Workings of TOWNSHIP RESIDENTIAL PROPERTY MARKETS

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Phase One: General Research

Annexure A: Economic Dimensions

For Discussion

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1. Introduction

The township housing market in South Africa is characterized by a number of apparent constraints to the functioning of the market. A number of issues that compromise the functionality of the township housing markets can be identified, including:

- few sales transactions in the market
- weak legal institutional structure
- households with constrained choices
- high levels of complexity associated with registration of assets
- restricted number of financial service providers
- a credit market that serves only a small proportion of the potential market
- regulatory constraints on the market, such as stipulations regarding minimum number of years before resale

These themes will be explored, with a view to examining the reasons for the apparent dysfunctionality.

At the same time, the market is characterised by informal activities such as backyard shacks in township developments. The importance of property rights will be explored in this arena.

1.1. The economics of the affordable housing market: An international overview

Housing is perhaps the most significant way in which economic growth becomes tangible to people. Housing represents both an economic asset and a service delivered by this asset (Jorgensson, 1997). This dual role of housing as both investment and consumption good confounds the simple evaluation of the housing market. In the National Accounts, residential investment is seen as an asset type for businesses and a consumption service for households (see, for example, the SARB Quarterly Bulletin).

The supply of houses by a developer, for example, is dependent on the expected return of such investment. There are a number of possible factors which may influence the decision to invest in housing, including legal and administrative constraints, the availability of institutional finance, the tax structure and other incentives and the availability of land and other infrastructure. The demand for housing as an asset is also influenced by the potential return on such an investment and home ownership is still the most common form of household investment. This is primarily because housing is seen as an appreciating asset (Jorgensson, 1997). Of course investment in housing is not without its risks. While a bank may provide financing for the purchase of a house, the owner bears the risk and is responsible for paying back the loan regardless of the market price of the house (Stiglitz, 1993).

Once a house has been built, the price of the services it provides can in theory fall to its maintenance cost, or it can rise to the level people will pay. As an asset, the price is determined by its cost as well as by the expected value of its services and its expected price at some future date. Evaluating the market price in an environment with shortages, subsidies and rent control is speculative at best and attempts at understanding the capacity households have to pay for housing through surveys of actual expenditure under such circumstances can be misleading. Actual expenditure can mask the subsidy and the current value of property. It has hence been suggested that it might be more useful to ascertain the amount households would be prepared to pay for improved housing rather than what they are actually paying (Jorgensson, 1997), where an attempt is being made to understand demand for housing.

Households cannot pay immediately or out of their savings for a house, however, they require the services it offers while they save. For this reason, finance plays an important role in the provision of houses for either ownership or rental. Where individuals own an essentially illiquid housing asset, it may be made liquid by selling or borrowing against it. In many developing countries, the provision of finance to grant loans on existing housing or new housing is largely absent from certain low-cost market segments, which means that there is no possibility for such capital formation (Jorgensson, 1999). The same may be said where public sector housing dominates and housing is never sold nor leveraged as security to raise funds (Almarza, 2001).

Housing demand may not be effective where housing has mostly been provided by, or is controlled by, the public sector. Here there may be an increasing divergence between the supply of state housing and the demand of households. In Chile, for example, families in 'social' housing who wished to move-up as their income increased were trapped because of the state control of the market (Almarza, 2001). While such a situation may be characterised by significant unsatisfied demand for housing, it will not become effective until the institutional structures and mechanisms change.

Housing demand may also be ineffective where there are no effective institutions for protecting private property rights or recording ownership (Mayo, 1994). Where there is an absence of property rights, an informal system of entitlements may develop. Here, without full ownership or control, households may still have a degree of entitlement, simply by virtue of them having been in one place for a long time (Gilbert, 2002). While this form of extra-legal entitlement may allow for transactions to take place, it can be capricious – and least available when it is needed most. Berner (2000), for example, points to examples where longstanding informal settlements are destroyed as the land on which they are situated becomes more valuable.

Where demand is ineffectual, it cannot elicit a supply response from the private sector (although public agencies may step in). However, supply may be unresponsive even where demand is expressed through the market mechanism. Some reasons for this include poor basic infrastructure and monopoly control of housing resources, such as land, building materials or construction rights (Mayo, 1994). The availability of institutional finance seems particularly important (Jorgensson, 1997). There may be a lack of such finance because of public sector involvement and crowding out of the private sector, or because access to finance remains under the control and influence of certain developers, or because the private sector banks have rules of thumb that keep them out of the low-cost housing market (World Bank, 2002a and 2002b).

Where demand and supply of housing is constrained for these and other reasons, the housing market may be said to be thin or incomplete (Stiglitz, 1993). Such a market is characterised by an absence of transactions.

In emerging market countries, a dual tier housing market appears to be common. In Mexico, for example, there are those that can afford housing (who may receive federal assistance through subsidized mortgages) and those who are excluded from the benefit of such programs (because they cannot afford the repayments). (In this case, there is supply of houses for the former, but not the latter (World Bank, 2002a). While this dualism may manifest in slightly different ways in other countries (for example, a development intended for the poor in Brazil became so up-market, that no poor family could afford to stay there), the poor often suffer from over-crowding, inadequate housing conditions and insecure tenure (World Bank reports on Mexico and Brazil, 2002a and 2002b).

It is apparent from the literature that the poor need targeted programs to enable them to attain housing, while the low-income employed need to have less assistance so that a private sector housing market can develop. Mechanisms may need to be put into place to enable the 'solvent' poor and the lower-middle class to access private sector housing finance.

In economic theory, a functioning market is generally associated with the following features:

- **Thickness** – many buyers and sellers and many transactions, with the notion that as more transactions are made, the more chance that the price reflects the economic value of the good. As the discussion above indicates, the low-cost housing markets may be thin because of ineffective demand and unresponsive supply.
- **Good information** – without this, both consumers and suppliers are unable to make rational choices. Increasingly, research is calling for targeted and transparent interventions by government, which would facilitate better information (World Bank, 2002b). Calls to allow for more transparent awarding of contracts and wresting control of financial access from developers, also fall into the category of improving information.
- **Freedom to exercise choice** – Unless the transactions costs which face consumers are outweighed by the benefits, choice may be constrained. Transaction costs which hamper the efficiency of the low-cost housing market and which undermine choice include costs (in time and money) of registering title, cumbersome development regulations, subdivision laws, and accessing finance (see for example, World bank, 2002b). Provision of programmes that are affordable and enable effective demand are crucial to encouraging choice (World Bank, 2002b).
- **Few barriers to entry and exit** – to allow suppliers to come and go. The barriers which constrain entry may have varied origin. Government involvement in the housing market may grant monopoly rights to certain parties, or crowd-out other participants, such as in the case of subsidized mortgages to middle class

Mexicans (World Bank, 2002a). Cumbersome regulations regarding who is permitted to develop property or offer finance may also provide protection for the incumbents and prevent entry of innovators. High, unguaranteed, risk may also be seen as a barrier for private firms. Provision of guarantees to financiers has proved to be a successful mechanism to mobilize more players in several countries, including Chile (Almarza, 2001). Appropriate institutional arrangements can lower barriers to entry (World Bank, 2002b).

