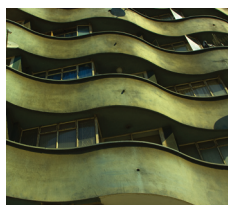
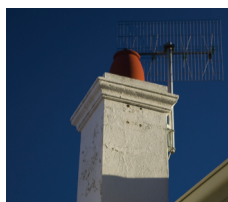
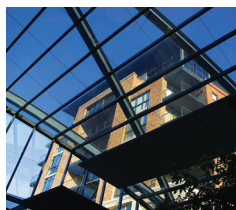




CITY REPORT 2008
EMAIL EDITION



CONTENTS



- FOREWORD
A HANDLE ON HOUSING - NEVILLE SCHAEFER 3

- INNER CITY RENEWAL STATUS
 - JOHANNESBURG - IAN FIFE 4
 - PRETORIA - IAN FIFE 5
 - DURBAN - NICOLA JENVEY 6
 - CAPE TOWN - ANGELIQUE ARDÉ 8

- SALES SCORECARDS, LIVING THE NUMBERS
- ANGELA GRAHAM 9

- GOVERNMENT'S HOUSING AND RENTAL
HOUSING STRATEGIES - ANGELA GRAHAM 15

- BEST PRACTICES FROM OFFSHORE: ACCELERATING
THE HOUSING DELIVERY - ANGELA GRAHAM 17

- DEMYSTIFYING BUILDING MAINTENANCE -
GREG ARDÉ 20

- ANATOMY OF RESIDENTIAL IMPROVEMENT
DISTRICTS: EKHAYA CASE STUDY - JOSIE ADLER .. 23

- SOCIAL HOUSING: THE DEVELOPMENT
OF COMMUNITIES - NICOLA JENVEY 25

- DEVELOPING GREEN AND ELECTRICITY -
FRIENDLY BUILDINGS - NICOLA JENVEY 28

A HANDLE ON HOUSING

FOREWORD BY NEVILLE SCHAEFER

CHAIRMAN, TRAFALGAR

THE right for individuals to call a designated space their home, secure in its tenure, has been a political hot potato since time in memoriam. Wars have been waged over land issues and locally the South African Constitution guarantees its citizens the right to access adequate housing.

Housing Minister Lindiwe Sisulu unveiled the essence of this promise in her 2004 Breaking New Ground Comprehensive Housing Plan. This initiative aims to improve housing delivery by acknowledging the gaps and advancing the living conditions for more than 103,000 households in informal settlements.

Yet, social housing, or the provision of rental housing for lower-income earners caught between government-subsidised homes and having the capital to purchase their own accommodation, has not typically been viewed as the realm of the private sector. A positive business case for a reasonable return has not been widely recognised in this space to date .

In this, the seventh annual Trafalgar City Report, we examine the critical role the private sector has to play in this debate. When seeking solutions to the country's low-cost housing crisis, the government has often attempted to adopt and apply international best practices to the local environment.

One such lesson is that around the world, particularly in developed countries, the private sector has been expected to contribute towards boosting social housing stock. Black households dominate the local rental market, followed by the coloured population and annually 105,670 new units are demanded.

Among South Africa's biggest problems is the quandary on how to break the vicious circle of insufficient means for investing; residents' ignorance about regular rental payments; poor local government management; lack of experience among housing corporations and private managers and the lack of trust among the participants concerned.

Holland has adopted the view that the streets, neighbourhoods and districts in which people live meld into the social community. The quality of that living environment and the ways in which residents interact determines our position in society.

Locally city improvement districts such as the eKhaya model operating in Hillbrow demonstrate how these principles and policies can holistically create a social community where tenants and landlords work together to build a stable environment.

In parallel, the world view is slowly shifting towards sustainability and the concept of green building – the practice of increasing the efficient use of resources by buildings and reducing the impact construction has on human health and the environment – has been brought to the fore with the acceptance of scarce resources.

The local construction industry has been criticised for lagging the world on these issues, but as the 2008 report highlights, this is something the newly-established Green Building Council of South Africa aims to tackle.

The electricity crisis earlier this year put paid to any doubts that South Africans need to concentrate on green building practices. Nearly half of the world's energy is consumed through the construction and continued operation of buildings and by ensuring a planet for future generations, these are issues that cannot be ignored.

Essentially, South Africa has the systems, legislation and policies in place to deliver on its housing requirements. The way forward demands large-scale implementation; unrelenting follow-through on non delivery; consistent engagement with stakeholders and communities and the strict enforcement of existing legislation.

Neville Schaefer
Chairman, Trafalgar

Acknowledgements:

We would like to thank the following for their kind assistance and input into the report: Josie Adler, Greg Ardé, Angelique Ardé, Ian Fife, Angela Graham, Nicola Jenvey and Michael Viljoen – as well as everyone within Trafalgar who contributed to the publication of this report.

Disclaimer

While every effort is taken to ensure that the information contained in this report is accurate, TRAFALGAR cannot be held liable or responsible for any inaccurate statistics or information contained in this report based on material supplied to us.

PROGRESS FOR JOHANNESBURG INNER CITY IAN FIFE

EIGHTEEN months into Johannesburg's five-year inner city charter programme, there are clear signs of progress. By August, workmen were putting the finishing touches to the R170 million upgrade to the Hillbrow, Berea and Yeoville public areas being undertaken by the Johannesburg Development Agency (JDA).

It is not only the pavements that tell the difference in Hillbrow. There is a greater sense of normality in the infamous area. It is not entirely safe yet; you can still be accosted in Kotze Street – the commercial centre where Joubert Park and Hillbrow meet – by a group of young vagrants high on glue. But they are begging rather than mugging.

The Johannesburg Inner City Charter has 192 regeneration targets. Of these 43 had to be completed by December 2008 with a R300 million budget to have been spent by June 2008 as part of a R2 billion budget commitment over five years. This includes the JDA's R170 million for the upgrade, which was just over a month late and the provision of more than 1000 transitional and emergency beds. Another R100 million from departmental budgets has been set aside for urban management.

Since July 2007, mayoral committee councillor Ruby Mathang and regional manager Nathi Mthethwa have recruited officials from 30 departments to form a 176-member, multi-disciplinary team to oversee progress. It includes 86 police, 18 environmental management specialists, two health specialists, two town-planning inspectors, 20 pest control officers and 30 urban inspectors.

They sweep through precincts at a moment's notice to close down illegal liquor outlets; arrest drug dealers and petty criminals; warn or fine building occupants for by-law infringements like signage and overcrowding and check on the condition of infrastructure.

Above all, they spend time educating the burgeoning residential population about acceptable behaviour.

According to Yael Horowitz, the official heading the charter programme, the council has achieved most of its 43 targets for 2008 and she is waiting for an independent audit to confirm this. But there are some important gaps. Perhaps most important is the Better Buildings Programme that collapsed after most of its senior people left a few years ago. It was supposed to be fully operational by July, but there was no sign of action from it.

Johannesburg has about 1,000 bad buildings blighting the landscape, supporting slum-lordism and acting as havens for criminals. But they are also an important shelter for the thousands of poor. The Better Buildings Programme must manage these bad buildings, taking them over to sell to

property developers or social housing companies or converting them into low-cost and temporary shelter. This continues to be a signal failure.

A December 2007 deadline for municipal clearance certificates — allowing property ownership to be transferred within three months of application — has passed and the process could be more than a year late.

Most of the blame is being directed at the municipal bodies that property owners most love to hate — City Power and Johannesburg Water. Neither is likely to achieve the three-month's clearance turnaround this year

The private sector is coming to the table. Johannesburg Partnership director Anne Steffny estimates private investors will plough R12 billion into the city over the next few years, much of it in new residential accommodation.

Pretoria developer Alec Wapnick's City Property is said to be investing another R2 billion to bring his total conversions to 10,000 and earn him and his listed property fund Premium monthly rental income of around R25 million. Renney and Wayne Plit's Affordable Housing Company expects to have built 5,000 residential units by the end of next year.

But even this pace is not enough. The charter calls for 75,000 new units. The pace of conversion is likely to slow as building prices rise from as little as R125/m² a decade ago to over R2000/m² today. Rising building costs and interest rates are likely to knock initial investment returns that were a juicy 11% last year. But the target seems reachable.

Cranes are starting to rise in the city as developers start building new offices. The Johannesburg Development Company is building a new mixed office and retail complex at the south-western corner of the city next to the magistrate's court to connect to the already-upgraded old financial district. Just up the road is the newly-opened four-star Mapungubwe Hotel, which enjoys 90% occupancy.

Despite the gaps, almost everybody now believes Johannesburg will achieve the bulk of its ambitious programme in the next three to five years.

Berea sectional title prices continue to recover faster than Hillbrow with the average price in July this year at R146,000 (2007: R130,000). Hillbrow lags at R112,000 and they both have a long way to go in catching up to Pretoria's Sunnyside at R360,000. All three suburbs had average prices below R50,000 in 2001.

REJUVENATING PRETORIA

IAN FIFE

EARLIER this year the Pretoria inner city resembled New York City on the now-infamous 9/11 as people fell to their death from a burning building in Schubart Park. The council was trying to clear the 22-floor high-rise block of flats to renovate it.

The day started out with the eviction of 38 tenants and ended with six people dead, including a toddler, and more than a thousand people homeless.

Ironically Schubart Park and the adjacent Kruger Park are the very few truly slum buildings in this seat of national government and main element of the City of Tshwane. It has certainly never deteriorated to the depths of Johannesburg and there remains something of a mystery about why this did not happen.

The city had the same initial problems as its larger Gauteng peer 40km away. They had started after the deterioration of buildings as the banks financed the widespread purchase of inner city flats by South Africa's middle-class emerging from its apartheid-induced townships. These first-time buyers had little ownership experience, particularly in sectional title buildings.

Most were not told they had to pay both mortgage instalments and levies to cover operating costs. They were abandoned to find their own way to manage the buildings in which they bought. The rest is a well-known history of mortgage defaults, dysfunctional management and building deterioration.

Perhaps it was the high proportion of government officials who bought in the buildings that somehow managed to contain the problem. Pretoria also seemed to attract fewer gangsters and flat hijackers. The rot was largely stopped by 2003 and prices and rents in the inner city flats have been rising steadily.

The council has launched two regeneration programmes. The Re Kgabiso Tshwane or 'We are enhancing Tshwane', in partnership with the national Department of Public Works aims to upgrade the many government buildings. It is based on a spatial development framework of two concentrated development corridors – running along Church and Paul Kruger

streets respectively – and linking Freedom Park with the Union Buildings.

Benefits from the programme are expected to include greater accessibility to national government; improved urban management in the inner city and potential efficiencies created through the interdepartmental sharing of facilities.

The programme is expected to cost R11 billion over 25 years with R2 billion being carried by Pretoria. Most of the construction work will take place between 2008 and 2010 and the entire project should be completed by 2014.

The city launched its own regeneration programme in 2006 with Marabastad, the 100-year-old low-rent area in the north-east, as a primary focus. Progress is evident whereby the average flat prices in Sunnyside have risen to R360,000 against only R110,000 five years ago.

