

Press Release

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South African Institute of Race Relations
The power of ideas

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Housing Policy: Costly and Ineffective

“The Government’s current housing policy is both costly and ineffective,” says the IRR (Institute of Race Relations) in the latest issue of *@Liberty*, its policy bulletin.

In the past 21 years, the State has provided more than 2.5 million houses and a further 1.2 million serviced sites. “But at the same time,” notes the IRR, “the housing backlog has grown from 1.5 million units in 1994 to 2.1 million units today. In addition, the number of informal settlements has expanded from 300 in 1994 to 2 225 now.”

Adds the IRR: “In the same period, the housing subsidy has shot up from R12 500 per household to a staggering R160 500 per household, at which amount it has now been pegged.

“Yet many of the houses built via this subsidy are so small, badly constructed, and poorly located that the ruling party itself describes them as ‘incubators of poverty’ that do more to entrench disadvantage than overcome it.”

State spending on housing and community amenities has also risen faster than any other budget item. Spending here has risen from R5bn in 1994 to the R153bn budgeted this year, an increase of close on 3 000%. By contrast, spending on social grants and other forms of social protection has risen from around R14bn in 1994 to roughly R206bn now, an increase of some 1 400%.

Notes the IRR: “Despite this rapid increase in the housing budget, the delivery of ‘free’ houses has slowed, and currently averages some 118 000 houses a year. At this rate, it will take almost 20 years to build enough houses for the 2.1m households now on the national housing waiting list.”

Further details of the housing conundrum are set out in the latest issue of *@Liberty*, available on the IRR website by clicking [here](#).

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