail the supply of low-cost housing. Additionally, there is a draft bill called the *National Homebuilders Registration Council Bill* which would impose further costs and entry barriers. This bill should be abandoned in the interests of the poor and homeless.

To address the urgency of the situation and the tragedy of homelessness, it is recommended that, for the purposes of low-income housing, whether or not there are Special Housing Zones, a blanket exemption be legislated in respect of housing below a certain cost. Some housing, at whatever standard, is preferable to no housing, and lawful housing is better than unlawful housing.

### **Land survey and deeds registration**

Existing land survey and deeds registration formalities are a major obstacle to expeditious provision of affordable land/housing on a large scale. It is prohibitively costly and time-consuming – in return for marginal benefits – to use the systems of registration and survey historically used for “white” land in the short to medium term. It is therefore proposed that existing *apartheid* titles be upgraded to full ownership under existing forms of registration and demarcation, and that new land be defined and allocated under a less cumbersome form of registration much like the registration of vehicle ownership, and that boundaries for low-cost land be defined by description and sketch plans. This system has worked well for many years and is perfectly adequate for the purpose of short-term land and housing provision.

**All proposals in this *Briefing Paper* are consistent with and informed by the principle that a substantial improvement on the *status quo* can be achieved immediately at negligible cost and in ways that facilitate upgrading.**

### **Further Reading**

Dewar, David (1996) *The Urban Housing Issue*, FMF Monograph No. 12.

Reekie, W Duncan *Privatisation*, FMF Briefing Paper No. 1.

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