But perhaps the most important regeneration programme is a private one, unique in a South African city, by the Wapnick family. Their company City Property has been a dominant force in Pretoria for many years. The Wapnicks were the first to convert out-dated commercial buildings into flats and own thousands of rented flats in the city. They built them to a standard that has become a benchmark for conversions throughout South Africa.

Recently, they rehabilitated the 100-year-old Tudor office building off Church Square and have made it available to small businesses.

"We rent small offices to start-up operations," says chairman Alec Wapnick. "It's often difficult for these businesses to pay their rent each month. I know; when I started in Pretoria, I paid 10 pounds a month and struggled to pay it."

Rumour is the Wapnicks will be asked to renovate Schubart Park.

THE BILLION RAND SUCCESS **NICOLA JENVEY**

INITIATIVES to arrest decay and restore to their former glory the high-profile business and residential elements of Durban's inner city are paying dividends: more than R1 billion has been pumped into the area in the past few years.

Julie-May Ellingson, who heads the eThekweni municipality strategic projects unit, says the city has received over 350 enquiries, translating into a host of investors taking advantage of the tax-break scheme offered by the national government for improving and restoring properties within identified urban development zones (UDZs).

The potential investors have linked arms with the municipality – which has released certain strategic land parcels within and around the central business district (CBD) for development – to effectively change the face of Durban's traditional commercial area.

The tax breaks were introduced in 2004 to regenerate South African CBDs. Calls to extend the five-year deadline for applications found favour with Finance Minister Trevor Manuel meaning UDZs will benefit from a decade-long regeneration process. Essentially the scheme highlights the potential for public private partnership where the investment by government triggers around a tenfold investment from the private sector.

Investors acquiring dilapidated buildings qualify for substantial tax write-offs as incentives to refurbish the properties. The law allows for a 20% tax deduction in the first year of income-generation plus an annual 20% depreciation for the following four years.

New developments in UDZs qualify for a 20% deduction in the first year followed by an annual 5% for the next 16 years. The accelerated depreciation may be offset against other income – including personal income tax – not just that derived from the particular building concerned, provided the taxpayer owns the property and uses it for trade.

Banking groups Absa and Standard Bank (with a purpose-built regional head office in Kingsmead Office Park) as well as Old Mutual Properties – which owns and leases out a significant number of buildings in the CBD – have capitalised on the scheme and Durban has witnessed upgrades to many key sites in the city's central arterial.

Furthering this investment, developments on council-owned land – including the Kingsmead Office Park, Hoy Park and property around the multi-million-rand Albert Luthuli International Convention Centre (ICC) – have paved the way for new business hubs on the north-eastern fringe of the traditional CBD.

Absa provincial GM Themba Mathe says anchoring the decision

to remain in the CBD (when the majority of corporate Durban was moving out to the Umhlanga Ridge) and invest R82 million in upgrading the Absa provincial head office building to premier A-grade office accommodation was based on the knowledge of what had happened to the Johannesburg CBD when a large number of corporates relocated to Sandton.

“Management still retains confidence in the CBD. It is a vibrant environment in which people – our customers – come to shop and conduct business and by making this commitment, Absa wants to be a part of further developing confidence in the heart of the city,” he says.

Heralding the UDZ initiative as “a tremendous success” for Durban, Ellingson says the capital investment was instrumental in securing additional investments outside the designated UDZ including the uShaka Marine World and the Point Waterfront redevelopment.

However, she says transforming Warwick Junction remains a critical component of Durban's regeneration. Precinct plans currently underway incorporate a R400 million Warwick Mall that will accommodate 22,000m², straddle the Berea Station railway lines and be complemented by a comprehensive 500-bay taxi rank.

“The Warwick Mall is the catalyst for the entire precinct plan and introduces a vast new retail element to the Warwick Junction intermodal transport node,” Warwick Mall (Pty) Ltd CEO Carlos Correia says.

Several black economic empowerment companies and investors have undertaken ambitious residential property upgrades within the Warwick Triangle. Notable successes include Hampson Court and the semi-detached housing in Bentley Road that has brought to the inner city new residential space for students and families.

The renovation of the JBS building brought on stream mixed-use residential and commercial space and attracted the clothing and consumer goods group Mr Price as a tenant.

New projects include a General Motors dealership on the corner of Prince Alfred Street and Old Fort Road, the refurbishment of Himalaya House in Yusuf Dadoo Street (formerly Grey Street) and the Albaraka Bank complex at Kingsmead Office Park. One of Durban's most historic commercial precincts, Yusuf Dadoo Street has benefited from a R1,3 million city upgrade of the vendor tables, street lighting and paving.

Richard Dobson, the former head of the Inner eThekweni Regeneration and Urban Management Programme (iTrump) says Durban is “the only city grasping the nettle with a fair degree of success”.

THE BILLION RAND SUCCESS (CONTN.) NICOLA JENVEY

“Our cities were exclusionary, so we have never tapped into the self-serving energy that is there when people realise something is working for them ... if people are included in the processes and urban preferences are recognised, they buy into the city and you get huge paybacks,” he says.

The partnership between social housing company Sohco and eThekweni has also created the Albert Park-based Port View initiative. This involves refurbishing four adjacent buildings on the corner of St George’s Street and Diakonia Avenue to yield 142 rental units comprising 22 shared room units, 30 bed-sits, nine one-bedroom flats and 81 two-bedroom flats.

As well as being close to the Albert Park recreational facilities, the project is situated next door to several non-government organisations working in the area, the Durban Music School and the Old House Museum.

Although erratic, the redevelopment of the Durban Point area has gathered impetus. Point Waterfront Development Company CEO Neels Brink says the initiative was neither an attempt to extend the city fabric in a banal fashion nor was it intended to transform the area into an extended theme park or tourist resort.

“It was envisaged that a range of activities be accommodated in a mixed-use environment containing a host of urban functions and reflecting a true urban place with round-the-clock activity. The Point has the potential to rejuvenate a critical part of the city that is under-performing,” he says.

In this vein phase one involving 15 land parcels has been

wholly sold out and the bulk either developed into new properties or rejuvenated existing dilapidated ones. Included in this vision was the painstaking renovation of 29 Edwardian houses along the central canal that originally incorporated the old Port Supervisors’ residences.

The two-year project to recreate what had graced the area when the houses were built in 1906 became the largest Edwardian reconstruction initiative in South Africa which Blue Plum Developments director Mike Shannon credited with being “a personally rewarding experience”.

Other multi-million-rand investments now being called home by families living in the former derelict area include Marine Points, Point Bastille, Dock Point and The Quays on Timeball. Point Bastille brought to the market the former gaol built in 1932 to house black prisoners serving out their time as dockworkers and developer Horst Keil says the challenge came in converting the listed building into apartments, shops and restaurants while respecting its historic value.

The city’s longer-term vision includes forging an investment triangle between the Point, the CBD around the ICC and the Suncoast Casino and Entertainment World to the north.

Maybe the final word on city regeneration belongs to former United Nations secretary-general Kofi Annan: “As globalisation proceeds, cities find themselves managing problems and opportunities that used to be the exclusive domain of national governments ... and as more cities come to have populations and economies larger than those of many countries, cities will increasingly become the main players in the global economy.”

CAPE TOWN IS OPEN FOR BUSINESS ANGELIQUE ARDÉ

THERE is a strong message coming from the city – despite the economic downturn, Cape Town is open for business.

Cape Town Partnership (CTP) CEO Andrew Boraine says in the nine years since the independent, non-profit public-private sector body was established to develop, manage and promote the Cape Town central city, the organisation has made a substantial impact.

The Central City Improvement District has put into place quality urban management systems; billions of rands have been invested in new developments and the upgrading of over 170 buildings. Life has returned to the city streets.

“Virtually all projects are progressing well and there’s overall optimism in the Cape Town central city, which remains the major economic node in the Cape Town metropolitan area, both in terms of gross geographic product and jobs,” he says.

Boraine attributes this buoyancy to several factors, particularly a shared vision between the CTP and the city to identify and address blockages to development. This vision has taken the form of a Central City Development Strategy aimed at supporting private sector investment within a guiding framework consistent with public planning and policies, clearing the way for a swifter development process.

Among other things, the strategy is a set of guidelines based on the specific local characteristics of 20 different sub-precincts in the central city, designed to help both developers putting together proposals and the officials tasked with deciding on their outcome.

Apart from global and national issues affecting development, Cape Town property owners and developers encounter a host of local stumbling blocks to development including delays in the processing of development applications and what Boraine calls “risk-averse” public sector decision-making processes.

“One set of issues relates to the familiar delays in the plans approval processes and the city is making a concerted effort to address this. (Another) delay crops up when you get creative but unsolicited development applications from the private sector involving a public asset,” he says.

Boraine says certain legislation over the past 10 years, such as the Municipal Financial Management Act, has constrained public officials from responding creatively to development proposals that do not meet prescribed regulations, but are in the public interest.

In general, officials must go to tender, consider market-related prices and accept the highest bidder since this refers to the offer to lease or purchase municipal assets. Yet,

when confronted with an innovative proposal transforming or maintaining a public asset or space the cities themselves do not have the money to run and investors can wait a whole year for an official to take a decision.

“Call it the ‘Laundromat effect’ – everything keeps on going round and round,” Boraine says.

Following the recent release of the Central City Development Strategy Phase One report, Boraine is hopeful the city will be catapulted into a new era. Although confident that Cape Town’s central city is doing well, he acknowledges they cannot count on it continuing without strategic effort and the report provides the toolkit for development.

The strategy aims to:

- Expand and sustain economic growth in the central city by enhancing its comparative competitive advantages, especially its unique characteristics and attributes;
- communicate a shared vision for the Central City;
- give clarity and direction to public and private sector investment decisions;
- provide informed, timely responses to infrastructure needs to support development;
- improve investment certainty
- accelerate development processes and
- introduce and support more sustainable development measures.

Since 2000 more than R18 billion has been invested into the Cape Town central city area with another R28-30 billion in the pipeline for the next three to five years, essentially boding well for the ability of Cape Town to remodel and rejuvenate.

One of the most exciting developments underway is the R1 billion One And Only hotel and urban resort at the V&A Waterfront. The development, expected to be completed by June next year, is a joint initiative by casino magnate Sol Kerzner’s Kerzner International and local partner Matemeku Investments.

The ultra-luxurious six-star One And Only Waterfront, complete with two islands, is lauded to become Africa’s flagship hotel and among the top hotels, spas and urban resorts in the world.

The V&A Waterfront ranks among the most successful docklands renewals in the world and attracts around 22-million visitors annually. In 2006, parastatal Transnet and its pension funds Transnet Second Defined Fund, Transnet Pension Fund and Transnet Retirement Fund sold the property showpiece to London & Regional Consortium (L&R Consortium) for R7 billion.

CAPE TOWN IS OPEN FOR BUSINESS (CONTN.) ANGELIQUE ARDÉ

L&R Consortium has since committed to spending \$1 billion in developing “Africa’s Riviera” in the run-up to the 2010 World Cup Soccer tournament. Led by UK-based London & Regional Group Holdings Limited, the consortium includes a 25% black economic empowerment stake holding.

