

Call for more state leases to go to black companies

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THE SOUTH African Institute for Black Property Owners (SAIBPP) has called on the government to allocate more business in the public sector to black companies and landlords.

The group said black companies and landlords were still largely excluded from the property value chain, particularly in the ownership and management structures of businesses in the sector.

SAIBPP chief executive Vuyiswa Mutshekwane said even employment equity was far below the target that the sector had set.

“We have lobbied and have been very involved in the drafting of empowerment policy with respect to property,” Mutshekwane said.

“We expect the government should enable this process by making sure that they are procuring at least 61% of the leases from black companies and black landlords.”

The organisation said the changes were paramount to prioritise the inclusive growth and radical transformation of the property sector and non-agricultural land while ensuring security of tenure.

It said this would help deliver social priorities and create an opportunity for average South Africans to be active participants in the mainstream economy through ownership.

Mutshekwane said although there had been some success in delivering social housing and issuing title deeds, the demand still

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outweighed the supply.

She said support from the private sector was needed.

“Social cohesion, and alignment with the financial services sector and support from the private property sector are required to achieve inclusive growth and radical transformation and ensure that all policies are underpinned by sound economic principles.”

Mutshekwane said black companies and landlords were dependent on the government to be a catalyst and an enabler in driving and delivering on inclusive growth.

“Black people are struggling to gain access to capital, and they struggle to fund big commercial property transactions because they don’t have the necessary assets on their balance sheet.

“It is very difficult,” she said.

“Young black people find it difficult to acquire even their first property because of the way the financial service sector is structured.”

The South African Institute of Race Relations said the reason for

the discrepancies between property ownership and empowerment was commercial.

Spokesman Frans Cronje said their studies last year showed that the official unemployment in black communities stood at 30.1 percent against 6.6 percent among whites.

“These inequalities point to high levels of economic exclusion. It makes sense that such exclusion would feed through across a range of economic sectors including the property sector,” Cronje said.

“Much-improved levels of education matched with far higher rates of economic growth will be necessary to address such inequalities on a substantive scale.”

Mutshekwane said they had engaged the financial services sector on the disparities between black and white companies and landlords.

Mutshekwane said: “If we had that level of commitment from the rest of the financial sector, there would be a lot of movement and we’d see progress”.

“For individuals, some concessions are needed for first time owners because if you can’t even buy your first property how do you enter the economy?”

Of this year’s two-day SAIBPP Property Indaba and Convention scheduled to take place in August, Mutshekwane said: “We will take a closer look at inclusive growth and radical economic transformation within the property sector, focusing on what national policy should achieve with respect to this.”