

SOCIAL HOUSING

2007/08 - 2013/14



Social housing programmes work with the private sector to provide rental accommodation for low income households by providing capital subsidies.

BETWEEN
2007
AND
2013

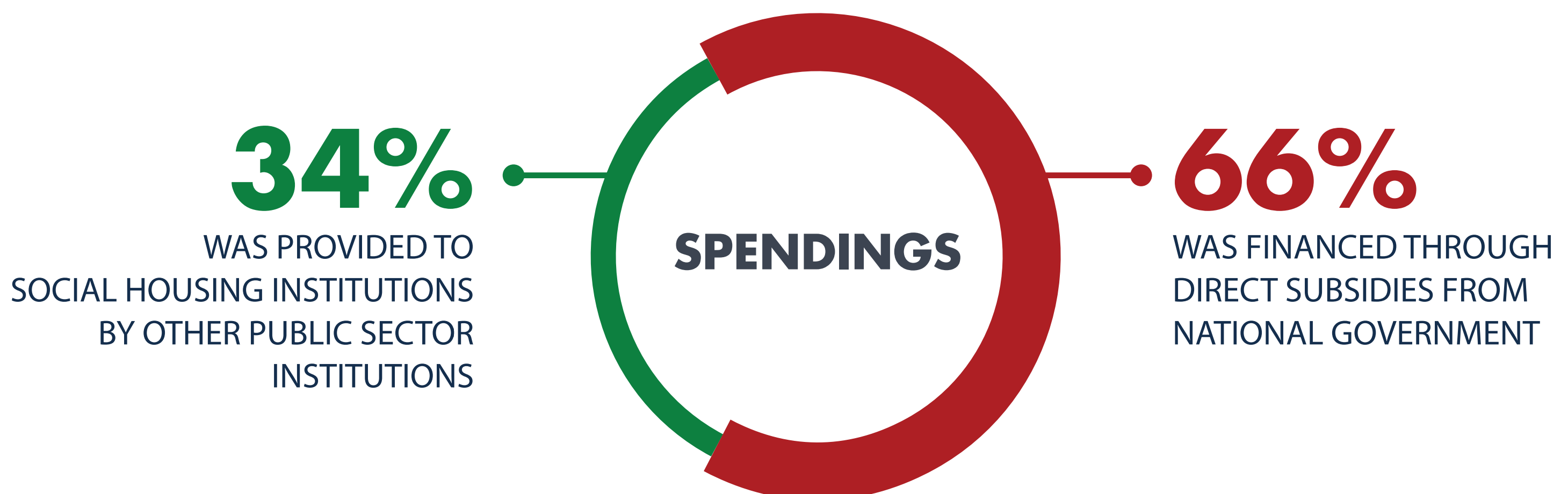
18 000
UNITS

DELIVERED THROUGH
59 PROJECTS
IN
10
MUNICIPALITIES
COSTING

R6.1
BILLION
TO GOVERNMENT

AVERAGE
UNIT COSTS
ROSE BY **±8%** A YEAR
BETWEEN
2008/09 &
2013/14

THESE FIGURES SHOW THAT THE **GROWTH**
IN **SPENDING PER UNIT** OUTPACED INFLATION,
IMPLYING THAT WITH A GIVEN BUDGET,
THE NUMBER OF UNITS THAT CAN BE FUNDED
WILL DECLINE EVERY YEAR



SOCIAL HOUSING PROJECTS FAIL TO ATTRACT PRIVATE SECTOR FUNDING

- Failure to raise the nominal value of grants to developers, resulting in real declines in their value
 - Grants are not adjusted for inflation, resulting in real declines in the value of rents that these low income households can afford.
 - Developers' doubts about the political will to:
 - i. evict non-paying tenants
 - ii. increase rents in line with inflation
- The impact of this was that developers' margins were significantly lower than industry norms, resulting in limited uptake. To address this, policy-makers must:
- increase the restructuring capital grant to compensate for the lack of annual escalation since 2008, and implement annual increases in line with inflation
 - Raise the income bands of eligible tenants and continuing to index these in the future
 - Permit inflation-linked annual rental escalation
 - Create a mechanism through which defaulting tenants can be evicted