LIVING THE NUMBERS ANGELA GRAHAM

ANALYSIS undertaken by mortgage risk management company Lightstone Risk Management on private and public sector property sales over the past two years highlights some interesting trends.

Sometimes beating the trend, highly sought-after areas have experienced dramatic property price hikes despite escalating interest rates. Elsewhere, the interest rate has claimed victims via lower sales prices or a marked decrease in sales activity and transfers.

Some areas show a sales growth in three-bedroom houses and a corresponding drop in smaller home purchases, whereas other areas show an increase in smaller home purchases as entry-level homeowners seek cheaper options in bachelor flats and one-bedroom homes.

All the data in tables is sourced from Lightstone and based on deeds office information for the period covering 2006 and 2007. Declining median residential prices well covered this year are reflected in several locations in 2007.

HOW SOME OF THE CITY CENTRES COMPARED IN TERMS OF PRIVATE TRANSACTIONS (WHERE PRIVATE TRANSACTIONS INDICATE THE OWNER IS A PRIVATE INDIVIDUAL)

SUBURB	PRIVATE STOCK	PRIVATE TRANSACTIONS 2006	PRIVATE TRANSACTIONS 2007	PRIVATE PRICE 2006	PRIVATE PRICE 2007	Year on Year % Change
EAST LONDON CENTRAL	10	1	0	310,000	.	
QUIGNEY	800	91	104	290,398	356,077	23%
PORT ELIZABETH CENTRAL	1635	193	213	252,839	296,602	17%
ST GEORGES PARK	38	3	6	400,000	514,167	29%
JOHANNESBURG CENTRAL	562	57	143	496,974	312,657	-37%
PRETORIA CENTRAL	3473	567	728	204,087	284,377	39%
BENONI CENTRAL	126	14	15	353,893	358,467	1%
VAN DER BIJLPARK CENTRAL	135	13	9	268,098	247,000	-8%
DURBAN CENTRAL	4797	699	545	238,072	301,544	27%
RICHARDS BAY CENTRAL	130	5	4	805,000	650,000	-19%
CAPE TOWN CENTRE	3556	619	632	952,294	1,304,045	37%
MOSSEL BAY CENTRAL	64	1	13	1,100,000	877,500	-20%
OUUDTSHOORN CENTRAL	39	15	9	198,768	159,875	-20%
PLETTENBERG BAY*	163	28	28	1,450,533	1,358,869	-6%

LIVING THE NUMBERS (CONTN) ANGELA GRAHAM

While things do not look promising for East London's Central area in terms of private property transactions, the Buffalo City Development Agency is currently upgrading the central business district (CBD) in a bid to reverse this trend, making it more appealing to the residential market. Conversely, Quigney as one of the city's oldest suburbs, promises greater hope with homes selling well in this area in both years and with buyers raising their average purchase price nearly R70,000.

In Port Elizabeth Central, nearly 25% of the units on the market have changed hands in the past two years with the average price increasing marginally. A similar trend existed in the more upmarket St Georges Park, but with a higher increase in average price. The increase in sales corresponds to the successful efforts of the Mandela Bay Development Agency which is revitalising the city centre and surrounds via additional cleaning, security and big developments in the city centre.

In Braamfontein near the Johannesburg CBD, 62% of units on the market were sold with the average price rising as well. Johannesburg Development Agency Director Neil Fraser confirmed the efforts to revitalise this area have paid off in the increasing number of private transactions in the area. However, sales activity in the CBD was not as active, with 36% of the potential sales concluded. The data indicates the sales in Johannesburg central areas last year worked in the buyers' favour with prices tumbling around R200 000 over the two years.

In Pretoria Central housing stock is plentiful and the suburb experienced surging sales activity and price growth. The Benoni city centre showed stability with similar amounts selling both years and the average price remaining constant. Vanderbijlpark city centre reflected another story with the average price dropping 7% on the handful of units sold.

The Durban city centre abounds with stock on the market during the period under review – with hundreds of private stock changing hands. Despite the dip in sales concluded between 2006 and 2007, the average price rose by 26% for private stock in this area. Further north, the Richards Bay city centre told another story as very few of its private stock sold with a corresponding price crash.

The Cape Town city centre evolved as a shining star and investors in the private residential market are smiling with good sales in both years and pleasing price increases as well.

However, further along the coast, investors in Mossel Bay would have been disappointed with a handful of sales concluded and the falling average price. In Plettenberg Bay* the average price dropped R100,000, while a short drive inland to Oudtshoorn saw the average drop R40,000. One possible conclusion is that the economic downturn has influenced the

sale of second properties in South Africa's traditional holiday towns.

SOUTH AFRICA'S BEST-PERFORMING AREAS IN TERMS OF PRICE

SUBURB	AVERAGE PRIVATE PRICE 2006	AVERAGE PRIVATE PRICE 2007	YEAR-ON-YEAR % CHANGE
DUNKELD WEST* - Johannesburg	1,656,429	2,304,167	39%
MELROSE ARCH* - Johannesburg	3,240,789	6,646,639	105%
SANDOWN* - Johannesburg	450,484	3,095,218	587%
ORIENTAL PLAZA - Johannesburg	185,000	477,143	158%
BROOKLYN - Pretoria	895,000	1,497,000	67%
GREY STREET AREA - Durban	160,833	441,441	174%
WINDERMERE - Durban	507,000	927,500	83%
CAPE TOWN CENTRE	952,294	1,304,045	37%
MAITLAND - Cape Town	339,377	1,755,147	417%
FRANSCHHOEK*	992,083	1,486,000	50%

There is a continuing trend for buyers to willingly fork out more to live in the country's upmarket suburbs. Dunkeld West* in the Johannesburg northern suburbs, despite only concluding 14% of the potential sales, saw the average property price rise R650,000 over the two years in question.

Melrose Arch* is in the running for the best increase in average private sales price award – the average residential unit fetched R6,6m. Nearby Sandown* experienced an even-more impressive growth with the average price shooting up R2,5 million from 2006 to 2007. The two suburbs contain strong business components that are driving up residential prices as people favour living in upmarket developments near business and entertainment complexes.

The area around the Johannesburg Oriental Plaza is another property hotspot with prices and sales increasing substantially. Brooklyn, Pretoria showed stability in sales terms and did not sell much in either year, but prices rose by R500,000 per unit.

Grey Street in Durban was another good performer in terms of price growth, as was Windermere, situated 5km away, with substantial average increases in price.

LIVING THE NUMBERS (CONTN) ANGELA GRAHAM

Cape Town Central once again promised good news for private property investors, while nearby Maitland was a star performer with a sharp average price increase. Franschhoek* sold almost three-quarters of the properties on the market during the period of review with prices climbing as well.

THE WORST PERFORMERS IN TERMS OF AVERAGE PRICE DECREASE

SUBURB	AVERAGE PRIVATE PRICE 2006	AVERAGE PRIVATE PRICE 2007	YEAR-ON-YEAR % CHANGE
MARSHALLSTOWN	414,400	332,956	-20%
WINSTON RIDGE	940,000	600,000	-36%
BEVERLEY HILLS*	2,125,000	1,545,000	-27%
PINETOWN CENTRAL	359,786	269,333	-25%
RICHARDS BAY CENTRAL	805,000	650,000	-19%
MOWBRAY	322,750	258,571	-20%
UNIVERSITY ESTATE	920,379	753,617	-18%
WOODSTOCK	881,667	660,000	-25%
KNYSNA CENTRAL	927,471	726,782	-22%
MOSSEL BAY CENTRAL	1,100,000	877,500	-20%
HERMANUS*	3,569,000	3,101,667	-13%

Across the country there were areas where the drop in average prices raised concerns. Leading the pack was Beverley Hills* (a suburb of Westville, Durban) where the average house price dropped almost R1 million. Other poor performers include Knysna, Mossel Bay and Hermanus*, while Winston Ridge in Gauteng shed R300,000. University Estate, Woodstock and Mowbray, Richards Bay Central, Pinetown and Marshalltown near the Johannesburg CBD also performed badly in terms of price decreases. Although University Estate sustained more sales in 2007 than the year before, the lower average price reflected the growing demand for cheaper one and two-bedroom units.

HOW SIZE AFFECTED SALES

Suburb	Unit size	Transactions 2006	Transactions 2007
QUIGNEY	A: STUDIO: 20-30 SQM	4	4
	B: BACHELOR:30-40SQM	3	21
	C: 1BED: 40-50 SQM	7	16
	D: 2BED: 50-60 SQM	6	4
	E: 3BED: >60 SQM	71	59

During an economic downturn, people downscale their homes for smaller townhouses or flats – a trend apparent in the Lighthouse data. Quigney in East London showed a marked increase in one-bedroom home sales. The sale of bachelor pads also increased dramatically, but consequently, the sales of three-bedroom homes in Quigney dropped.

Suburb	Unit size	Transactions 2006	Transactions 2007
HUMEWOOD COAST	B: BACHELOR:30-40SQM	7	4
	C: 1BED: 40-50 SQM	6	4
	D: 2BED: 50-60 SQM	2	3
	E: 3BED: >60 SQM	37	45
PORT ELIZABETH CENTRAL	A: STUDIO: 20-30 SQM	.	4
	B: BACHELOR:30-40SQM	8	11
	C: 1BED: 40-50 SQM	27	22
	D: 2BED: 50-60 SQM	36	28
	E: 3BED: >60 SQM	122	148

In the upmarket Port Elizabeth suburb of Humewood, the number of three-bedroom homes sold rose, while those of one and two-bedroom home sales remained fairly consistent. However, in Central bordering the CBD and currently undergoing an urban renewal process, the sale of bachelor flats and three-bedroom units flourished while those of one and two-bedroom flats dropped.

This trend may reflect the need among families seeking increased space in the three-bedroom market and also the entry-level market becoming more affordable as a bachelor pad rather than a one or two-bedroom place. Another conclusion may be a reflection of a buy-to-rent trend among investors looking for bargains in both the smallest and largest units available in the inner city.

LIVING THE NUMBERS (CONTN)

ANGELA GRAHAM

Suburb	Unit size	Transactions 2006	Transactions 2007
BELLEVUE	C: 1BED: 40-50 SQM	.	1
	D: 2BED: 50-60 SQM	5	7
	E: 3BED: >60 SQM	27	47

Bellevue in Johannesburg raised another flag with the sale of three-bedroom homes increasing. This points to a trend for buyers with families to purchase homes in the suburb.

Suburb	Unit size	Transactions 2006	Transactions 2007
BRAAMFONTEIN	B: BACHELOR: 30-40SQM	1	158
	C: 1BED: 40-50 SQM	4	118
	D: 2BED: 50-60 SQM	33	49
	E: 3BED: >60 SQM	11	45

In Braamfontein bordering the Johannesburg CBD, bachelor flats experienced phenomenal growth. Sales of one-bedroom flats also jumped, while there were a fair amount of three-bedroomed units changing hands. The demand for two-bedroom homes also grew and the suburb remains a popular choice for students seeking small apartments while studying at Wits University.

