

# SOCIAL HOUSING

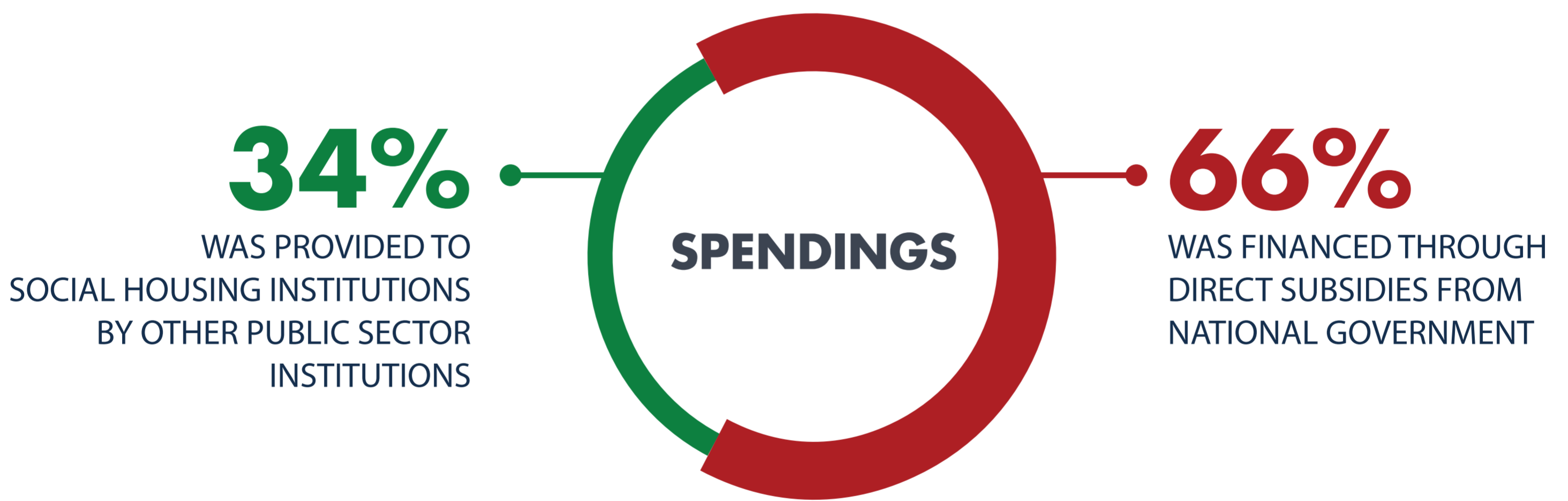
2007/08 - 2013/14



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