

Programme to help first time home buyers

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CONSUMER Education is gaining momentum in all walks of life, even students have embarked on campaigns to educate citizens in their neighbourhoods about their rights.



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In Khayelitsha, stakeholders - from local government, the City of Cape Town, ward councillors, NGO organisations, community leaders, banking and finance institutions, property developers to mortgage originators - launched a Consumer Housing Education Programme to assist first time home buyers.

Meyer de Waal, a senior attorney at Ooshuizen and Meyer de Waal Attorneys, said the dire need for consumer education flows from the words "that banks are greedy monsters".

Finance Minister Pravin Gordhan called banks greedy monsters when he addressed the media in May 2012, referring to the role of the banking industry and the global financial crisis and the current housing crisis.

De Waal said at local level an alarming debt bubble has developed and was growing.

He said the finance industry has been in denial of this.

The short term "unsecured lending business" has grown a massive 53% over the past few years while the tap has been closed on the granting of home loans since the introduction of the National Credit Act in 2007.

"One of the leading banks in South Africa seldom grant a home loan for the affordable home loan buyer, although they profess to have an 'affordable home loan policy'," he said.

He said there was a need to come up with this initiative adding, though the national government created a subsidy scheme - Finance Linked Individual Subsidy Plan (Flisp) for those that earn between R3501 and R15000 - there were challenges in implementing the scheme.

The main challenge was that consumers were over-indebted so much so that they cannot meet the requirements for Flisp subsidy.

Western Cape MEC for human settlements Bongikhaya Madikizela said the Consumer Housing Education Programme will assist first-time homeowners to understand the process of buying a house.

He referred to the difficult task of local government in providing sufficient housing and related services particularly around the Western Cape.

Madikizela said the Western Cape currently has inflows of thousands of people migrating into the province every month, which puts massive strain on local services.

"The Western Cape government's main focus is to first provide basic needs such as water, sewerage and sanitation services before they can embark on a proper housing scheme for those living in shacks," he said.

Madikizela applauded the initiative by private companies and stakeholders in the property industry to get together and develop a Consumer Property Education programme for first time home buyers as well as sharing their skills and their resources.

"Currently, no housing education exists for first time buyers or new homeowners," he said.