

# Press Release



SOUTH AFRICAN  
INSTITUTE OF  
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## Four out of five households do not qualify for mortgages

Some 83% of the nearly 14 million households in the country do not earn enough to qualify for bank housing loans, according to the latest *South Africa Survey*, published by the South African Institute of Race Relations last week.

In 2009, some 60% of households earned R3 500 or less a month and qualified for a full state housing grant while 16% of households had to make their own contributions to government-subsidised houses based on their income (R3 500–R7 000). Some 7% of households earned between R7 000 and R10 500 — enough to disqualify them from government housing programmes, but not enough to get a bank mortgage.

Some 5% (700 000 households) fell in an income bracket high enough to qualify them for bank finance in the affordable housing sector. The Government provides a guarantee fund and acts as surety for applicants in this sector. Only 12% (1.6 million households) earned enough to qualify unassisted for a bank mortgage.

The information is sourced by the Institute from a 2011 report by the Financial and Fiscal Commission.

The *Survey* shows that the number of informal backyard dwellings rose by 83% between 1996 and 2010. The publication notes that people who were on the waiting list of government housing programmes, and the majority of those that do not qualify for such programmes, often migrated to backyard dwellings that offered cheaper rentals.

'The income figures demonstrate the pressure on the State's housing delivery programmes with 60% of all households eligible for government-subsidised housing,' said Mr Kerwin Lebone of the Institute's research department.

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