- **Low switching costs** - so that consumers can take their business to firms that offer the highest quality for the lowest price. Where consumers feel they will be disadvantaged if they change their bank, or the area in which they live, they are likely to be constrained in their actions. While switching costs may involve transaction costs, they are broader in concept and may also involve loss of perceived privilege or position. An example of trying to reduce switching costs is the inclination of households in Karachi to move to ethnic enclaves as the major choice dominating migration (Ahmad, 1992).

These key areas of a functioning market remain somewhat elusive in low cost housing markets around the world, with many well-intentioned interventions failing to produce these factors (In an overview of best practices in Brazil, for example, the World Bank appears to find more lessons from mistakes made than examples of well functioning market segments, 2002b). In the next section, the township market in South Africa is evaluated.

2. The formal market

2.1. Description of the formal housing market segments

The formal township housing market across South Africa is far from uniform and embraces different historical origins and market dynamics. Values of houses in the townships spans values of R20 000 – over R145 000 (MacArthur, in interview). In this study three distinct forms of township housing stock are distinguished, including:

- Old township housing stock
- Private sector stock
- RDP stock

Research into the townships underlines the dangers of generalizing, since each township differs in terms of location to amenities, history of occupancy and so on. Nonetheless, the analysis below attempts to identify common threads which may distinguish these different categories of housing.

2.1.1. Old township stock

An estimated 878 000 houses fall into this category, nation-wide, of which an estimated 500 000 remain in government property. (Crankshaw, et al, 2000 refer to this as 'council' housing).

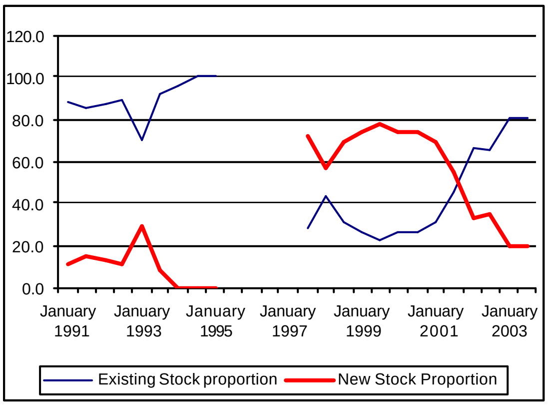
Dating back from 1948, this stock is in some ways the most dilapidated and poorly planned in terms of the needs of the community with regards amenities. The stock is

old and has been poorly maintained. Ironically, however, given the outward sprawl of metropolitan areas, some of the older townships are relatively accessible to economic opportunities (Crankshaw, et al, 2000) and are perceived to be more secure and stable than new RDP or informal settlements (Morange, 2003). Given these advantages, together with provision of water and sewerage, this makes the township houses the preferred location for backyard shacks. There is hence greater likelihood that an old township house may generate rental income from backyard shacks than other formal housing stock. (Crankshaw, et al, for example find that while virtually every old township house in Soweto has a backyard shack, the same is not true for the private housing stock in Soweto.) The survey would need to verify if this is a widespread trend. However, the rental earned from such shacks seem to be modest (Morange, 2003 and Crankshaw, et al, 2000)

If the experience of Soweto is typical, it is also likely that the occupants/owners of the township stock are older than new private township houses and may well be retired. Crankshaw, et al (2000) indicates that the average age of the owner of the household is 56 years old, is more likely to be retired and earns less than R1500. To the extent that this phenomenon is prevalent, it suggests that one of the apparent reasons for the lack of a secondary market may be the inability of retired and unemployed households to contemplate such a move. This is explored further below.

Since poorer households need to have a varied survival structure, it is postulated that while wealthier, better educated, family members may move to more prestigious neighbourhoods, the township property may remain in the possession of the greater family. Given that there are likely to be many family members who could fill the accommodation gap so created, while the occupants of the house may change, this may not lead to new stock on the market. There is a suggestion that the old townships may in some areas represent 'dormitories of the marginalised', representing the unemployed, poor, old and ill. This is examined further below.

Graph 1 : Proportion of loans guaranteed for existing and new homes



Source : HLGC

Data from the Home Loan Guarantee Company (HLGC) suggest that during the era of the Discount Benefit Scheme, guaranteed mortgages and home loans were mostly for this existing 'old' stock. During the period 1991-1995, 87% of the loans they guaranteed were for existing stock. The HLGC's initial offering from 1991, guaranteed the mortgage exposure of registered banks to low-income households requiring loans for low-value properties. At initiation in March 1991, the maximum value of properties for which the HLGC was prepared to guarantee was R37 500, with the size of the loans no greater than R30 000 (effectively the value of the house less the discount on offer from the State). During the first five years of the operations of the HLGC, most of the activity in the township housing market involved the transfer of stock from government to individuals and the renovation and extension of this stock (MacArthur, in interview)[1].

The data plotted in Graph 2.1 show the structural break in the first and second periods of intervention of the HLGC. During the period preceding the 1994 elections, and for sometime thereafter, the number of home loans that were forthcoming in the township markets virtually dried up. (The period of the Mortgage Indemnity Fund from 1995 to mid 1998 is known as the 'legal red-lining' period).

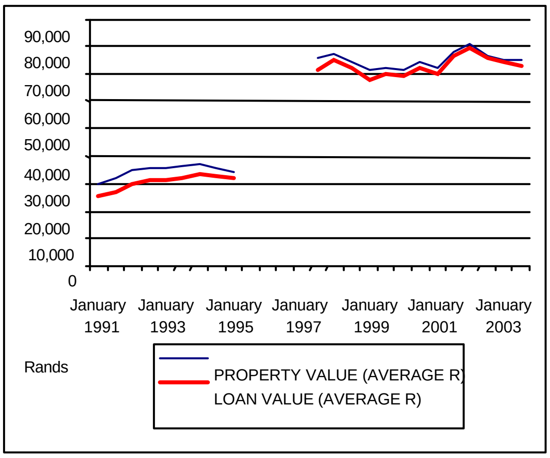
The data show that prior to 1995, most of the guaranteed loans were for existing stock, however, after 1997 this reversed, where most of the loans guaranteed were for new stock. This is consistent with the increase in the number of new homes built in the post-election period. (This is further discussed below). In January 2002, there

[1] While some of the data for existing stock may refer also to *private* rather than government township stock, given that private stock development only began in the 1980's and was still largely in its infancy in the early 1990's, the bulk of the existing stock mortgages during the 1990s is presumed to be government township stock.

is once again a reversal, as more loans for existing homes than new houses were guaranteed. This reversal suggests a possible decline in the number of new housing development projects. This is further explored below.

The data in Graph 2.2 show that the average value of the loan guaranteed during 1991-1995 was R34 568, and in the period 1997-2003, the average value was R75 020 HLGC's policy change from stipulating a ceiling on the property value to a ceiling on the household's income in 1997, together with the reluctance of the banks to serve the lower end of the market, is largely responsible for the dramatic shift in values post 1997, although an increase in the value of township property values may also be a factor.

