

Delivering low cost housing is essential - Rawson Properties

Any discussion on low cost, subsidised housing in South Africa has to take into account the startling fact that South Africa has the worst Gini coefficient in the world, according to Bill Rawson, chairman of the Rawson Property Group.



The Gini coefficient is described in a recent The Economist article as an aggregation of the gaps between people's incomes into a single measure. Thus, if everyone in a group (or for that matter in a country) has the same income, the coefficient will be 0. If all the income goes to one person and none to the rest, the co-efficient will be 1.

"Speaking generally," said Rawson, "the fewest income equalities are found in the richest countries. Sweden, Germany, Britain and the USA have coefficients of between 0.25 and 0.4. However in South Africa, the figure stands at a very high 0.62, indicating that probably nowhere else in the world are so many people privileged and relatively comfortable while others live close to or below the poverty line.

New middle class

"Throughout South Africa we have seen the emergence of a new middle class in the last two decades, and this has been widely reported. We tend to forget that many people, as the striking farm workers have recently shown, are still having to try and exist on incomes of R50 to R100 per day, if they have jobs, which around 30% do not.

"In this predicament, the call for a much faster delivery of housing becomes more urgent. We are told that South Africa needs at least 1.6 million new low cost homes right now. These have to be treated as a top priority, even if borrowing money to build them causes a further increase in our debt," said Rawson.

Calls will not go away

"Those who think that the calls for a leveling off of wealth distribution will go away are likely to find that from now on they will increase in strength and will have to be accommodated for. We can only hope that they do not wreck the economy in the process as they did previously in Argentina and Chile. In this situation a massive focus on low cost housing delivery and improved services coupled with the stricter enforcement of service payments, is absolutely essential as a remedy to discontent."

"I do accept that there are other priorities, particularly job creation, better education and skills training. However, housing has to be one of those at the top of the list and it is encouraging that the new Minister of Human Settlements appears to recognise this," Rawson concluded.

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