

## Dire shortage of city accommodation

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From SOUTH AFRICAN PROPERTY INVESTOR

The shortage of low cost rental accommodation in SA's large cities is becoming worryingly acute, say Andrew Schaefer, MD of national property managers Trafalgar.

"It's a telling sign that for the first time we are hearing of foreign Africans homeless in the streets of Hillbrow and Berea in Johannesburg," he adds. "We have not come across this in 10 years of substantial migration from Africa into the inner cities."

He says South Africa's housing problems are not near the dire straits of cities in Asia and South America where people are born, live and die on the streets. "But we are heading into a human settlement crisis that government alone can't solve. Unless everybody makes this crisis their problem peacefully, the growing number of people in the streets could eventually make it everybody's problem violently."

He says Trafalgar had decided to make social and low cost housing a major project, developing the skills required to manage it and help government and a private sector

Schaefer says the source of the problem is a universal conflict between economic cost and social need. The cost of building homes for the poor far outstrips their ability to pay economic rent.

"This is exacerbated by SA's rocketing building costs as we reconnect with the rest of the world and compete globally for building materials and professionals," he says. "It cost about R4000/m<sup>2</sup> to build a city flat a few years ago. That could be recovered through a rent of R40/m<sup>2</sup> monthly rent, or R1200/month for a 30m<sup>2</sup> bachelor flat – already out of reach for the poor. But now it costs about R8000/m<sup>2</sup> to build the same flat. At the current cost of money, a property owner would need a rent of near R3000/month.

"Quite frankly, we have no silver bullet to solve this problem. It will take time, economic growth, will and growing skills of many public and private organisations to do it. " He says Trafalgar recommended 120 years ago that municipalities buy dysfunctional sectional title when they could be bought for as little as R10000 apiece in Johannesburg. "There are still opportunities for councils to secure permanent low cost accommodation in city centres, but far less than before," he notes. "But that will not be enough and we, quite frankly haven't come up with any silver bullet. Social housing organisations and charities have started making some headway."

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