Graph 2 : Average property and loan values guaranteed by HLGC : Existing Township Stock



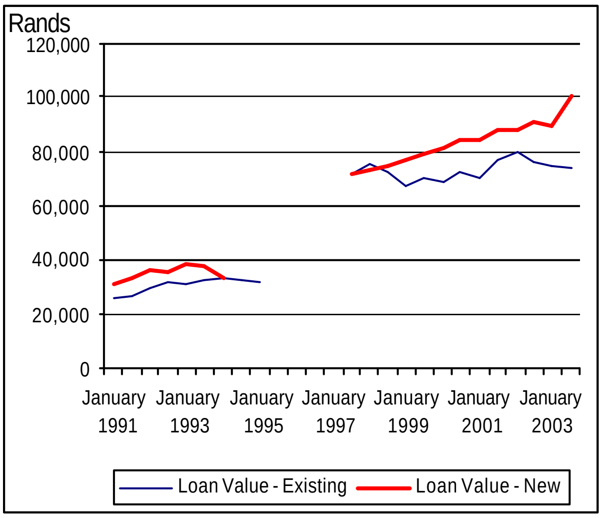
Source : HLGC

2.1.2. Private Housing Stock

These are houses which were first enabled by the promulgation of 99-year leasehold legislation for the African townships in the 1980s. The number of houses in this stock is unknown, however, it is here where there is greatest potential for involvement of the commercial banks.

The involvement of the banks, has however, been spotty. In the 1980's there was some involvement by the banks, but towards the mid-1980's lack of affordability and the defiance campaign resulted in non-payment and default. Banks withdrew from this market segment and the initiative of the HGLC was an attempt to provide sufficient assurance to the banks to encourage them back into the market. At inception, the HLGC had an agreement with 12 banks across the country, with the backing of 11 insurers, lead by Mutual and Federal. As the date of the first democratic elections drew near, both the insurers and the banks got cold feet and home finance to this market segment all but dried up.

Graph 3 : Averages value of new and existing loans : HLGC



Source : HLGC

Since mid-1997, which marks the second phase of the HLGC, there has been some re-engagement on the part of the banks in the township housing markets. The HLGC will guarantee loans where the combined household income is up to a maximum of R6000. In many cases, the loan extended by the banks is not a mortgage, but a pension-backed loan, (for which there is full security and which costs less to administer) on top of a housing subsidy provided by the government. (Generally, the government housing subsidy is linked to development projects, with little quality differentiation between houses bought by households which are subsidized by the government and those that do not qualify for the subsidy, except for some finishes, although the price often varies with affordability.)

Table 1 : Values of loans and affordable house-prices

YEAR	HLGC Loan values (New houses)	HLGC Loan values (Existing houses)	ABSA Purchase price- affordable housing[1]	% change Y on Y (HLGC new)
1997	R 71,095.00	R 71,133.00	R 73,856.00	
1998	R 73,743.50	R 73,621.00	R 74,740.00	3.6%
1999	R 77,877.50	R 69,593.50	R 72,531.00	5.3%
2000	R 82,778.00	R 70,416.00	R 72,411.00	5.9%
2001	R 86,339.00	R 73,185.00	R 71,811.00	4.1%
2002	R 89,855.00	R 77,567.00	R 75,567.00	3.9%
1 = Houses 40-79m^2 and priced up to R100 000				

Source: HLGC, ABSA

The data in graph 2.3 show the increase in loan values and affordable house prices since 1997. The increase in the average value of the loan guaranteed by the HLGC in 1997 compared to 1994 is some 53% and is indicative of the shift from a ceiling on the value of the property to the household income. Throughout the period, the values of loans on new houses exceed the value of existing houses (except for the first period where only a few developments are involved). A premium on new houses is evident throughout the national housing market and reflects the increase in building costs (ABSA, 2003).

The value of loans for existing properties underwritten by the HLGC is in line with the prices of affordable houses monitored by ABSA. However, since 2000, the average loan value for new houses underwritten by the HGLC increases substantially above the average purchase price for houses. The rapid increase in building prices in 2002 is related to the increase in inflation following the collapse of the rand in 2001.

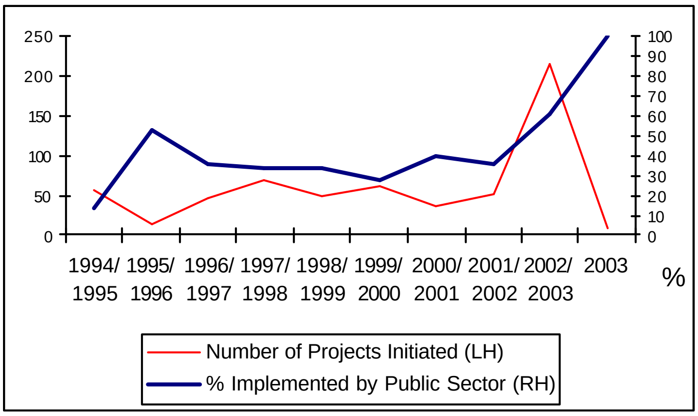
Since 1993, national house prices have risen faster than remuneration, with the result that housing has become less affordable (ABSA, 2003). This has implications for the role of the subsidy which is further explored below.

2.1.3. RDP Housing Stock

These are houses provided through the means of the national housing subsidy programme since 1994. It is estimated that some 1.48 million units have been wholly or partially initiated in this way.

The data in graph 2.4 below show the number of projects initiated and the extent to which these were initiated by the public sector. In general, the public sector has initiated around one third of the projects, except for the last two financial years, where the public sector initiated 60 and 100 percent of the projects. The large private sector developers appear to be no longer initiating projects and the projects are being undertaken by the state and emerging developers. Ninety-eight percent of the housing subsidies approved so far are project linked. To the extent that there is a slowdown in the number of projects initiated, the numbers of subsidies granted will fall. While there was a dramatic increase in the number of projects initiated in 2002/2003 – primarily due to financial roll-overs from previous years, the number of houses built peaked in the 1998 and 1999 financial years.

Graph 4 : RDP Housing Projects



Source : Department of Housing

The value of the stock delivered through the RDP housing programme is difficult to ascertain. While some stock is relatively well-located in terms of access to amenities and economic opportunities, others are poorly located. Where quality of the RDP houses is poor, there appears to be little opportunity for redress. Both location and quality influence the use-value and re-sale value of the RDP house. In addition, legally, an RDP house may not be sold formally for the first eight years unless the property is first offered to the relevant province. In these terms, the first RDP houses only became eligible for re-sale in 2002. Anecdotally, however, there is evidence that these properties are being sold informally, for low cash values (figures like R 4 000 – R 5 000 are mentioned). In some cases, these sales are likely to be last-resort survival attempts by households, who may then shift back to the informal settlements from whence they came.

Where RDP houses have been well-located, even if they are of poor quality, it is likely that the perceived value is high and that families will incrementally upgrade them. The converse is also true. The survey would need to confirm the extent to which RDP houses are being upgraded.