Suburb	Unit size	Transactions 2006	Transactions 2007
FERNDALE*	B: BACHELOR:30-40SQM	.	23
	C: 1BED: 40-50 SQM	3	38
	D: 2BED: 50-60 SQM	7	37
	E: 3BED: >60 SQM	146	178
HILLBROW	A: STUDIO: 20-30 SQM	.	3
	B: BACHELOR:30-40SQM	1	1
	C: 1BED: 40-50 SQM	4	8
	D: 2BED: 50-60 SQM	2	5
	E: 3BED: >60 SQM	76	102

Ferndale* in Johannesburg increased in popularity with sales volumes in one, two and three-bedroom homes increasing. Sales volumes increased marginally across all size homes in Hillbrow, but were most significant among three-bedroom apartments in an area notorious for high crime rates and urban decay.

Suburb	Unit size	Transactions 2006	Transactions 2007
JOHANNESBURG CENTRAL	A: STUDIO: 20-30 SQM	1	6
	B: BACHELOR:30-40SQM	1	72
	C: 1BED: 40-50 SQM	1	4
	D: 2BED: 50-60 SQM	1	35
	E: 3BED: >60 SQM	53	26

Bachelor pads are the most popular option in Johannesburg central areas, followed by two-bedroom apartments, while the demand for three-bedroom homes decreased. The growth in demand for bachelor pads may point to businesspeople looking for a permanent stopover when travelling to meetings in Gauteng or to entry-level buyers moving closer to work.

Suburb	Unit size	Transactions 2006	Transactions 2007
HILLCREST	A: STUDIO: 20-30 SQM	13	52
	B: BACHELOR:30-40SQM	.	181
	C: 1BED: 40-50 SQM	17	29
	D: 2BED: 50-60 SQM	111	34
	E: 3BED: >60 SQM	18	4

The sale of smaller homes in Hillcrest, Pretoria pointed to a trend for buyers to enter the residential market via smaller properties or a flipside whereby homeowners are downscaling larger homes for more affordable smaller apartments. The suburb witnessed a growth in demand for studio apartments, bachelor pads and one-bedroom homes, but a corresponding fall in two and three-bedroom homes.

Suburb	Unit size	Transactions 2006	Transactions 2007
PRETORIA CENTRAL	A: STUDIO: 20-30 SQM	1	38
	B: BACHELOR: 30-40SQM	88	152
	C: 1BED: 40-50 SQM	64	121
	D: 2BED: 50-60 SQM	52	58
	E: 3BED: >60 SQM	361	359

LIVING THE NUMBERS (CONTN) ANGELA GRAHAM

Pretoria Central showed a marked increase in studio, bachelor and one-bedroom home sales and a slight increase in two-bedroom homes, but the demand for three-bedroom homes dropped slightly, again pointing to the trend for inner city investors to focus on smaller apartments.

Suburb	Unit size	Transactions 2006	Transactions 2007
DURBAN CENTRAL	A: STUDIO: 20-30 SQM	.	1
	B: BACHELOR: 30-40SQM	111	49
	C: 1BED: 40-50 SQM	158	152
	D: 2BED: 50-60 SQM	127	85
	E: 3BED: >60 SQM	303	258
PIETERMARITZBURG CENTRAL	A: STUDIO: 20-30 SQM	38	8
	B: BACHELOR: 30-40SQM	5	4
	C: 1BED: 40-50 SQM	8	2
	D: 2BED: 50-60 SQM	20	9
	E: 3BED: >60 SQM	65	44

Both the Durban central area and Pietermaritzburg bucked the trend with sales volumes across the board declining. The fall-off was most significant among bachelor flats in Durban Central, but there was also slower demand for one, two and three-bedroom homes.

Suburb	Unit size	Transactions 2006	Transactions 2007
CAPE TOWN CENTRE	A: STUDIO: 20-30 SQM	32	17
	B: BACHELOR: 30-40SQM	87	46
	C: 1BED: 40-50 SQM	118	105
	D: 2BED: 50-60 SQM	83	62
	E: 3BED: >60 SQM	299	399
UNIVERSITY ESTATE	B: BACHELOR: 30-40SQM	1	6
	C: 1BED: 40-50 SQM	.	12
	D: 2BED: 50-60 SQM	.	15
	E: 3BED: >60 SQM	23	38

Conversely, Cape Town showed substantial increases in the sale of three-bedroom homes, but the lower demand for bachelor flats and one and two-bedroom homes demonstrates the rising average incomes, growing families and the changing space requirements among Cape Town's city dwellers.

University Estate also showed growing demand across the board, driven by new developments that incorporate one and two-bedroom homes as well as an increasing popularity for the magnificent views of the Cape Town harbour. However, a short drive into the winelands paints a different picture with the old university town of Stellenbosch showing a drop in sales activity across the board.

Suburb	Unit size	Transactions 2006	Transactions 2007
STELLENBOSCH	A: STUDIO: 20-30 SQM	23	16
	B: BACHELOR: 30-40SQM	15	7
	C: 1BED: 40-50 SQM	19	12
	D: 2BED: 50-60 SQM	66	33
	E: 3BED: >60 SQM	48	34

TRENDS AMONG NON-PRIVATE DEALS (WHERE THE OWNER IS A COMPANY OR MUNICIPALITY) THE MONEY-MAKERS

SUBURB	NON-PVT TXN 2006	NON-PVT TXN 2007	NON-PVT PRICE 2006	NON-PVT PRICE 2007	YEAR-ON-YEAR % CHANGE
BELLEVUE	5	2	58,600	260,000	344%
MELROSE ARCH*	29	55	3,508,000	6,434,675	83%
SANDOWN*	33	102	894,806	4,247,323	375%
VORNA VALLEY	288	370	313,706	952,243	204%
LYTTELTON AH	13	6	1,263,071	2,438,125	93%
BOKSBURG CENTRAL	4	3	57,500	255,667	345%
NORTH BEACH	15	9	296,998	600,234	102%
WINDERMERE	5	4	385,000	2,087,500	442%
RICHARDS BAY CENTRAL	1	7	150,000	1,250,000	733%
MAITLAND	5	14	339,377	1,755,147	417%
HERMANUS*	14	9	2,375,079	5,311,111	124%

LIVING THE NUMBERS (CONTN)

ANGELA GRAHAM

Sales activity and prices varied more substantially among non-private deals than among residential ones concluded in 2006 and 2007. Bellevue, Johannesburg concluded only two sales last year, but the average price increase was marked.

Melrose Arch* secured the best performer position wholly selling its stock of non-private units and nearly doubling the average price. Sandown* followed closely on its heels, also virtually selling out its stock and raising the average price by several million rand.

Good returns from non-private deals were also evident in Vorna Valley, Gauteng; Lyttleton in Pretoria; Boksburg and North Beach Durban.

Windermere in Durban deserves a special mention, achieving an average price growth among non-private deals of almost R2 million. Further north, Richards Bay showed a nine-fold price increase. Maitland raised the average price of non-private deals in this area by more than R1 million. Hermanus* in the Western Cape also scored kudos in the non-private deal stakes – average unit prices rose R3 million in sharp contrast to private deal prices which came down during the same period.

THE PRICE CUTTERS

SUBURB	NON_PVT TXN 2006	NON_PVT TXN 2007	NON_PVT PRICE 2006	NON_PVT PRICE 2007	YEAR- ON- YEAR % CHANGE
BRAAMFONTEIN	205	334	463,875	385,588	-17%
FORDSBURG	2	0	325,000	.	
JOHANNESBURG CENTRAL	30	210	1,196,623	539,276	-55%
ZWARTKOP	2	1	940,500	741,000	-21%
PIETERMARITZBURG CENTRAL	43	4	290,833	81,250	-72%
EMPANGENI CENTRAL	5	3	1,236,000	376,000	-70%
CAPE TOWN CENTRE	376	380	2,188,048	1,574,671	-28%
UNIVERSITY ESTATE	37	119	1,313,655	663,310	-50%
PLETTENBERG BAY*	27	15	2,422,638	1,035,922	-57%

Non-private deals in Cape Town suburbs did not perform well. In the CBD areas the average price dropped R600,000 with similar trends evident in nearby University Estate.

Other areas countrywide that experienced diminishing average prices for non-private deals include Braamfontein, Fordsburg, Johannesburg Central, Zwartkop in Pretoria, Pietermaritzburg, Empangeni and Plettenberg Bay*.

The data reflected that those areas showing a decrease in non-private deals show a corresponding rise in the average price of private deals and vice versa. One conclusion may be that an area is either favoured for its residential appeal or its business potential.

Areas like Melrose Arch* and Sandown* that have attracted a growing interest in both private and non-private deals are the shining stars that outstrip the rest of the country.

Note

* These areas are regarded as CBD or UDZ areas and hence qualify for the definition of inner city, although they are not "classic" inner city areas

GOVERNMENT'S HOUSING AND RENTAL HOUSING STRATEGIES – ANGELA GRAHAM

The South African Constitution guarantees its citizens the right to access adequate housing, the essence of which Housing Minister Lindiwe Sisulu unveiled in her 2004 Breaking New Ground Comprehensive Housing Plan.

This vision aims to improve housing delivery by acknowledging the gaps and is essentially breaking new ground via provincial pilot projects that, according to the housing department, will advance the living conditions of 103,000 households in informal settlements.

Putting its money where its mouth is, the department also released R2bn in additional finance over the past two years to boost the housing programme and thus move closer to eradicating or upgrading informal settlements by 2014. This goal meets the United Nations Millennium goal commitments that recognise South Africa still needs to build around 2.6-million homes.

THE BREAKING NEW GROUND INITIATIVE FOCUSES ON:

- accelerating housing delivery;
- using housing provision as a job creation strategy;
- ensuring everyone can access property;
- leveraging economic growth to combat crime;
- using housing development to break the barriers between the first economy residential property boom and the second economy and
- using housing to develop sustainable human settlements and rental stock.

The Department of Housing website states a host of houses were either completed or being built by the third quarter of 2007/2008, since the start of the 2007/2008 financial year (see table below).

Province	TOTAL
Eastern Cape	6,812
Free State	8,770
Gauteng	68,085
KwaZulu-Natal	43,234
Limpopo	9,360
Mpumalanga	8,289
Northern Cape	2,320
North West	15,786
Western Cape	23,438
TOTAL	186,094

Last year's Affordable Housing Conference, held in Johannesburg, noted the country's metropolitan areas demand 55,000 new houses annually – against the current 6,700 being built. The National Housing Subsidy Scheme says in alleviating the backlog, it will simplify the administration of housing subsidies by collapsing the income qualification categories.

Essentially, qualifying households will receive the same housing subsidy amounts, while the qualifying monthly household income has doubled to R7,000.

Government efforts to meet the demand has been complicated by high unemployment that triggers default in home loan repayments; the slow private sector commitment in providing housing loans to low-income earners; the high cost of land development, building materials and house prices; land shortages and bureaucratic government procedures. Delivering his 2008 State of the Nation address, President Thabo Mbeki said in a bid to provide sustainable human settlements, government is providing 260,000 homes annually. An agreement was also reached with the South African Local Government Association (SALGA) that places a moratorium on the sale of land that can be made available for the housing programme.

