

## Deeds delays hurting RDP housing beneficiaries

[www.engineeringnews.co.za](http://www.engineeringnews.co.za)

*2 December 2011*

Delays in registering title deeds for government-subsidised housing are denying over one-million beneficiaries an entry point into the formal property market, undermining their financial security, the FinMark Trust said this week.

It said research showed that only 1.44-million reconstruction and development programme (RDP) houses were registered at the Deeds Registry by September last year, while the Human Settlements Department indicated it had, or was busy constructing, 2.94-million houses at the time.

This implied that over one-million completed subsidy houses have not been registered on the deeds registry.

While it could mean that some houses were still under construction, FinMark Trust housing finance coordinator Kecia Rust told Engineering News Online that only about 200 000 RDP houses were probably in the construction phase during its research.

“Since 2004, the number of subsidised houses registered as a proportion of those reported delivered has plummeted, reaching a low of 17% in 2007,” Rust said.

Title deeds protect rights to a property and record changes in ownership. They provide individuals with an address, recognising the owner as being part of the municipality and enabling the owner to secure finance, or to bequeath the asset to family members.

The failure to provide title deeds meant beneficiaries were being denied a point of entry into the formal property market. Beneficiaries were not able to sell their houses formally and as a result, engage in informal transactions, which ultimately undermined the individual property owners’ tenure security and the integrity of the Deeds Registry in South Africa, Finmark stated.

“It appears that the decline in registration is linked to a change in the progress payment regime. In 2004, the requirement that title be transferred before payment was removed. It is also possible that from municipalities’ sides, the urgency for title is reduced in the face of the eight-year sale restriction on RDP housing, which was passed in 2001.

“If these houses had been registered, the 2.94-million houses would comprise about 39% of the entire residential property market,” the research pointed out.

Meanwhile, the research found that government-subsidised housing was valuable to beneficiaries and was having a profound impact on the growth of local economies and sustainable human settlements across South Africa.

While the financial asset value of houses was overlooked by the majority of households, a significant minority were using their homes to gear finance. Between 1994 and 2010, 120 000 mortgage loans were issued against subsidised housing, and 90 858 have even sold their homes and purchased second properties.

“Even at these small proportions, the extent of finance mobilised by these assets is not insignificant. Subsidised properties have been used to secure roughly R20-billion in mortgage finance, signifying that the government-subsidised housing market is slowly beginning to resemble a normal market,” Rust said.

By matching subsidy applicants with properties, a total of 1.7-million subsidy applicants were identified as property owners of 1.44-million properties. Just under half of these properties were found to be located in the eight metropolitan cities, with the highest number of registrations across the provinces found in Gauteng at 395 765, the Eastern Cape at 238 682 and the Western Cape at 208 852.