2.2. Reasons for the formal market failure

Understanding reasons for the thinness of the market – or as some have put it, the absence of the market, will require input from the planned township survey. Desk top analysis of the market is constrained by lack of appropriate detail in existing reports, with studies reporting a dearth of statistics (Kayamandi, 2002).

Nonetheless, there are a number of themes that emerge which contribute to both the weakness in demand and supply. These include lack of effective demand, financial exclusion, shortage of the supply of houses and legal impediments. These are further explored below:

2.2.1. Lack of effective demand

Table 2 : Expenditure on consumables by income group

YEAR	HLGC Loan values (New houses)	HLGC Loan values (Existing houses)	ABSA Purchase price-affordable housing[1]	% change Y on Y (HLGC new)
1997	R 71,095.00	R 71,133.00	R 73,856.00	
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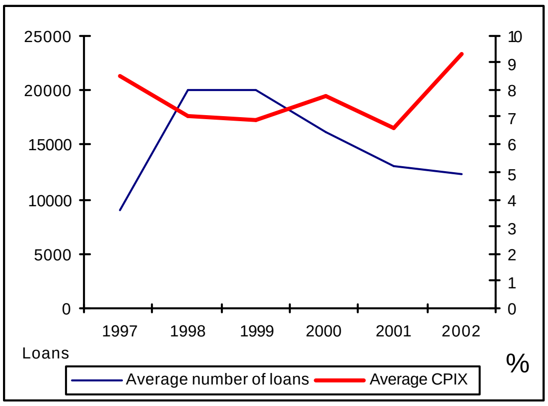
1 = Houses 40-79m^2 and priced up to R100 000				

Source : HLGC , ABSA

Would-be owners of township houses are unable or unwilling to pay. South Africa is increasingly divided along class lines, with the gap between the employed and the unemployed being of major importance (Nattrass and Seekings, 2001). There are high levels of unemployment in the townships. Those with higher incomes would prefer to live outside the townships, such as in the city centre.

In the data in Table 2.2, the population is divided according to income group. The bulk of the population falls into the lowest two income categories, with individual incomes less than R3500. It is these groups, who tend to spend the bulk of their incomes on consumables, that have been the primary target of the National Housing Subsidy. As a rule of thumb, it is generally accepted that households that spend more than 60 percent of their income on housing, food and beverages and clothing are considered vulnerable (ECI, 2003). The first, second and third income groups can therefore be regarded as vulnerable since they contribute more than 60% of their expenditure, respectively, to these items. Data from StatsSA suggest that households who earn less than R3500 per month spend around 7% or around R250 on housing per month. Consumption expenditure on the most basic household goods constrains poorer households in South Africa and explains why effective demand for housing in this household segment is contingent on improved economic opportunities and an increase in their incomes.

Graph 5 : Average loans extended in the formal housing market per year and average inflation



Source: HLGC, Quarterly Bulletin of the South African Reserve Bank

The data in Graph 2.4 represent the estimates of total number of loans for both new and existing private sector township stock each year since 1997. These estimates are plotted with consumer inflation (excluding the interest rates on mortgage bonds). To the extent that a relationship appears to exist, it can be said that as CPIX declines, the number of housing loans increases and vice versa. These data tend to support the notion that lower income households have constrained resources to spend on housing and when the inflation rate falls, increasing real income, there may be increased demand for housing finance.

2.2.2. Financial Exclusion

Two forms of financial exclusion may be identified.

- **Involuntary financial exclusion:** The vast majority of the population does not have access to the range of formal financial services and mortgages are no exception.

  The number of housing finance options available to consumers increases with income. While subsidies are available for poorer households, the recent stipulation regarding required own contribution may simply exclude the very households it aims to benefit. Individuals at low levels of comparable income in other countries have been shown to be unable to afford anything but a 100% subsidy (Jorgensen, 1997).

Table 3 : Access to housing finance by income group

	LSM 1 – LSM 4	LSM 5 – LSM6	LSM 7– LSM 8 (Lower)	LSM8 (Upper) – LSM10
Individual Income	R 0 – R1534 p.m.	R1535 – R3500 p.m.	R 3501 – R 6000p.m.	> R 6000 p.m.
No. Of Households	4.8 million	2.34	1.095	1.279
Expenditure on shelter, food, clothing as proportion of budget	62%+	62%	61%	35 – 50%

Source : StatsSA; SA to Z

The only financial source for very low-income earners would be a micro loan from an RLHF intermediary. Of course, there may also be possible access to stokvel and collective savings such as the Ashani fund – which uses small contributions from the community to enable successive households the ability to start building homes. While the latter are important to certain communities, they represent funding rather than financing and their combined leverage is small. They are not further discussed here.

Table 4 : Mortgage book overview

Description	Size of Book	No of Accounts	Average size of loan
Total Mortgage book on formal bank's registers	R 192 billion	1.7 million	R 112 000
OF WHICH :			
High end mortgages (above R100 000)	R 170 billion		R 121 000
Affordable nortgages	R 22.1 billion	300 000[2]	R 74 000

Source: FEASibility, 2003 Cost, Volumes and Allocation of Credit. Revised

2 This is a generous estimate, confirmed by the Banking Council (Supersad, in interview). HLGC suggest the total affordable mortgage book may only be R 14.7 billion

In 1996, it was estimated that the formal sector banks had extended mortgages to some 300 000 township households, to the values of R14 billion (NHFC, 2000). The average size of loan was around R47 000. Since then, the average size of loan in the low-end market, guaranteed by HLGC has risen to R77 000. Even given the impact of inflation, banks have progressively moved out of the low-income market. A proportion of these loans are backed by the security of pension-funds, rather than the property itself.

During this time, the number of banks servicing the low-end of the market has also decreased, with the demise of NBS, Saambou and BOE to mention a few. The apparent reluctance of formal institutions to fully engage with this sector of the market means that the opportunity and ability to leverage housing as a mechanism for other financial needs, is small.

- **Voluntary financial exclusion:** There is the suggestion in the literature that there is weak demand for mortgage debt. Rather than over-extending themselves with mortgage debt, poor households are debt-averse (Gilbert, 2002). This is in line with the expectations of those who have a precarious economic existence, and who are inclined to spend their incomes on consumption needs rather than asset accumulation.

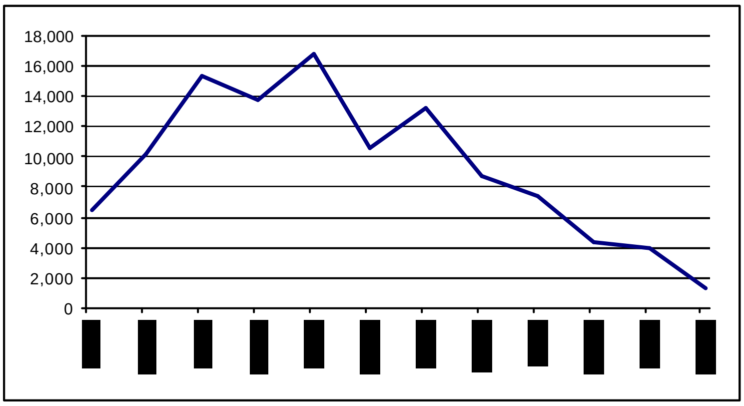
  While poor households do obtain short term debt – often at exorbitantly high rates over short term, they are often excluded from formal financial provision. However, they may also prefer short term credit as it commits the household to debt repayments for a more manageable period of time.

