FOR SALE 500 000 HOUSES

A Brick in the Wall?
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BACKGROUND

Early in 1983, the South African Government (SAG) announced that it was to embark on a massive real estate exercise. Over a period of twelve months commencing in July 1983, it intended to release approximately half a million houses for sale to the general public.

The offer includes all race groups, but mainly affects blacks who in the past have been constrained from private property ownership in “white” urban areas. As a consequence almost all black housing is Government owned.

The proposed house sale scheme enables blacks to “buy” property in prescribed areas on a 99 year leasehold basis. This clearly is a less attractive option than the freehold ownership available to other population groups. Nevertheless the proponents of the scheme regard the dispensation to be an advance of free market principles, and a direct outcome of negotiation between representatives of the public and private sectors resulting from the Carlton (1980) and Goedeheuop Conferences (1982).

In return for increased private sector co-operation, the Prime Minister offered the possibility of decreased Government intervention and control.

The State believed that a reversal of the rural-urban migration pattern would eventually reduce the number of blacks in the cities. This assumption led to the development of “temporary” towns and urban facilities of very poor quality.

Presently blacks are granted the right to occupation in a township in terms of Section 10(1)(a) or (b) of the Black (Urban Areas) Consolidation Act No 25 of 1945. With this right a residential permit is issued.

TOWARDS A NEW STRATEGY

The increased demand and expanding cost of low income housing has left the Government unable to keep pace with the needs, or to provide the necessary finance. It has been estimated that between the period 1980 and 2000, 113 000 houses will have to be erected each year to meet the needs of the black community alone (Lamont, pp 81-88). In 1980, 9 500 houses were built or eight percent of the required 113 000.

The new housing strategy for low-income groups in SA is an attempt to correct the critical housing shortage. It differs from previous approaches in the following ways:

- The provision of serviced stands by the Government for self-help development of prospective occupants
- A shift from Government responsibility to owner-employer responsibility as far as construction and financing are concerned

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a reliance on the private sector for financial and other assistance to their workers to acquire dwellings.

Now the Government proposes directing its resources to providing land and services, with special emphasis on expanding the availability of vacant serviced stands. (In the case of low-cost housing, a serviced stand costs about the same as a standard house.)

Methods of streamlining the current procedures for the establishment of new townships are under investigation. In the private sector, co-operation is being sought from three groups: employers, building societies and potential home-owners. Employers are now expected to play a more active role in their employees’ housing needs by offering financial subsidisation and a building and financial procedure advisory service to employees.

In turn, building societies have been urged to direct more funds to low-cost housing and where necessary, to relax rigid conditions. In practice a standard 51/6 house that is about 20 years old may sell for about R1 500, but for some houses, the price could be as low as R500.

The unexpected announcement to sell the houses could alienate potential buyers and has caused confusion regarding the implementation in the public and private sector.

EVALUATION

In offering the bulk of its housing stock for sale, the SAG would seem to have two primary motives:

- economic
- political.

It could be argued that the Government is trying to rid itself of its responsibility for housing. It should be noted however that the financial problems experienced by SA in this regard are universal, especially in developing countries.

The Government’s decision to sell the houses was taken virtually with no prior consultation with the affected groups. The announcement was unexpected, giving rise to two major disadvantages:

- a possible alienation of the potential buyers
- a lack of co-ordination between the public and private sectors.

There is still considerable confusion and ignorance in both sectors regarding the implementation of the programme.

In response, the SA Institute for Housing has undertaken an extensive information programme on the nature and implications of the proposed scheme. Currently both the private and public sectors are being invited to one-day seminars in various centres throughout SA. The good attendance might be interpreted both as a measure of the extent of the confusion, and as an acknowledgement of the seriousness of the housing crisis. Financial institutions appear geared for the new programme. Potential mortage assistance, coupled with an attractive sale price structure, should minimise buyer resistance.

A further point of relevance is the popular approach to development problems in developing countries, which strongly emphasises community and group “self-reliance”. The Government’s new housing strategy is an attempt to develop this concept. A crucial question that arises in this regard is whether the funds obtained from the sale of the houses will be allocated entirely to the promotion of the low-cost housing industry in terms of the self-help policy. This would be the only way in which the policy could help poor people on anywhere near a meaningful scale.

The sale of the houses therefore needs to be evaluated not in isolation, but as part of a comprehensive programme aimed at alleviating the housing crisis, which affects such a large segment of the SA population.

The smooth and sympathetic implementation of self-help housing projects is integral to the acceptance and success of the scheme. The provision of a serviced site is the least of the problems. Essential also is an effective advisory service for potential home owners which deals with the vexing administrative and legal procedures that are an inevitable element of home purchase.

More challenging is the encouragement of community involvement to ensure the evolution of self-reliance principles. The importance of community interaction dictates that community contact and development programmes need to be initiated at the earliest planning stages of proposed physical development schemes. The question arises whether a government has the image, flexibility or ability to encourage community interaction, or whether an intermediate organisation is necessary for liaison.

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In conclusion, it can be said that the actual sale of the 500 000 houses may take place, but that in itself does not necessarily point to success. Success should be measured in terms of the total implementation of the new housing strategy, which is aimed at the elimination, or at least the alleviation of the low-cost housing crisis.