Sisulu alluded to the moratorium when she introduced the Housing Development Agency Bill in 2007, a piece of legislation tabled when it became clear that access to well-located land is a major stumbling block to housing delivery. "The acquisition, holding and release of land as well as the slowness in processing land development poses a serious threat to our resolve to fast-track delivery of sustainable human settlements," she said.

The initial response to the bottleneck had been to prevent municipalities from selling state-owned land. Yet, Sisulu says the moratorium "unfortunately yielded little results" as the bulk of municipal land had already been sold. "Sadly, there were also some municipalities that ignored the moratorium call ... this points to some of the intergovernmental relations weaknesses that often undermine our efforts," she said.

The recently-established Housing Development Agency aims to minimise red tape; assist with government and private sector development proposals and essentially make the housing segment attractive to private sector investment. Integrating the government social housing institutions Thubelisha and Servcon into the new agency is also meant to assist the progress.

Given land availability is a serious obstacle to housing delivery, the need for rental accommodation among those who cannot buy property also raises warning bells. The government information website www.gcis.gov.za reflects that 1,8-million South African middle to lower-income households live in rented accommodation against 5,2-million property-owning households.

Nationally, 45% of households earn below R800 per month and 45% of metropolitan households fall in the R801 to

GOVERNMENT'S HOUSING AND RENTAL HOUSING STRATEGIES (CONTN) – ANGELA GRAHAM

R3,200 income bracket.

The translation is that 71% of households rent accommodation with nearly three-quarters of metropolitan renters living in formal structures. Black households dominate the rental market, followed by the coloured population and annually 105,670 new units are demanded.

Sisulu recognises there is a dire need for public rental housing for the poor and the department has formulated an affordable rental-housing programme for low-income earners accommodating housing stock (public sector hostels) or municipal rental stock never transferred into their names. It will also build or adapt new high-rise housing stock specifically for this market.

The Rental Housing Act came into being in 2001 to protect tenants and landlords and defines the government's responsibility with respect to the rental housing market. The legislation outlines the duties and responsibilities of landlords and tenants and establishes provincial rental housing tribunals, thus facilitating speedy resolution of disputes.

The department has also introduced a credit-linked subsidy, designed as part of the Memorandum of Understanding signed between Sisulu and the country's financial institutions, to promote access to mortgage finance. Consequently, the financial institutions have undertaken to increase access to mortgage loans and finance to the low-cost housing market.

Playing its part, the department has encouraged the financial services sector to support the development of new housing finance products (including affordable fixed rate mortgages).

The national Social Housing Policy tackles the issues of subsidised rental housing. Being implemented by the department and regulated by an authority, the policy will introduce grants for developing, holding and managing the envisaged rental housing stock.

Yet, South Africa has seen the launch of numerous human settlement projects due to the co-operation between the country's main banks and the housing department, highlighting the private sector's commitment to low-cost housing.

Mixed income developments such as Cosmo City in Johannesburg and N2 Gateway in Cape Town are supported by First National Bank with the former comprising low-cost, credit-linked and affordable housing in one complex. There are other examples elsewhere and Sisulu has demonstrated her desire that these become workable prototypes for the future.

To its credit, the housing department has recognised that in forging a working relationship with private sector developers

and contractors, there needs to be greater flexibility and a streamlined payment process. This will mean suppliers can operate profitable businesses; build affordable housing and get paid on time.

Last year Sisulu announced plans for boosting inclusionary housing by proposing developers include a percentage of lower and middle-income housing units in their developments. Although this has precedence internationally, the private sector has not welcomed the initiative.

The department is working with a number of non-government organisations (NGO) nationally to support efforts for building a cohesive NGO housing sector. Sisulu says the department is redefining how it supports and funds projects to strengthen these partnerships and maximise housing delivery.

In the past few years, several Social Housing Institutions have evolved to facilitate or co-ordinate operations; manage waiting lists and help black-empowered developers obtain contracts.

After his South African visit in April 2007, the United Nations Special Rapporteur Miloon Kothari acknowledged the efforts local authorities were making to address the housing issues, as well as their challenges in coping with rapid urbanisation.

He commended South Africa's legal provisions guaranteeing the right to adequate housing and highlighted that the country is among a handful that have made a legislative and constitutional commitment to the right of access to adequate housing.

Kothari was impressed with several housing and land initiatives designed to secure adequate living standards and noted that the National Housing Subsidy Scheme has financed the construction of over 2.4-million households since 1994.

However, he was not blind to the problems, most notably the relatively few mechanisms in place to ensure well-intentioned policies are implemented.

"Success cannot be measured through the number of houses built but needs to take into account quality of housing and access to services. Despite the legislative framework that bolsters and complements the right of access to adequate housing, it appears evictions are taking place regularly, sometimes in the interest of promoting urban regeneration and development," he said.

Kothari visited numerous informal settlements during his South African tour and was disturbed by the number of people living in desperate conditions despite municipal plans for upgrading informal settlements.

GOVERNMENT'S HOUSING AND RENTAL HOUSING STRATEGIES (CONTN) – ANGELA GRAHAM

He acknowledged that the Breaking New Ground programme will only succeed where stakeholders gather their information directly from the people affected and where they target and respond to the needs of a community.

“There appears to be few accountability and monitoring mechanisms to ensure the public and private entities involved in the design and delivery of housing programmes and basic services are performing their functions in compliance with law, policy, and human rights standards,” he warned.

He also criticised the insufficient support for housing for the disabled, HIV/Aids orphans, the youth and the homeless.

“It was disturbing how long it can take for a person with disabilities to access housing,” he said.

Kothari reaffirmed the crucial role played by civil society and recommended a stronger collaboration between the government and these organisations in meeting service delivery and developing avenues for advocacy and dialogue.

Essentially, South Africa has the systems, legislation and policies in place to deliver on its housing requirements. The way forward demands large-scale implementation; unrelenting follow-through on non delivery; consistent engagement with stakeholders and communities and the strict enforcement of existing legislation.

This may seem a tall order but if the department pulls it off and delivers on the right to adequate housing, South Africa will indeed be breaking new ground.

BEST PRACTICES FROM OFFSHORE: ACCELERATING THE HOUSING DELIVERY – ANGELA GRAHAM

When seeking a solution to South Africa's low-cost housing crisis, the government has often turned to examples of international best practice, adapting workable models to the local environment.

The annual World Habitat Day Conference is a key milestone for international housing strategy and last year national Housing Minister Lindiwe Sisulu led the government delegation to The Netherlands.

A statement issued before they left said that with more than 2.4-million South African houses built since 1994 and a target to eradicate informal settlements by 2014, the United Nation's agency had invited South Africa to share its successes and challenges.

The Dutch Ministry of Housing, Spatial Planning and the Environment, as conference hosts, has a long involvement with South Africa in terms of low-cost housing policies. The two countries signed a Memorandum of Understanding in 1997 tackling social housing construction and in recent years, The Netherlands has made available knowledge and finance for drafting public housing policy documents.

Given that history, the ministry has said South Africa's biggest problem is how to break the vicious circle of insufficient means for investing; the residents' ignorance about regular rental payments; poor local government management; lack of experience among housing corporations and private managers and the lack of trust among financiers.

European low-cost housing needs were heightened after World War II, destroying 80,000 dwellings and damaging 400,000 in The Netherlands alone. Today the Dutch housing strategy focuses on affordability, minimal housing and liveability – goals the government says it can guarantee to some extent. However, making sufficient dwellings available depends on private investments.

The Dutch policy centres on the fact that quality construction is needed to promote movement in the housing market; to boost the restructuring of old urban neighbourhoods and ensure first-time buyers can acquire affordable homes. The National Home Builders Registration Council fulfils this role in South Africa.

Yet, the Dutch policy also takes a holistic approach.

“Beyond our homes and workplaces, the streets, neighbourhoods and districts in which we live are our social community. The quality of that living environment and the way we interact with each other there often determines our position in society. Our aim is to work with residents and the civil society organisations and institutions that are active locally to

BEST PRACTICES FROM OFFSHORE: ACCELERATING THE HOUSING DELIVERY (CONTN.) – ANGELA GRAHAM

revitalise these neighbourhoods,” the policy states.

Locally, urban revitalisation plays a key role in developing the country’s urban areas; attracting new investments into the inner city and promoting a socially and economically inclusive society, while construction and building upgrades in Urban Development Zones attract tax rebates to further encourage investment.

The Netherlands considers housing associations as social enterprises with an important social task: investment in good, affordable housing and in the quality of the residential and living environment. This means municipalities make performance agreements with associations concerning investments and are responsible for co-ordinating housing among other duties.

South African municipalities comply with Integrated Development Plans (IDPs), essentially policy documents that contain strategies on dealing with critical issues like low-income housing. Numerous Social Housing Institutions have been established in recent years to help with the housing delivery backlog.

According to the European Liaison Committee for Social Housing, Ireland includes the requirement for private developers to supply a proportion of social and affordable housing in their projects at prices agreed with the local authorities.

In South Africa Irish property developer Niall Mellon and his charity the Niall Mellon Township Trust have built thousands of homes for the poor in Gauteng and Cape Town. Mellon has called on the government to compel other developers to follow suit, saying local developers should by law channel some profits from their construction into the low-cost sector as happened in Ireland.

He said that in most developed countries property developers are obliged to build their share of low-cost housing.

Last year the housing department announced plans for more inclusionary housing, which would see property developers include a percentage of lower and middle-income housing units in their developments. No legislation has yet been forthcoming.

The European Liaison Committee for Social Housing credits almost 70% of English homes as owner-occupied. British social housing is managed by local authorities and housing associations and the commission says that in big cities (especially London) there is a greater preponderance of renting from both private and social landlords. In the early 1980s nearly a third of England’s housing stock was in the social sector – one of the highest shares in Europe – but sharply

reduced new building rates and the sales of existing social dwellings have substantially reduced social housing. The government recently committed to raise house building totals to 240,000 annually by 2016.

The 2007 Hills Review (an independent review commissioned by the British Government) on the role of social housing noted the main concerns in the UK housing policy are that government should:

- pay more attention to the existing social housing stock;
- support mixed-income communities;
- undertake reforms to help improve residents’ livelihoods and incomes and
- consider providing a more varied menu of housing options rather than a standard social housing tenancy.

In South Africa mixed-income developments are taking off. Earlier this year the Johannesburg Property Company announced a public private partnership venture that will see lower-income earners living alongside more affluent homeowners in an inclusionary housing estate. The development (in Fairland, Johannesburg) will comprise 187 dwellings with 30% developed as rental social housing stock for families earning between R3,500 and R7,000 a month.

The model has already been applied in Canada. Research undertaken by Peter Dreier and J. David Hulchanski noted that by the time the development of large-scale public housing discontinued in the 1970s, the country had created a permanent stock of good quality, not-for-profit social housing along with an increasingly-competent community-based housing development sector in contrast to private and state sectors.

Canada’s non-profit housing comprised low and middle-class structures averaging 50 units and located in city and suburban areas. The structures were carefully integrated into existing neighbourhoods to avoid the stigma associated with low-cost housing and the developments housed a socially-mixed range of low and moderate income households.