2.2.3. Shortage of low-cost houses

The shortage of secondary houses on the market has much to do with the shortage in primary housing and new starts. There appears to be a shortage of the supply of new township houses across the board:

- Numbers of old Township stock have remained largely unchanged
- Private sector housing has stagnated with the reluctance of banks to participate in the market and the inclination of the wealthier to move out of the townships
- The reduction in numbers of RDP housing projects initiated by private sector developers.

Graph 6 : Estimates of new starts – private housing stock



Source : HLGC

This suggests a stagnating primary market. The increase in the number of RDP houses has not eliminated the shortage of low cost houses (NHFC, 2000). Data from the HLGC, which represents its best guess of the total number of new starts in the private sector affordable housing market (of which it guarantees only a proportion), suggests a declining trend since the late 1990s (see Graph 2.5). It is generally accepted that restrictions on the supply of new units lowers the supply of affordable units (Somerville and Mayer, 2003).

It is likely then that owners of the existing housing stock are reluctant to sell as there are few alternatives. In addition, the weak supply of secondary housing may be attributed to:

- Poor economic mobility of the owners
- The subsidy mechanism has provided disincentives to the informal secondary market (see section 2.4 below).
- Over capitalization, where owners would not realize the investment in their houses in decayed areas
- The houses may supply owners their only form of income (such as backyard shacks providing informal income)
- The houses represent social capital and value-in-use which is not captured in the potential sale price.

2.2.4. Legal impediments

Absence of legal entitlement prevents re-sale of houses – and contributes to the thinness of the market. Where informal sales take place, they are likely to reap lower benefit for the seller than if the process is carried out formally, with legal tenure part of the exchange.

The complexity of legal process and the high transaction costs are also likely to discourage uninformed consumers. These may include requirements to clear rates arrears, the cost of conveyancing services, and lack of information. These may make the process daunting and unless consumers are strongly motivated, they may find the transaction costs of sale and purchase too great.

De Soto (2000) argues that there is a need to commoditize housing assets so that owners can gain access to and leverage financial capital, such as mortgages. There is much in the description of the township housing markets which accords with the picture De Soto paints of poor third world housing settlements. The registration process in township areas appears to be unwieldy, there are obstacles to purchasing houses or land (such as having to obtain clearance certificates) and financial support is not necessarily forthcoming.

The arguments in favour of legalization through the mechanism of granting individual rights include:

- Security of tenure rights
- Encouragement, through direct ownership, to invest in the land, leading to asset build-up.
- Possibility of access to finance with house (land) as collateral.

Applying the arguments of the Folweni case study (Rutsch Howard, 2003) to housing in the townships, suggests that while poor households are happy to receive tenure and the relative security this offers, they are also content with de facto security (i.e. where their experience suggests that they have security. Where the costs of tenure rights have to be borne by poor households, they are prepared to do with out it (Gilbert, 2002). However, while informal market may function in an extra-legal manner, the informal settlements and houses remain vulnerable while there is no legal entitlement to underpin the perception of security. This contributes to the vulnerability of poor households. For example, where property has not been transferred but informally subdivided, the squatters may be ousted as the city limits close in on formally marginalized areas (Berner, 2001).

De Soto's argument is based on the notion that there is a strong causal link between legal tenure and access to finance. It is a link which Gilbert queries, however. In South Africa, there is significant proof that without other factors, such as the certainty that the security of the house upon which a mortgage or other loans is secured, can be realized, such causal mechanisms cannot be taken for granted. However, legal tenure remains a sine qua non of rejuvenating the formal housing market. While Gilbert's reservations regarding the fetishising of legal tenure may be valid, it is fair to say that while it is not a sufficient condition to solve the housing market failure, legality is a necessary condition.

The discussion has highlighted four areas of apparent dysfunctionality. It is likely that all four of them need to change to ensure a functioning secondary market. The discussion below expands further the issue of financial exclusion by providing a fuller discussion on the housing finance and mortgage market.

2.3. South Africa's housing finance and mortgage market

The household credit market, which embraces the mortgage market is governed by the Usury Act and hence the Usury cap – which applies to all transactions except exempt micro loans of R10 000. However, the usury cap rarely applies to the mortgage market, which is governed by the prime rate of interest as a benchmark. This benchmark is seen to constrain banks' entry into the low-end mortgage segment as they suggest it would be 'bad' publicity to offer mortgages rates too high above the prime benchmark. Hence unless they have access to alternative security, such as a pension fund, banks would rather steer clear of this market segment.

Nonetheless, mortgages are the most significant household credit instrument. In addition, since a mortgage is backed by real estate security, it remains the cheapest form of credit available to the vast majority of consumers.

South Africa's peculiar history has meant that a majority of individuals have been denied access to land and home ownership, and hence mortgages. This means that the majority of South Africans do not have access to this relatively cheap form of credit.

2.3.1. Housing finance landscape

Table 2.4 shows the overview of costs to clients from different providers. For completeness, micro-loans and pension-backed loans are included in this overview since they may be used for housing finance. However, since their security is not property, they are not strictly mortgages.

The smallest loans available specifically for housing finance are incremental housing loans of below R10 000, provided by NHFC micro-lending intermediaries. The average size of loan reported by the NHFC is R4 660 in this micro loan category. The average total cost of 42% has been provided by NHFC. Micro-lenders interviewed indicated that they charged the maximum permissible rate (55% per annum in 2002).

Table 5 : Overview mortgage and housing finance costs

Mortgages and Housing Finance Cost Overview (Prime = 17% p.a.)					
Type of Intermediary	**Cost of Funds**	**Average Annual Charge to client**	**Form of Security**	**Average Loan Size**	**Term of Loan**
Micro-loan – NHFC Incremental Housing	16.0%	42%	Unsecured	R 4,660.00	21 months
Micro-loan – NHFC Payroll deduction	16%	28%	Secured through payment mechanism	R 4,660.00	21 months
Pension-backed loan	11%[2]	16%-17%	Pension fund	R 20 000	8 years
NHFC Mortgages - Home ownership	13.0%	17%	Property. After 8 months, risk shifts to NHFC	R 80,000.00	15 years
Low-end Bank Mortgages	11%[3]	19%-20%	Property	R 77,000.00[5]	20 years[4]
High-end Bank mortgage	11%[3]	15%-17%	Property	R 210,000.00	20 years[4]
High-end independent	13.5%	15%	Property	R 220,000.00	20 years
[1] = 2002 figure; max now 62%					

[2] = Opportunity costs of possible deposit rate
[3] = Highest deposit rate; in reality, the average depositor earns far les s
[4] = Written for 20 years, but average effective term is 7 years
[5] = A portion of these may be guaranteed by the HLGC, or by pensions

Source : Interviews with providers; published rates

However, where it is possible to put a payroll-deduction in place, the price to the client of a micro-loan may be considerably lower. Major intermediaries of the NHFC stated that they charged as little as 28% p.a where such a facility was in place. Roughly one third of their business was repaid through the payroll deduction mechanism. Nonetheless, it must be noted that the benefit of the relative security of the payroll deduction is not always passed onto the client.

