

## RDP homes 'dead capital' of R50bn

*2 September 2012*

*Yolandi Groenewald - City Press*

Johannesburg - Not registering nearly half of all RDP houses with any deeds office could be costing the South African economy at least R50bn, according to the Free Market Foundation.

Nearly half of all houses built in formerly black-designated areas are not registered with any deeds office – a situation which means their owners effectively have no legal claim to their homes.

The figure is based on the 10 million such properties valued at a very conservative R5 000 each.

The foundation's executive director, Leon Louw, said the houses were currently "dead capital" – they could not be used to open a bank account or access any other financial services.

He acknowledged, though, that attaching freehold title deeds to all such houses would be a logistical nightmare.

"While it could be a wonderful political opportunity, there are also huge challenges, including how to prevent people taking advantage of this. It would require tremendous political will," said Louw.

The South African Institute of Race Relations' figures from 2010 revealed that only 48% of the country's approximately three million RDP homes were registered at deeds offices.

Louw said most black South Africans were still being subjected to apartheid-era land acts.

"Most black people in this country don't have full title due to the mess that apartheid land legislation left.

"Most instances where black people were able to access full title were to buy former so-called white property," Louw said.

According to him, these historical restrictions meant a large percentage of black property owners battled to enter the formal property market.

“They can’t sell their houses on the open market, thus there is always this underground economy where houses are being traded without deeds. It is a legal mess that is becoming much worse,” said Louw.

Most RDP houses are subject to an eight-year prohibition on selling or letting. More than one dwelling is not allowed per property.

“This had reduced letting, subletting and selling of a house to a ‘second economy,’” he said.

“Most ignore their lawful options and sell or let their RDP or other township house ‘informally,’” he said.

Land valuer Peter Meakin from the South African Constitutional Property Rights Association says that giving people freehold titles is the second best solution to solving South Africa’s property problems, apart from moving to a land-based tax system that would abolish VAT.

But he was sceptical of whether taking away the restrictive rights on RDP houses would work.

“The state is giving away a free house. If the beneficiary goes away and sells the house, surely it defeats the purpose?”

Human Settlements spokesperson Xolani Xundu didn’t respond to messages left on his phone and email on Friday.

- City Press