The programmes were designed such that residents paid 25-30% of their incomes in rent with a federal subsidy covering the balance.

Key to the success was that the developments were permanently removed from the residential market, meaning social housing remains permanently affordable by staying beyond market forces.

South African low-cost reconstruction and development programme housing can also not be resold.

BEST PRACTICES FROM OFFSHORE: ACCELERATING THE HOUSING DELIVERY (CONTN.)

– ANGELA GRAHAM

Canadian municipalities that built not-for-profit stock established housing authorities to manage the units. Community-based housing groups (ethnic or church) also built specific projects governed by the programme regulations.

The South African housing department has intensified its working relationship with community-based and non-governmental organisations (NGOs) with regards to housing delivery. According to www.sagonet.org.za, urban development NGOs tend to work within a sustainable human settlements paradigm to promote integrated development.

The focus ensures the voices of the poor are heard in the urban development process. However, the issue cannot be considered through rose-coloured glasses.

The Canadian federal government recently came under attack for letting its housing strategy slide to the extent that an affordable housing crisis is now brewing in the country.

A report in The Star newspaper in Canada during March 2008 criticised the finance minister's budget for failing to help low and middle-income families secure and attain affordable housing.

The paper pointed out that during their last federal-provincial meeting in 2005, the housing ministers issued principles for an affordable housing framework. However, the change of government since then has apparently meant nothing has been developed and only federal housing programmes introduced by the previous liberal government are currently being extended by the conservatives.

Some 170,000 households are on waiting lists for social housing with The Star commenting that Canada was the only major nation without a national housing strategy. United Nations Special Rapporteur Miloon Kothari echoed these comments, reprimanding the Canadian government after his fact-finding mission in October 2007.

"Canada has a reputation around the world for its progressive housing policies and programmes, but that is no longer the case. (The) successful social housing programme, which created more than half a million homes, no longer exists ... (and) has fallen behind most countries in the Organisation for Economic Co-operation and Development in its investment in affordable housing," he said.

That said, Canada retains its active non-profit community-based groups who are devising innovative solutions to the housing crisis. Almost a third of its homeless population falls in the 16-24 year category, prompting the organisation Raising the Roof to launch Youthworks, a national initiative aimed at breaking the homelessness cycle among young people.

The Hidden Homeless Campaign came into being because the majority of Canada's homeless are not visible on the streets. The hidden homeless include seniors, families with children and the working poor.

Rooftops Canada is an international development programme of co-operative and social housing organisations working with partner organisations to improve housing conditions and build sustainable communities around the world. Active in South Africa, Rooftops Canada has worked with local NGOs and trade unions since 1990, building local delivery capacity and managing co-operative and social housing.

Essentially, South Africa has an enormous amount of work in terms of housing delivery, but is tackling the issue with input from global best practices. Achieving the goal for building 2.4-million houses by 2014 depends on the hard work and successful implementation of these programmes by every stakeholder – the government, private sector and NGOs.

DEMYSTIFYING BUILDING MAINTENANCE

GREG ARDÉ

IN a quaint street in Durban, South Africa, twin Victorian-style cottages stand side-by-side on a ridge overlooking the Indian Ocean. Built in 1912, sadly the only things these houses have in common are the same long-since-dead architect and the wall that divides them.

One has been lovingly maintained. Its wooden verandah posts have been treated to withstand the vagaries of the coastal weather; its gutters aligned to channel away summer downpours and its walls regularly plastered and painted.

Its twin is in a shocking state with crumbling walls, crooked gutters and patchy paintwork and one has to look no further than these buildings to bring to life the truth of the old adage: “a stitch in time saves nine”.

Property experts expound clever, insightful theories about preventative building maintenance, but at the end of the day they all agree that, quite simply, owners have to spend routinely to retain the value of a building.

If you ignore the inevitable, maintenance costs escalate and, like the owners of the sorry Victorian cottage, the relatively modest cost of preserving the verandah posts becomes horribly expensive – and soon it will be the roof that caves in. The biggest loser will be the landowner, but a close second his neighbour whose house is devalued by the slum next door.

Property specialist and South African Property Owners Association executive director TC Chetty believes “less and less” building maintenance is happening in South Africa.

“There has to be a benchmark of what you spend every year in maintenance as a proportion of a building’s value. If there isn’t one, we should establish one, because this has widespread implications for investment. We should ask ourselves whether municipalities shouldn’t force landlords to maintain their buildings properly,” he says. eThekweni iTrump acting head Hoosen Moola echoes Chetty’s sentiments.

iTrump is a pioneering initiative in South African urban renewal and Moola’s day involves coordinating dozens of municipal teams that battle to keep the city of Durban tidy. He negotiates with minibus taxi drivers, cardboard collectors, informal traders, street sweepers, established shop owners and hundreds more.

For him inner city decay is linked to the proper utilisation of buildings.

“If there is regular contact with landlords, the buildings are used for the purpose for which they were built. It is not too difficult for a landlord to maintain an office block used as an office block,” he says.

However, the situation becomes increasingly difficult after an ad hoc renovation has illegally transformed the building into a residential block, as the services were not designed for residential use and soon the inevitable cracks will show.

Moola acknowledges that each building has its own set of problems. Dealing with these via legal processes can be long and cumbersome and if owners do not maintain their buildings, they run the risk of those investments being hijacked to evolve into havens of crime and grime. The knock-on effect wreaks havoc with the adjacent buildings.

He believes municipalities should throw the book at non-compliant landlords who ignore the by-laws; refuse to uphold health and safety standards and effectively sweat their assets.

“At the heart of it, landlords need to play ball. Buildings must be used appropriately and municipalities must have the supporting infrastructure of schools, clinics and parks if they are going to increase the density of cities. There also needs to be delineated areas to prevent escort agencies, panel beating shops and illegal taverns operating close to where children live,” Moola says.

From a macro perspective, few people would have any argument with Moola. Landlords and city authorities both need to play ball to create an environment conducive to preventative maintenance.

But budgeting for this is another story.

Noted Durban developer Michael Shannon, whose restoration of period buildings has helped create the popular appeal of tourist precincts in Florida and Windermere roads and likely to play a similar role in the Durban Point Waterfront area, says building owners should set their levies 10% higher than they do.

“There should always be more money in the kitty for maintenance. Owners begrudge paying special levies (to paint the block, overhaul the sewage system or repave the parking area) and would rather pay more upfront, secure in the knowledge that their maintenance costs are covered,” he says.

It also alleviates the problem that by the time the special levy has been collected, the price of the major renovation job has gone up. Levies with a comfortable margin for extra work means the building will always be in top shape.

Shannon has called on the city authorities to harden their approach to bad buildings.

“Some people will just sweat their assets. They neglect

DEMYSTIFYING BUILDING MAINTENANCE (CONTN.)

GREG ARDÉ

maintenance and the problems escalate, essentially costing more. If the authorities were serious about policing bad buildings, they would adopt the techniques used overseas: errant owners are warned to fix up or the city does the work and bills them," he says.

However, the reverse must also hold true.

Consequently, if a landlord looks after his building, he should be rewarded. This is an enlightened self interest: the owner can keep on collecting rentals as long as the building is in good condition."

Writing for a US-based trade website (<http://sbw.cefpifoundation.org/pdf/PreventativeMaintenance.pdf>), school maintenance director Bruce Buchanan produced a story headlined "Repeat this facilities mantra: fix now or pay later."

In the article he quoted Edward Brzezowski, a consulting engineer with Facility Energy Services Inc. in Chester, New Jersey, who said American schools had an estimated \$300bn in deferred maintenance.

Brzezowski, a former school facilities director, said schools should spend 2-4% of building's total replacement cost on annual preventive maintenance. It was a similar approach to keeping your car in shape by "changing the oil, filters, belts and tyres".

The problems do not go away by being ignored ...they all hit you at once.

Landlords can tackle preventive maintenance and formulate a sound plan by making an inventory of the building from pipes to roofs to walls and assessing the condition of each item, Buchanan wrote.

KwaZulu-Natal Master Builders Association executive director Brandon Abdinor says various unavoidable fixed monthly maintenance costs exist for services such as lifts, escalators, the air-conditioning and fire fighting plants and equipment.

These costs are easily identifiable and are on-going.

However, there are other not so evident maintenance areas such as water-proofing, concrete spalling, expansion joints, protective coatings, and drainage systems that need to be factored into budgeting.

Abdinor says the manufacturers of all building components have usually done research on their products to give an indication of product durability and lifespan. Project managers usually collate this information, compiling concise maintenance manuals to encourage owners to use them as references and develop preventative maintenance budgets on their buildings.

"Buildings and the equipment in them were never meant to last forever. The only way to reduce costs is to maintain frequently and introduce more energy-efficient technology and materials when possible to save on operating costs," he says.

Abdinor acknowledges that the diminishing availability of appropriate land and materials will see retrofitting and refurbishment becoming more commonplace than total replacements. Increasing pressure on resources, including energy and water, is creating a need for energy efficient and sustainable buildings.

However, these "green disciplines" are in their infancy and the costs of research and design on sustainable buildings and components are neither widely known nor understood. The result is that the cost of going green seems prohibitive, but has not actually been measured against the long-term.

Abdinor says there are some golden rules landlords should apply in hatching and executing maintenance plans:

- establish the plan for day one when the doors open;
- get specialist contractors on board with contracts immediately so they can detect problems early and
- put aside enough money to pay for maintenance and more.

Much has been said about landlords' responsibilities, but what can municipal authorities do to encourage preventative building maintenance?

Around the world, highly-exacting maintenance standards exist alongside rich incentive schemes, but South African local governments seem to be grappling with this issue.

The Californian city of West Covina takes obvious pride in its residential neighbourhoods. It publishes a guide to maintenance on the internet (<http://www.westcov.org/council/vision2020/3c.html>) and the simplicity of its logic is compelling:

"Property maintenance standards have been developed to ensure that our neighbourhoods remain attractive. Well-kept neighbourhoods help to maintain or increase property values; discourage crime and graffiti; encourage quality development and preserve the quality of life in our City. Do Your Part!"

West Covina encourages citizens to report violations of property maintenance standards and lays these down in black and white. There is an exhaustive list, but essentially the authorities flash a big red light at "buildings or structures with peeling or blistering paint; broken or missing windows and doors; broken or deteriorating porches, steps, walls, driveway or walkways; missing or broken garage doors, roofs with loose, unstable or missing materials."

DEMYSTIFYING BUILDING MAINTENANCE (CONTN.)

GREG ARDÉ

Their concerns do not stop there either - landscaping is important too.

“All landscaping of residential properties must be maintained in a manner that does not have a detrimental effect on adjacent or nearby property. Here are some examples of unacceptable conditions: overgrown vegetation, weeds or lawns that are 12 inches in height or over; dead, decayed or diseased trees; lack of landscaping or maintenance that substantially reduces the value of adjacent properties.”

As an added bonus, residents may not store junk, trash, debris or building materials in their yards or on their sidewalks. Front yards walls, fences and hedges “shall not exceed a maximum height of 42 inches (3 feet, 6 inches) but some non-solid fences may be up to six feet high (6' 0”) under special circumstances.