Loans for low-cost housing above R10 000 may be obtained where the client has access to pension-fund sec urity. An increasing number of banks are reported to be considering offering pension-backed home loans, where the pension forms the security rather than the property itself. This would allow for loans up to R20 000 or R25 000, depending upon the level of security available in the pension fund. The average size of pension-backed loans reported by suppliers is R14 000 and it is estimated that some R5-7 billion is loaned in this form. In general, these loans are offered at a similar rate to mortgages secured by property, with minimal risk for the administrator offering the loan.

The intervention of the National Housing Fund Corporation (NHFC) has meant that since 1996, R161 million has been dispersed through low to middle income mortgage intermediaries or brokers. Brokers screen clients and originate 15-year mortgages, which are then re-sold to the NHFC, in terms of its Primary Lender's Agreement. The NHFC purchases the loan and after eight months is wholly responsible for the risks associated with it. If one distinguishes between mortgage origination, mortgage holding and mortgage servicing, it appears that the NHFC thus outsources the origination of the mortgage as well as the servicing of it, although it is essentially the holder oft the mortgage. Some commentators suggest that it is the mortgage holding which is strategic (Renaud, 2003), however, it remains to be seen whether there are sufficient incentives for origination and servicing.

Currently, the average size of mortgages registered with the NHFC is R80 000, with a minimum of R20 000 and a maximum of around R140 000. Banks serving low-end retail (such as Peoples Bank) compete with NHFC brokers in this market segment. NHFC brokers identify two specific constraints:

- NHFC's high affordability criteria (higher than other operators in the mortgages market) mean that they are constrained by having to offer smaller bonds than clients can typically access through the formal banking sector3. This means that the better-off clients have an incentive to deal with the formal banks, undermining the potential of these non-bank lenders to compete.

[3] One example given was that for the same client that a formal bank would offer a mortgages loan of R100 000, RFIs were constrained, though the NHFC affordability criteria, to offer only R60 000.

- The affordability criteria undermine the ability of such lenders to grow their books and also increase the cost of origination. Up to 16 households may be screened for everyone that is successful in meeting the affordability criteria. (Rejection rate of 94%).

In addition, there are other constraints to low-cost housing provision, including:

- Township development funding: For green fields development, a reliable developer needs to be found with access to development capital (R12 million-R15 million) for services, including roads, servitudes, sewerage, etc. This is required upfront, for which the payout may be several years down the line.
- Subsidy erosion: Individuals eligible for state subsidies earning incomes of R1500 p.m., qualify for a full subsidy. Even although the value of the subsidy has recently increased, it has been more than eroded by inflation. As an example, one lender spoke of a 40m2 house which cost R56 900 to build 21 months ago: now the same size home costs R82 300 to build.

These two factors have contributed to the decline in new starts.

2.3.2. Providers and market segment served

Information is difficult to obtain on the distribution of mortgage credit. This is in spite of the Home Loan Mortgage Disclosure Act of 1999, for which regulations have not yet been promulgated. This means that information on volumes and number of loans is not available. It is common cause in the literature surrounding mortgages that there is a gap in provision of loans between certain values. Up to R10 000 incremental housing loans may be obtained from specialist micro lenders. At the higher end of the market, mortgage loans are very competitively priced, at the prime rate of interest less one or two per cent. The theory is that somewhere in between there is an under-served market. Pension backed loans up to R20 000 have gone some way to bridging this gap.

Qualitative information suggests that the residential mortgage market (as served by commercial banks) is skewed towards the upper end of the usury- ceiling of R500 000. Specifically, there are relatively few mortgages available for less than R100 000. Most banks perceive it to be uneconomical to participate in the lower-end of the market[4]. Another reason why banks are reluctant to participate in the lower end of the market is that they cannot realise their security at the low end of the market. In the case of higher-valued properties, sales in execution can take place but the same does not apply for low-end properties. However, there is a counter view: those involved in the low-end of the market argue that recovery of the security is perfectly feasible but that the larger banks are simply unaccustomed to working at this end of the market.

A Banking Council official remarked that in the US, an institution involved in the low-end mortgage market may suffer a loss of 20 per cent in the case of default. In the case of South African institutions, the loss may be more than 100% (if the banks bears the cost of rates arrears).

[4] One banking official remarked that it was uneconomic to participate in mortgage lending of less than R150 000.

The pricing of mortgages and housing finance appears to have much to do with the level of security and the degree to which this is perceived to be realisable in the event of default. As is apparent from Table 2.6, the cost of housing finance dramatically reduces when backed by realizable security such as a pension or property.

Table 6 : Housing finance cost and volume spectrum by size of loan

Spectrum of provision of housing finance (Prime rate = 17%)				
Size of loan	R0 - R10 000	R10000 - R20000	Less than R100 000	R100 000 and above
Type of loan	Unsecured Incremental Housing Finance	Pension-backed loan	Mortgage Financing	Mortgage Financing
Size of book	R 0.60 billion	R 5 billion	R22.1 billion	R170 billion
Cost	28%-67% p.a	16% - 17% p.a	17-19% p.a	15% - 19% p.a

Source : Interviews with providers; own estimates

Incremental housing loans are not secured, and providers report a high level of default. Providers may charge up to 65% or 67% in terms of their agreement with the NHFC or RHLF respectively, although this may be substantially lower if the provider has access to payroll deductions, which reduces collections risk. One provider of incremental housing loans argued that where he had access to payroll deduction facilities, his full finance charge to the client was 28% per annum, compared with 65% per annum without such security. This issue is again taken up later, but it appears that the payroll deduction facility has to be acknowledged as a form of security.

Incremental housing specialist micro-lenders raise a number of issues as factors that make their activities unsustainable over the longer term:

- Small size of book. (Anything above R90 million is estimated to be sustainable; with a smaller average book of R25 million they maintain that a charge of 90% p.a. would make them sustainable).
- High levels of bad debt (some lenders experienced a 30% rate of bad debt to advances in the past year).
- Shift from payroll deductions to debit orders increases collection risk. This is a consequence of being shifted off the Persal payroll, but also because there is increasing resistance in the private sector by employers to allow payroll deductions; employers do not see themselves as debt collectors. Debit orders have a lower strike rate and require active management in terms of date processed if they are to be successful (processing two or three days after payday is too late).
- An increase in the number of providers and increasing availability of consumer credit in their market segment, has resulted in an increase in default and an

increase in the numbers of negative listings with credit bureaux. It is thus becoming more difficult to find 'qualifying borrowers'.

