



## **The state of housing in South Africa**

by

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South Africa is a rapidly urbanizing country. Rural areas and secondary cities have fed widespread migration to the metros, as people move in search of greater opportunities. This migration must be absorbed by cities grappling with the spatial legacy of apartheid, in which central suburbs exclude the most vulnerable, and distant townships are defined by poor standards of living and relative isolation for job opportunities. Rural municipalities and smaller towns must contend with improvements to poor living conditions in communities, with little financial or administrative capacity. As South Africa's geography continues to shift, it will become increasingly difficult to meet growing infrastructure needs in general, and housing needs in particular.

Yet providing decent housing is essential, for at least three reasons: first, having a stable, secure housing infrastructure is vital to the development of a safe and secure society. Properly built infrastructure creates a conducive environment education and study, raising of young children, and has a nurturing role for families. Second, having a proactive housing policy is important to avoid further entrenchment of apartheid spatial geography, in which makeshift settlements are isolated from other critical social services such as healthcare and education, as well as places of work. A long-term vision for South Africa must be one in which housing is embedded within a network of core community services that allow the most vulnerable to access the services they most need.

Third, housing is the greatest expense faced by most South Africans, across the full range of income categories. The average South African spends 32,6% of their annual expenditure on housing and utilities, and other costs, notably transport, are intimately linked to housing. That share is higher in formal urban areas and in the metros, and risks acting as a barrier to the opportunities offered by the cities. For those who can afford access to housing, the total cost of running a house is expected to face renewed pressure from rising electricity costs and continued migration to major urban centres. Higher housing costs impact both the individuals involved and the broader economy, as households have less disposable income for the type of consumer spending that creates jobs.

Shockingly, there are about 1,3 million households that live in informal housing, according to the last census in 2011, suggesting that under-supply of housing remains a major problem. While the National Housing Subsidy Scheme which administers 'RDP houses' provides hundreds of thousands of homes each year (the exact number is contested), there are still challenges in the system. This includes an unsystematic way of allocating houses, as well as fragmented housing administration that leads to uneven and multi-speed processes of building and allocating human settlement across the country. As complex as this is, government needs to make provision for addressing undersupply of human settlement.

The provision of low-cost housing also needs to account for the realities of urban living, in which economic opportunities are located far from where the majority of the poor live. Rolling out pilot projects that look at various supply options for low-cost housing that work for modern urban space could be one way of tackling this challenge. An accelerated programme could be in the form of apartment blocks. Granted, this high-rise flats are not very popular outside the city or town centers, as they tend to be associated with violence and drugs. More innovative building methods that affirm human dignity and more conducive to family life should be explored.

Second, greater protections are needed for those who prefer to rent rather than take up full ownership of a house in the urban areas. South Africa mirrors the global trend in which people tend to own their first house much later in life, and rent for longer periods of time, including during crucial moments such as while studying, starting a career, and starting a family. While a number of protections already exist, deepening renter protections could offer real gains to middle class South Africans.

Many of the changes that could be implemented are small and practical, but could have a large impact.

For example, legislation could shift the burden of costs in the case of change of residence. Costs associated with cleaning apartments or accounting for wear and tear too often fall on the renter, even though the landlord is almost always much better placed financially to bear those costs. A more equitable method sharing of costs among tenants and landlords may seem a small change, but additional funds during the difficult moment of moving homes can be very important to empowering renters to be more mobile in their housing choices. Similarly, streamlining the procedures for dispute settlement at the Rental Housing Tribunal, through online application systems and investments to reduce adjudication time, can empower renters and protect against unscrupulous landlords.

Third, active support to the construction industry, and changes in the dynamics of the industry, are needed. The construction industry is a difficult sector to manage, because many of the worst effects of a slowdown in the industry are only felt years later, when insufficient housing becomes a problem. Growth in value-add in the construction sector has been in decline since 2013, and was just above zero in 2017, as slowing investment in new buildings put a damper on the industry, and led to concerns that long-term development may not keep pace with housing demand. The construction industry could be the focus of a paper in its own right, with any number of possible interventions, but as a general approach, one key aspect must be to invest in developing new skills and new enterprises. The construction industry is built on the back of technicians and artisans who are in increasingly short supply. Supporting better training in these professions, and supporting the creation of new construct businesses for those who have skills, can offer the dual benefit of providing a sustainable flow of skills to the sector, and empowering new workers and the underprivileged.

Secure and comfortable housing is an essential part of living a good life, and yet it is so often taken for granted. While issues like unemployment or low wages of course contribute to people's ability to access good homes, managing the housing environment in which those choices are made is equally important. Keeping housing prices reasonable, ensuring that adequate housing is available, and building community services around existing settlements can assure that South Africans have a solid basis from which to build a stronger society.