

# NPPC disappointed by Ramaphosa's silence on housing delivery

The National Property Practitioners Council (NPPC) has expressed its disappointment in the lack of clarity and commitment on key initiatives required to catalyse economic growth and wealth creation during this year's State of the Nation Address (Sona).

The housing market and the property industry in general, it says, functions as a proxy for the general health of an economy and following last week's Sona, it is evident that recovery is still a long way away.

## The property industry

From the perspective of the property industry, Sona raised several issues that are of particular concern. Vuyiswa Ramokgopa, chairperson of the NPPC, shares that, "Matters like expediting the acceleration of the delivery of affordable housing, the delayed issuing of title deeds, the poor state of municipal management and the energy crisis are creating damaging roadblocks to the economic performance of the sector and the growth of the economy at large."

## Title deeds

According to the Centre for Affordable Housing in Africa, there is a backlog with an estimated 2.5 million families in need of housing. Then there is the issue of title deeds – according to President Cyril Ramaphosa, "The current backlog in processing title deeds is over 1 million houses, which amounts to an estimated R242bn in assets that should be in the hands of South Africa's poorest households."

"A title deed is so much more than a legal document; it is the key to enabling households access to wealth creation and the ability to participate in a variety of economic activities such as financing their children's education and consolidating debt. The fact that some RDP housing recipients have been waiting for decades to receive their title deeds is one of the greatest tragedies of our democratic dispensation," shares Ramokgopa.

To date, the only recent action we've seen from government is an announcement in October last year stating that 'Human Settlements will form a part of the government-wide approach of Operation Vulindlela on title deeds, in partnership and collaboration with provinces and municipalities. This is to assist the sector as a whole in all three spheres to ensure that South Africans become the rightful owners of their own homes'. No further information has been provided.

The NPPC does, however, note the progress made in releasing 14,000 hectares of state land for housing development and believes that this is an important step in responding to the ever-increasing demand for well-located, urban serviced land for housing and economic development purposes.

This demand, however, far outstrips the current supply and until the issue of land redistribution is addressed, South Africans will continue to see a proliferation of illegal occupations of land and the hijacking of buildings.

"We, therefore, call on government to expedite this process and partner with the private sector to ensure the rapid delivery of housing and infrastructure," urges Ramokgopa.



Vuyiswa Ramokgopa, chairperson of the NPPC



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Maxwell Roeland 10 Feb 2023



### The issue of social housing

The Department of Public Works and Infrastructure has gazetted a comprehensive document updating the norms and standards for all rental housing in South Africa. A key trend that has emerged in rental housing is the growth and recognition of the informal rental market, which in 2016 comprised 919,000 households, a number that is estimated to have increased exponentially since then.

"The government cannot financially afford a commitment to the eradication of informal settlements and the provision of fully subsidised, stand-alone houses for low-income households. Meeting this demand alone will require the government to build at least 1.8 million houses at a current cost of R343bn," the department said.

According to the department this is why government is now shifting its policy emphasis towards informal settlement upgrading, site and service schemes, affordable housing for ownership, social housing and affordable rental, including shared one-room/shared ablutions, smaller units, etc.

"This policy shift is critical in supporting this vital section of the market. However, there needs to be more than good policy. The test will be in the execution of such and government is known for lagging in this area. A good barometer of how serious government is about housing would have been to see what sort of attention this issue received in the Sona, which was none at all," warns Ramokgopa.



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### The housing bank

South African finance minister Enoch Godongwana recently announced that government is looking at launching a housing bank to provide loans to public sector employees and the gap market.

Ramokgopa shares that, "While the NPPC welcomes this announcement and sees the development of a housing bank as a very positive one, a decade has passed since the department first announced the formation of this bank, formerly known as the Human Settlements Development Bank. More recently, the president announced during the 2021 Sona that the bank would be established that year.

"To date, there have been no further developments in this regard and this year there was no mention of this initiative, which further raises questions as to the commitment of government to delivering on this promise."

### Energy

During his State of the Nation address, the president repeatedly mentioned a scheme to encourage homeowners to switch to solar panels. No other details have been furnished as yet. Ramokgopa believes that, "While this is a move that is applauded by the NPPC, it again raises several questions, the main of which would be what sort of incentive will be offered, and what sort of fee would Eskom still require, even if homeowners go completely off the grid. These are questions we hope to get much more clarity on in the coming days."



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### Municipal governance

Following on the president's comments about energy generation, a second issue, which is closely associated, is that of municipal governance. The fact that "163 out of 257" municipalities are dysfunctional or in distress is an indictment on the leadership of those municipalities and an admission of a complete failure of governance which cannot be taken lightly.

"The functioning of municipalities has a direct impact on investment and property values. As businesses migrate out of poorly managed municipalities, it also deepens unemployment in those areas and drives more people into already overcrowded urban centres placing additional strain on infrastructure," says Ramokgopa.

While progress has been made in some areas, it has been too incremental given the state of crisis the country finds itself in at this stage. What the country needs right now is not a message of "hope" but rather a detailed action plan backed by competent leaders who are capable of delivering that plan.

According to the NPPC, Sona 2023 would seem to be another address filled with positive yet, ultimately, vague promises of improvement. It remains to be seen if any concrete deliverables will be communicated in the coming months.

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