The building guide dictates that all walls and fences be constructed of appropriate and durable materials (wood, wrought iron, tubular steel, concrete, brick or stone) and materials of poor quality or unattractive appearance (plywood, fibreglass, plastic, corrugated metals and bare metal wire whether barbed, razor or smooth) are prohibited. Chain link fencing material is prohibited within the required front yard area.”

If only the landowner of the pretty little Victorian cottage in Durban could use this arsenal against his errant neighbour.

Wielding the big stick is useful, but what about a carrot to coax the donkey?

Lynchburg, Virginia, has a host of incentives for real estate rehabilitation to aid and encourage renovation, some akin to the urban development zones introduced by the South African government in recent years.

The city’s website (www.lynchburgva.org/docs/incentive.pdf) sums up the rationale for preventative maintenance.

“During the past few decades, thousands of property owners have discovered it is often less expensive to rehabilitate an existing building than to demolish it and rebuild.”

The city, realising the importance of buildings to the tourism industry and the council’s tax base, developed programmes to encourage building maintenance and rehabilitation – essentially illustrating the truth of another old cliché that an ounce of prevention is worth a pound of cure.

EKHAYA – THE ANATOMY OF AN INNER CITY RESIDENTIAL NEIGHBOURHOOD - JOSIE ADLER, eKhaya Neighbourhood City Improvement District Co-ordinator

Hillbrow property owners are using a hidden resource to support their capital investments into the inner city low-income residential market. They are recognising that social dynamics – conventionally suppressed and ignored – can be powerfully harnessed as a cornerstone in securing, consolidating and preparing their assets for growth.

Critically, they realise that individual owners, even of well-managed buildings, cannot achieve their goals in isolation.

Urban degeneration since the 1970s denied the Johannesburg inner city of the vital relationships that underpin neighbourhoods, but the graphic media reports of lives-on-the-edge do little to capture the dynamics.

Mismanagement and exploitation aroused deep suspicion, hostility, mistrust, rent boycotts, vandalism and theft and the city lost an important rates base as property owners defaulted on payments or abandoned their investments.

As buildings became squatted, hijacked and slum-lorded and the homeless exploited, Hillbrow, Berea, Joubert Park and Yeoville – the heart of Johannesburg’s low-income housing stock – fell victim to widespread criminality. The usual attempts to fix things – with money and policing – were ineffectual.

A new vision and different approach to doing things was desperately needed.

Piloted in lower Hillbrow, the residential neighbourhood-building model forges relationships between stakeholders – property owners, building managers, residents, city and policing agencies and project managers – to build trust by focusing on common concerns.

Urban regeneration and a safe, clean city must not be confused with managing garbage disposal and policing. A healthy, habitable neighbourhood only evolves from the intense process of developing social contracts and building trust that only then founds and characterises a living neighbourhood. Owners and residents come to value, care and protect their environment.

The embodiment of the hidden resource or social capital is the flourishing community and improved environment, sustained through better management.

Tackling the dismal situation in lower Hillbrow took hold when half the Pietersen Street owners responded to the invitation by social housing entity Johannesburg Housing Company to jointly uplift their neighbourhood.

The initiative relies on three key ingredients for protecting the

investments and improving and sustaining residential housing:

- Capital investment into building repairs and maintenance and public space infrastructure;
- Developing sound relationships as the foundation for responsibilities, obligations and trust and
- Good management in the buildings and in public spaces.

A comment overheard in a taxi to Diepsloot last December reflects the success.

“Hillbrow is improving. There is that place called eKhaya where the streets are safe and cleaner.”

The key to the eKhaya safety and security project is the sustained interconnectivity between the in-house security personnel, the Hillbrow South African Police Services (SAPS) and the community policing forum.

Housing manager Linda Tshabizana and Lutheran Church of Peace employee Sophie Madonsela both acknowledge they can now walk freely, respecting their streets. Crime rates have dropped with the SAPS having established an improved relationship with the eKhaya community and the residents want to know when more buildings – upwards from Kapteijn Street to Esselen, Kotze and Pretoria streets – will follow suit.

Yet, the proof is in the pudding and the owners confirm that the eKhaya experience has added value to their businesses.

Tenants are renewing their leases rather than relocating and the whole is working as a magnet for other property owners to sign up their membership. eKhaya now comprises 51 buildings across 18 blocks.

Berea established the Legae La Rona City Improvement District last year and eKhaya is now working to extend the cluster model for healthy neighbourhood living.

Principally, positive change happens when stakeholders are motivated into assuming responsibility, thus developing trust. In eKhaya this meant repairing the drainage to stem the sewage flow into the streets; co-operating to securing the dangerous alleyways between the buildings by installing gates to exclude criminals and managing rubbish clearance.

The result was the breakdown of the anonymity and isolation borne from decades of fear as property owners and their housing managers came together in a now-proud ‘eKhaya’ identity.

The neighbourhood-building process has also impacted on crime management with the Hillbrow SAPS commenting that having eKhaya’s men-on-the-streets assists in rapid apprehension of criminals and encourages the public to co-

EKHAYA – THE ANATOMY OF AN INNER CITY RESIDENTIAL NEIGHBOURHOOD - JOSIE ADLER, eKhaya Neighbourhood City Improvement District Co-ordinator

operate in making statements.

Legally, how can neighbourhoods like eKhaya be developed?

The Gauteng City Improvements Districts Act, tabled more than a decade ago, provides the framework for property owners to establish these districts and introduce supplementary services.

In terms of the law, 50% of the property owners constituting at least 51% of the property values must support the initiative before a monthly levy is raised to finance the services.

Johannesburg has witnessed more than 20 such districts established, initially in business zones and more recently in suburban areas, each operating as non-profit entities.

However, improvement districts as defined legislated blocks with boundaries can be counterproductive to overall regeneration and widespread improvement, particularly in a large inner city such as Hillbrow, Berea, Joubert Park and Yeoville.

Although it is natural that different neighbourhoods have distinctive characters, elitist and protected pockets of better services amid crime and grime create an unworkable patchwork instead of a generally improved area.

Criminals and garbage congregate in the adjacent slum areas, constituting an ongoing nuisance and posing an unsafe passage between the improved areas.

One way forward already being tested for expanding social cohesion creates voluntary safe and healthy clusters of well-managed properties, yet some means must be found for securing the participation of every property owner benefiting from the regeneration.

In July the City of Johannesburg implemented the new property rating regime that brought sectional title owners into the fold as ratepayers. Previously, this responsibility fell to the bodies corporate.

The implications of the change for property owners keen to develop inner city low-income residential neighbourhoods are burdensome and potentially self-defeating. Over the decades, many absentee sectional title owners have abandoned their properties or absconded from their obligations to pay the city, effectively being lost from the system.

An estimated 100,000 sectional title owners are still being sought to register as individual ratepayers in Johannesburg – meaning that garnering the legally-required 50% support for establishing improvement districts becomes onerous and remote.

This may also become a major obstacle for the city to achieve its urban regeneration goals in line with its commitment to the Inner City Charter.

The high demand in low-income housing requires repairing the past while simultaneously introducing sustained good governance and inculcating responsible landlord-tenant relationships. Equally essential is extending good governance to the public space – the pavements, streets and lanes, and public recreation areas and facilities.

Typically, where city agencies have neither the capacity nor the will to conduct effective urban management, owners have established security and cleaning units to deal with crime and grime in the public space.

This approach already brought success in business zones, but, apart from being too costly for low-income residential areas, managed projects alone cannot contend with the alienating past experiences and current social complexities.

Aside from practical matters relating to policy and legislative frameworks, there are several factors that need serious consideration.

Firstly, neighbourhood-building as the major part of city-building, is not for the faint-hearted. The task demands property owners who, as able and committed leaders, have the strength and patience for the long haul.

The promise of a win-win solution may encourage reticent property owners to participate, but financial institutional support should offer the incentive for membership into neighbourhood improvement associations.

Secondly, the city officials must come to the party with more than words. The Inner City Charter concluded last year is a significant starting point for articulating the requirements, but the municipal leaders have a critical part to play in setting the foundations for transforming Johannesburg into a 21st century city.

Thirdly, eKhaya's relationship model reverses the negative connotations engendered by a lack of participation in city business – including the contractual and reciprocal rights and obligations between landlord and tenants.

This opens the possibility for creating feelings of valuing, caring for and protecting the public spaces that act as the life-blood of city living and its commerce.

Dr Philip Harrison, Executive Director: Development, Planning and Urban Management, City of Johannesburg, concurs, observing that most economically successful contemporary

EKHAYA – THE ANATOMY OF AN INNER CITY RESIDENTIAL NEIGHBOURHOOD - JOSIE ADLER, eKhaya Neighbourhood City Improvement District Co-ordinator

cities are those considered most liveable for their residents and which are accessible to the broadest range of urban users.

“Johannesburg should pay special attention to the requirements of social cohesion. This means building the trust and the social networks needed for sustained development. It means strategies and actions that strengthen feelings of belonging, inclusion, participation and recognition,” he was quoted in the Mail and Guardian in August 2005.

DEVELOPING COMMUNITIES AS THE BUILDING BLOCK FOR CLIENT SERVICE NICOLA JENVEY

SOCIAL housing, the provision of rental housing for lower-income earners caught between government-subsidised homes and having the capital to purchase their own accommodation, has not typically been viewed as the realm of the private sector.

The obvious driver of private enterprise – the investment into business for a profitable return – has not typically been recognised or widely achieved, thus leaving social housing to the government and non-government organisations (NGOs). Yet, says Social Housing Foundation (SHF) consultant Adrian di Lollo, the upliftment of South African tenant populations and the stabilisation of housing estates into community-driven entities has become “a no-brainer” – simply unavoidable.

Di Lollo believes it is in this capacity that the private sector has a critical role to play in the development of low-cost rental accommodation, particularly in the inner cities. By creating secure, accessible rental accommodation for this sector of the community, the private sector will grasp an opportunity that bolsters the health and well-being of the families concerned; delivers on business principles and contributes meaningfully to the stabilisation of South Africa socially and economically.

“The private sector cannot and will not usurp the government and housing NGOs in this sphere, but there are substantial opportunities to be gained. They should be playing a role in terms of the public agenda,” he says.

Established in 1997 as custodians of South Africa’s social housing, the SHF offers a range of strategic services to people and organisations working within the sector. The mission and mandate – stemming from the national Department of Housing – is to develop a vibrant and sustainable social housing sector. Central to this goal, the SHF creates credible social housing institutions and simultaneously develops housing capacity to the benefit of the subsidised housing market and low-to-moderate income families.

In July 2008, the SHF released a report entitled Supply and Demand of Rental Accommodation in South Africa (www.shf.org.za) detailing the country’s rental housing market that aims to provide enabling policymakers to create appropriate and effective policy and encourage private sector participation.

The report states that around 20% of South African households live in rental accommodation with the bulk of these households being among poor and low-income earners. Roughly 55% have a monthly income below R3,500 while another 22% earn between R3,500 and R7,500.