- AIDS deaths – and hence higher numbers of defaults and individuals 'absconding'.
- The high number of liquidations of companies and firms has resulted in a high number of retrenchments. Those at the lower levels of income are most financially fragile as they are least likely to obtain new employment. This has also contributed to the bad debt levels in the incremental housing sector. While some of these broad social factors may also affect other mortgage providers, the security provided by pensions or property means they are not as adversely affected.

Incremental housing loans less than R10 000, are micro-loans for the purpose of incremental housing in both urban and rural centres. While the loans may be used for start-up funding for homes, loans of R10 000 or less are acknowledged to be too small to build much more than a single room. Nonetheless, repeated use of this form of borrowing appears to have played an important role in providing access to shelter for low-income individuals.

In the urban setting, NHFC intermediaries have dispersed some R637 million to 69 274 borrowers since inception (1996), with an average charge of 42%. In the most recent financial year ending March 2002, the intermediaries dispersed some R67,5 million[5].

Given that microloans are likely to be the most accessible form of commercial finance available to poorer households, it is perhaps useful to attempt to identify the extent to which microloans are used for housing purposes.

The data in Table 2.7 show the use of both microloans for specific and general purposes for housing activity, be it improvements or new starts. While finance from intermediaries from RHLF is almost exclusively used for housing, the fungibility of finance means that even for NHFC's intermediaries, less than half of the finance is used for housing. From the general purpose microloans registered with the MFRC, 14% are reported to be used for housing. On average, ECI reports that between 15 – 30% of microloans are used for housing. Towards the end of 2002, some R15 billion of both bank and non-bank microfinance was being extended. In these terms between R2.25 billion and R4.5 billion was being employed for incremental housing.

Table 7 : Microloans: Use of finance for housing

Microloans: Use of funds for housing				
Loans from:	RHLF	NHFC Urban	NHFC Rural	MFRC (Total Book)
Use for housing purposes	95%	44%	42%	14%

Source : ECI, 2003

[5] NHFC Annual Report. From an initial State funding of R1.5 billion.

The low-end mortgage market remains poorly supplied, however. The current conditions of the Banks Act (which require R250 million reserve capital, etc) mean that there are significant barriers to entry. In the light of increasing public pressure, legislation which would amend the Banks Act to allow for second and third tier banks (essentially in the building society mode), is currently being considered.

The consequence of the high barriers to entry in the banking sector is likely to have undermined innovation in this market. In several international studies, the role of saving products as a mechanism to leverage finance appears to have been successful (World Bank, 2002b). The absolute paucity of good savings products in general in South Africa has been alluded to elsewhere (FEASibility, 2003), and the failure of the banking industry to develop such products remains an indictment on the industry.

In a market where consumers may be confounded by bundled products and absence of standardised disclosure, it may be necessary for the regulator to take on a role of consumer protection as well as prudential control. Until these issues are addressed, financial exclusion and inappropriate provision is likely to continue.

2.4. The role of the housing subsidy

The housing subsidy was designed with the aim of providing subsidised houses which would appreciate in value and become tangible assets for poor households. Table 2.8 shows the values for the current financial year, according to different household income categories (in most cases it is assumed the household may have dual incomes). The value of the top-up amount, or own contribution, even for the first tier of households who earn less than R1500, has been recently introduced.

While the building of some 1.5 million houses through the subsidy mechanism has stimulated the primary housing market, the subsidy has had the unintended consequence of distorting the development of the secondary housing market.

Table 8 : Housing subsidy values (2003 / 2004)

HOUSING SUBSIDY VALUES (Value of House R25 508)		
	Value of Subsidy	Value of Own contribution
Indigent / Aged / Health stricken	R 25,508.00	R 0.00
R0 - R1 500 p.m.	R 23,100.00	R 2,479.00
R1 501 - R2 500 p.m.	R 14,200.00	R 11,308.00
R2 501 - R3 500 p.m.	R 7,800.00	R 17,708.00

Source : Department of Housing

A number of factors may be identified in this regard:

- **Reluctance to undertake debt where a "free house" may be in the offing.** In the table 2.9 below, the consequence of the housing subsidy, means that for individuals earning more than R1500 or more than R2500, servicing costs for the house will be at least R185 or R287, respectively. These servicing costs are calculated assuming the household has access to a pension which may be used to leverage the finance for the top-up amount. If a micro loan is the only form of credit available, the monthly contribution would be significantly greater. Given that poor households seldom have employment security, even where households can afford to service these contributions, they may be reluctant to undertake such a commitment, and might postpone their entry into the market, with the thought that a fully subsidized house may still come their way.

- **Perceived value of subsidized housing stock.** Given that the house has come for 'free' in some circumstances, this undermines the perceived value of the house. For this reason, informal sales of R5000 are reported.
- **Problems with ascertaining market value where there is thin trading.** Given that there is little activity on the market, sellers may not be able to ascertain the market value, and may be pressured into accepting lower offers.
- **Discontinuation of individual housing subsidy.** This process which is documented in the DFID-SA Land survey document (Urban Sector Network, 2003), suggests that the subsidy has really been exclusively for primary housing development (with a project-bias). The individual subsidy for the purchase of existing homes has been the exception. This has contributed to the thin secondary market.
- **8-Year resale restriction for subsidized housing.** The aim of this restriction was to ensure that the housing would remain the property of the province if it was up for sale in the first eight years. Sellers relinquishing their property to the province would potentially be eligible for a subsidy once more and could join the queue again. The outcome of this restriction has been to encourage informal, low-return sales. There is the suggestion that the preference has been to obtain the short-term cash benefit rather than the long-term outcome of once again qualifying for a subsidy.

Table 9 : Housing subsidy and affordability of housing

Housing Subsidy and Affordability of Housing				
Property value	**Subsidy**	**Financing requirement (Top-up & Shortfall)**	**Repayment on loan[1]**	**Minimum Salary[2]**
Income up to R1500				
25508	23100	2408	R 39.14	R 156.55
30000	23100	6900	R 112.14	R 448.58
35000	23100	11900	R 193.41	R 773.64
40000	23100	16900	R 274.67	R 1,098.69
45000	23100	21900	R 355.94	R 1,423.75

Income up to R2500				
25508	14100	11408	R 185.41	R 741.65
30000	14100	15900	R 258.42	R 1,033.68
35000	14100	20900	R 339.68	R 1,358.74
40000	14100	25900	R 420.95	R 1,683.79
45000	14100	30900	R 502.21	R 2,008.85
50000	14100	35900	R 583.48	R 2,333.91
Income up to R3500				
25508	7800	17708	R 287.81	R 1,151.22
30000	7800	22200	R 360.81	R 1,443.25
35000	7800	27200	R 442.08	R 1,768.31
40000	7800	32200	R 523.34	R 2,093.37
45000	7800	37200	R 604.61	R 2,418.42
50000	7800	42200	R 685.87	R 2,743.48
55000	7800	47200	R 767.13	R 3,068.54
60000	7800	52200	R 848.40	R 3,393.59
65000	7800	57200	R 929.66	R 3,718.65

[1] Assuming interest rate for a pension backed loan over 8 years is 12%

[2] Assuming that loan repayment may not exceed 25% of income

Assuming interest rate for a over the period is an average 12%

Assume pension-backed loan for 8 years

Source : Department of Housing, own calculations

The subsidy may be seen to have contributed substantially to the number of low-cost housing units in South Africa. However, it is also apparent that is has contributed to a poorly functioning secondary market. The informal market, which exists as a consequence of the distortions to the formal market, is now examined.

