

Boost housing provision to create jobs

By [Rudi Botha](#)

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It is obviously going to be very difficult for Finance Minister Tito Mboweni and his team to find any leeway in the Budget to allow for tax cuts, but there should be room for a focus on measures to promote infrastructure and housing development, which are both not only labour intensive, but also big downstream revenue and employment creators.



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In our business, we would obviously like to see everyone be able to afford their own home – but higher rates of home ownership can ultimately only come from increased permanent employment, in both the corporate and the entrepreneurial sectors. And along with mining, agriculture and tourism, the repair and development of SA's physical and communications infrastructure and the creation of new housing have the potential to attract both foreign and local investment and create many thousands of new permanent jobs a year.

Statistics have shown that for every flat built, at least one permanent job is created either in construction or in “support” sectors such as building and housing product manufacturing, transport, and professional services like banking, architecture and real estate. Every single-family home that is built yields almost three permanent jobs, and higher rates of home ownership also generate additional revenue for local authorities and local economies.

Consequently, BetterBond will be looking for confirmation of the medium-term budget amounts allocated to the expanded public works programme in the Budget to be presented this week, as well as the amounts to be allocated to municipal budgets for infrastructure upgrades and urban renewal, as this will encourage more private sector housing development.

Housing subsidies

In addition, we are hoping that the minister and his team might be able to increase the amount allocated to housing subsidies to enable more South Africans to acquire their own homes.

Then if there is any money available for tax cuts, one of the best options would be to reduce transfer duty – the tax on the purchase of property. What we would like to see is an increase in the transfer duty tax threshold to at least R1.5m and preferably R2m. This would not only assist first-time buyers, but also ensure that property is traded more often as owners with rising incomes upgrade.

In addition, we believe that Treasury should begin to think about some sort of VAT exemption for the first-time buyers of newly built homes.

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