Affordable housing guarantee 'ignores issues'

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Tuesday, May 31 2011

The government's R1 billion guarantee for the affordable housing market has been criticised for failing to improve access to home ownership.

RBA Holdings chief executive David Wentzel said the guarantee did not make houses cheaper or reduce home loan repayments and only kicked in when there was a default.

Wentzel said the initiative would only make sense if the money was used to subsidise repayments for an initial period. However, he said R1bn did not go very far and would only be able to subsidise about 250 affordable housing units.

Wentzel said RBA was involved in building houses costing between R250 000 and R600 000, aimed at the emerging black middle class.

He said a person had to earn upwards of R8 000 a month to afford a house in this market.

Wentzel said a person who earned R4 000 a month could not get a government housing subsidy because they earned too much but only qualified for a loan of R120 000 on their salary, which could not buy them a house and nobody could help them.

He said there were social consequences in the form of unrest and protests in building houses and providing them for free to those without work when a person who earned between R2 000 and R4 000 a month had to pay for their own house but could not afford one.

Wentzel questioned why people in this category would want to have a job.

"Everybody is ignoring this," he said.

Wentzel said cheaper houses could be built for this market if the large tracts of well-located state land were provided cheaply to developers.

He said RBA was trying to set up a meeting with the Human Settlements Department to inform it of the problems developers were facing and to try and come up with a solution.

Attempts to obtain comment from the department were unsuccessful.

Business Report