3. The Informal housing market

The informal housing market is primarily an outcome of market and state failure. Informal housing activities include illegal squatters and informal rental or sub-division of property. In a comparison between Santiago and Soweto, Crankshaw et al, 2000 suggest that the backyard shack phenomenon is a consequence of the policy and regulatory environment and its harsh attitude towards informal settlements and the backlog of low-cost housing alternatives. While Crankshaw reports significant overcrowding in Soweto's backyard shacks, these shacks still represent economic benefit to the owners of the houses and the shack dwellers.

The literature suggests that illegal primary activity such as occupation of land and building of shacks needs two conditions - accessibility to a town or city centre and access to water (Berner, 2001). The 'right to the city' remains important in the secondary housing market, where backyard shacks in township properties arise primarily from their capacity to give access to the city centre and its associated services and amenities (Morange, 2003).

The extra-legal market can be seen to apply where the formal market does not respond to people's needs (referred to as the 'default paradigm'in the Folweni case study). In South Africa, for example, low-income foreigners do not have access to a housings subsidy and the backyard shack may be the best alternative.

In the absence of a formally acceptable legal entitlement to the property, such as freehold title, which remains a problem in many township areas, trade of a property may still take place, as de facto ownership may still be tradable (Rutsch Howard, 2003). In the absence of legal formality, recourse to traditional observances may be made, such as the performance of the sale or transfer in the presence of an 'official' witness. The experience in Folweni suggests however that trade of property in this way remains a second-best outcome, as only a weak record of rights remains, which is not without dispute.

There is no real suggestion that informal activity arises from a reluctance to act within the formal market (Rutch Howard, for example, suggests that the informal market is not hostile to the formal market, and Morange suggests that the backyard residents want to be compliant). Indeed, which ever way one looks at it, informal does not mean cost-less and is the default option, rather than the option of choice. Since some groups earn rents from squatters and informal dwellers, there may well be resistance to formalisation in some quarters. Berner (2001) points out that middle-men and rent collectors of the informal system are likely to disrupt mechanisms which exclude them in order to protect their rents.

4. Residential vacancy chain models and the township housing market

The basis for the residential vacancy chain models (see, for example, Emmi and Magnusson, 1995) is the notion that mobility within housing markets is limited to the currently available housing stock. Vacant housing 'opportunities' are used as the basic unit of analysis. Vacant housing opportunities are accounted for by reference to three possible states: initiation, transiency and absorption.

- **Vacancy initiation** is associated with discrete housing inventory and household demographic change events, such as construction, subdivisions, and conversion of non-residential units to residential units, out-migration of households and household death or dissolution.
- **Vacancy transience** is associated with houses available for occupation. For each household that moves from housing sector j to housing sector i, there is a vacancy transfer in the opposite direction from housing sector i to housing sector j.
- Once a house is transferred, it may be absorbed. **Vacancy absorption** is associated with discrete housing inventory and household demographic change events (such as destruction or demolition of houses, merger of units or the formation of new households and household-migration. Once absorbed the chain of vacancy transfers is ended and the vacancies disappear from the system.

The idea is that through keeping a balance of housing vacancy inflow and outflow, one can observe the migration of households and the change in economic circumstances of an area. In the South African township market, it is difficult to apply such a model in a straightforward way. There are data difficulties in terms f number of housing units and some areas have no records. However, the vacancy model is also unlikely to be appropriate where the social value of the home may outweigh its economic value and where the survival strategies of the poor may mean that vacancy will not be recorded through the mechanism of putting the house on the market. Rather, it appears that there may be a change in the occupants of a house without any formal or informal sale, as new family members move in, or take up more space, as others move out.

Hirschman's (1970) analysis of exit and voice is apposite. In economic terms, the ability to exit or switch allows the customer to express dissatisfaction with the firm or product, or in this case the accommodation or area. This mechanism allows for impersonal communication regarding the quality of the product or service provided and usually would be experienced in terms of loss of revenue for a firm or increased supply of properties in an area. By contrast, the voice mechanism is less impersonal and implies protest.

Both of these options imply consumer choice and efficacy. In the case of the exit option, the consumer has alternatives and the freedom to switch. The wealthier, better educated members of the township household may fall into this category. Generally the exercising of the exit option will generate a response in a competitive market. Firms may be forced to upgrade the quality of their product or service, for example. However, where the market is insensitive to consumers exercising the exit option, such as is likely to be the case of provision of state housing, this may not bring on the anticipated responses. Instead, an enclave of deteriorating housing may be left behind. In terms of our study, it would be useful to explore the reasons for the mobility of such household members, with those left behind.

By contrast, older members of the household may be bound to the townships in terms of other evaluations of quality (personal history and loyalty) and may not want to exercise the exit option. Such people may actively stay put in the chosen environment. Poorer, less well-educated household members may wish to exercise the exit option, but may have no choice but to stay. Both of these categories of township occupier may exercise voice options, expressing their discontent at the decline of the township areas, but this is likely to be seen as futile unless there is hope for change. It would be useful for the survey to attempt to capture the different possible motives for remaining in the townships.

5. Conclusions

The dynamics of the primary and secondary markets as well as the formal and informal markets are linked and weakness in one spills over into other. For this reason, the implementation of the subsidy has mobilised new housing starts, but has operated as a constraint on the development of the secondary market.

The thinness of the secondary market ultimately undermines the potential of low-cost housing as an asset. To the extent that housing is not perceived to be an asset, the secondary market will languish and the ability for the housing stock to contribute to capital formation is undermined.

Crucial to invigorating the secondary market is competition in the low-cost housing finance market. There is a need for more entrants and development of new products. In particular, savings products seem to be absent in the South African market. The financial sector needs to be further liberalised to allow for second and third tier institutions to fill market gaps. Consumer education in terms of the implications of housing finance seems important. Better disclosure in other credit markets, together with new suppliers, might enhance the incentives to take-up mortgage debt.

Granting of legal tenure appears to be a necessary condition for the market to function. While the informal market may function according to extra-legal entitlements, its participants remain vulnerable. Nonetheless, legal tenure is not a sufficient condition to restore the functionality of the market and other issues need to be addressed. Legalisation needs to be dealt with in a way that does not further ghetto-ise the poor.

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Table 10 : Interviews

Organisation	First Name	Surname	Position	Contact Number	Email
Homeloan Guarantee Company	Duncan	MacArthur	General Manager: Risk Management Division	(011) 726 3150/7 082 771 2616	duncan@hlgc.co.za
The Banking Council	Vish	Suparsad	General Manager	(011) 370 3548 082 456 0746	vishs@banking.org.za
Department of Housing	Mark	Napier	Chief Director: Research	(012) 421 1493	mark@housepta.pwv.gov.za
	Edwin	Dabulani		(012) 421 1308	