Data on dwelling conditions – which indicates more than 40% of renter households live in what could be characterised as slum conditions – highlights the significant need for affordable, better-quality accommodation, while anecdotal evidence points to the substantial unmet demand for affordable accommodation in key urban centres.

Yet, according to the report, both private landlords and social housing institutions indicate “exceptionally low” vacancy rates and new social housing projects released in Johannesburg, Durban, Port Elizabeth and East London are typically oversubscribed 10 times or more.

“Private landlords in inner city Johannesburg do not have to look for tenants ... ‘tenants find you’. Demand in that market is characterised by property owners as ‘insatiable’, ‘a bottomless pit’ and rentals have increased significantly over the past few years,” the report says.

Di Lollo says typically renters in this market segment are employed and have minimal transport costs, meaning that while they are low-income earners, they are highly motivated. Bolstering the social housing stock encourages the evolution of consistently well-managed housing; affordable quality living

DEVELOPING COMMUNITIES AS THE BUILDING BLOCK FOR CLIENT SERVICE (CONTN.)

NICOLA JENVEY

environments; integrated, empowered communities; collective ownership and secure tenure and inner city regeneration and urban densification that diminish the reliance on road infrastructure – all of which are principles espoused by the SHF.

A workshop held in August 2008 at the SHF considered the best practices for client service management and community development with a key theme being the importance of community development as a client service element component. Addressing the conference, Connaught Properties director Henderik de Klerk says tenants “believe in value for money” and in managing their client services, Connaught has invested R17,5 million on installing individual water and electricity metres in its buildings. This means tenants are fully appraised of their utility usage and are accordingly charged transparently.

Connaught owns 13 buildings in Braamfontein, Joubert Park and Hillbrow, offering affordable housing to more than 1,500 families. The high-rise buildings – typically 15 to 20 storeys – are consistently upgraded and maintained with rentals pitched within the mean rental range for the area in terms of the Rode Report (www.rode.co.za).

Another 500 units are under construction within the portfolio and expected to be released to the market by November 2009.

The quarterly Rode Report provides analysis on most property sectors across South African cities. The report covers trends and levels of rentals as well as standard capitalisation rates by property type, grade, node or township, the listed real estate market and building construction costs and activities.

De Klerk says in terms of best practice evaluations, clients’ demands include a full-time building manager, detailed monthly invoices, around-the-clock security and emergency maintenance teams on stand-by such that issues can be handled swiftly. In return investors receive a reliable, stable tenant base, low rental arrears and a feasible business model.

“The art of customer service is a never-ending learning and education process,” he says.

eKhaya Neighbourhood City Improvement District (CID) co-ordinator Josie Adler says in maximising opportunities to regenerate inner city low-income housing, both public and private sector investors should recognise that success comes from three equally essential ingredients:

- Capital investment into building repairs and maintenance and public space infrastructure;
- Developing sound relationships as the foundation for responsibilities, obligations and trust and

- Good management in the buildings and in public spaces.

She says Hillbrow property owners involved in the eKhaya initiative have been using “a hidden resource” to support their capital investments into the inner city low-income residential market. “They are recognising that social dynamics – conventionally suppressed and ignored – can be powerfully harnessed as a cornerstone in securing, consolidating and preparing their assets for growth.”

In this way community development investments not only achieve positive client service outcomes but also support a positive and sustainable business model for property investors and managers.

Critically, they realise that individual owners, even of well-managed buildings, cannot achieve their goals in isolation. Piloted in lower Hillbrow, the residential improvement district model forges relationships between stakeholders – property owners, building managers, residents, city and policing agencies and project managers – to build trust by focusing on common concerns.

Property investors and managers should consider tenant needs more broadly than narrowly focusing on accommodation needs and the provision of electricity and water services. Access to clinics, crèches, shopping and entertainment facilities, training and access to transportation links are all requirements that should be considered and addressed where possible through community development activities. Partnering with established providers to achieve efficient and cost effective access is good business practice and promotes economies of scale. Successfully delivering value to broader resident needs makes a big impact on community stability, property vacancies and performance and positive relationships between stakeholders.

The outcome has been that tenants are renewing their leases rather than relocating and the eKhaya project – which now comprises 51 buildings across 18 blocks – has become a magnet for other property owners to sign up their membership.

First Metro Housing Company area supervisor Adam Mohamed agrees, saying community development involves developing and empowering the community, translating into an improved social network and diminishing social problems.

The flipside comes in managing the challenges such as non-adherence to leases, sub-letting, overcrowding, vandalism and theft – and tackling that requires pre-tenancy training such that the communities are informed, understand and educated about their responsibilities. Mohamed says the whole translates into improved quality of life.

DEVELOPING COMMUNITIES AS THE BUILDING BLOCK FOR CLIENT SERVICE (CONTN.)

NICOLA JENVEY

An independent social housing institution established in 1998, First Metro Housing Company (www.nasho.org.za) contributes to the housing backlog in the Durban metropolitan region. The company offers secure tenure, well-maintained stock and affordable, good-quality homes to the market that indirectly translates into job creation and inner city rejuvenation.

As well as acquiring and renovating existing buildings, the company purchases land and develops greenfields projects within the broader metropolitan and will bring on-stream another 782 units when the Lakehaven Housing Project opens its doors early next year.

Mohamed says in harnessing community development, First Metro Housing Company plays a significant role in creating well-functioning neighbourhoods and promoting sound tenant-landlord relationships. However, the company has learnt its lessons the hard way with the Westrich Housing Project in Newlands suffering rental boycotts due to political mobilisation in March 2000.

Lack of communication between the tenants and the landlord compounded by a poor stakeholder relationship meant the company was viewed as a government entity and the tenants stopped paying rents. The consequences for all stakeholders concerned are dire and should be avoided as far as possible with regular constructive communication and the consistent focus on delivering quality accommodation which offers good value.

Non-government organisation Communicare provides affordable housing for economically disadvantaged people in the Western Cape and its website (www.communicate.org.za) proudly displays the pay-off line "building homes and communities". Essentially that embodies the commitment and objective of social housing and community development.

In July 2007 the organisation officially opened the R30 million Aliwal Gardens Development in Ruyterwacht as the province's first wholly integrated housing development. The project accommodates people across the racial and social-economic spectrum.

"Aliwal Gardens is an investment in people. It will provide housing for ordinary people, the people essential to the revitalisation of our city and country. It is designed to regenerate the area and create an environment that promotes social integration in line with the present housing policy," Communicare chairman Herman Fourie says.

He says the development demonstrated to the public and private sector that, with good planning, integrated social housing projects were not "a financial risk". Success demanded the right location, an appropriate development for buyers and

tenants and as much integration as possible.

Yeast City Housing CEO Stephan de Beer echoes those sentiments, claiming housing is the central strategy for healthy communities. Housing should therefore be viewed as a part of an integrated community and human development strategy rather than a separate entity.

Yeast City Housing (www.tlf.org.za) was the first social housing company in Tshwane and strives towards the long-term objective of ensuring decent, affordable inner city housing that contributes to the area's regeneration via well-managed stock.

The company therefore works to maintain housing as "more than shelter", thus developing integrated, healthy neighbourhoods with housing at its core. Yeast City Housing was created through the work of Pretoria Community Ministries and is owned by six inner city churches.

However, the SHF Supply and Demand of Rental Accommodation in South Africa (www.shf.org.za) Report noted that buoyant demand for affordable housing stock was insufficient to encourage the required levels of private sector investment. There were several constraints at play that were affecting the investment attractiveness, particularly to small investors who were typically the backbone for rental markets globally.

Cited as constraints were:

- A poorly aligned combination of regulations and legal institutions that collectively created a lengthy and expensive eviction process;
- Inefficient and expensive municipal service delivery and
- Delays in unlocking the access to inner city properties that could potentially augment the rental stock.

The favourable tax breaks offered in terms of the Urban Development Zone (UDZ) legislation had contributed towards boosting private sector involvement and the report says policymakers have explicitly identified encouraging greater private sector investment as an objective.

The UDZ tax incentive scheme (www.treasury.gov.za) aims to promote inner city renewal across South Africa with any taxpaying, property owning individual or entity qualifying for the benefits. The tax allowance incentive covers an accelerated depreciation made into either refurbishing an existing property or creating new developments within designated inner city UDZs.

Di Lollo says in moving forward on social housing demands, South Africa should consider reviewing the city codes and tariffs on water and electricity ratings to facilitate the development of bachelor flats or quality dormitory

DEVELOPING COMMUNITIES AS THE BUILDING BLOCK FOR CLIENT SERVICE (CONTN.)

NICOLA JENVEY

accommodation. Currently buildings where the utility facilities are shared – several bachelor flats on one floor sharing a communal kitchen and bathrooms – are not deemed as households and are therefore charged according to business rates.

“Tenants therefore cannot benefit from their constitutional access to free basic water and electricity allocations and this affects the costs and the rental returns, translating into another stumbling block for the private sector,” he says.

GOING GREEN

NICOLA JENVEY

GREEN building has not only become the latest industry catch phrase, but has brought to the fore the realisation that the world’s resources – energy, water and materials – are scarce.

Green building is the practice of increasing the efficient use of resources by buildings and reducing the impact construction has on human health and the environment by considering the physical location, design, construction, operation, maintenance and removal requirements. The long term aim is to build in a way that preserves the environment for the next generation and beyond.

Integral to this process is sustainable development with green building reducing the operating costs by raising productivity and using less energy and water; minimising risks to the health of occupants by improving indoor air quality (and avoiding the so-called sick-building syndrome) and reducing the environmental impact of diminished storm water run-off and the “heat island” effect (where a building cluster raises the temperature in that vicinity).

The South African building industry has been criticised for lagging the rest of the world in adopting sustainable, green building practices. Addressing a conference in Johannesburg in June 2008, Pristine Technology Solutions MD Mazuro Gundidza said eco-friendly design was “not readily available” – something he hoped would be tackled by the newly-established Green Building Council of South Africa (www.gbcsa.org.za).

Established last year, the council is an independent non-government organisation promoting, encouraging and facilitating green building in South Africa. Executive chairman Bruce Kerswill says the organisation will lead the transformation of the South African property industry to “ensure all buildings are designed, built and operated in an environmentally-sustainable way to allow people to work and live in healthy, efficient and productive environments”.

The bottom line, according to the SHF report, is that while targeted tax incentives and subsidies can be vital mechanisms to creating affordable rental stock, they can be costly and possibly ineffective if implemented primarily to sidestep other inefficiencies.

Essentially, addressing the social housing issue such that South Africans have access to homes in terms of the Constitution becomes a delicate balancing act for the public and private sector investors.

“For green building to be driven forward it needs to be accepted by all industry stakeholders (by) focusing on the initial capital cost of a building. Considering South Africa’s current power crisis and possible water crisis, green building will not only save energy, but also place our country on the map of protecting resources,” Gundidza said

An entry on the concept on the online encyclopaedia Wikipedia says green building practitioners seek to achieve ecological and aesthetic harmony between a structure and its natural and built environment. However, these buildings are not necessarily distinguishable in appearance and style from their less sustainable counterparts.

In 2002, American buildings accounted for nearly 40% of national energy demand (with residential buildings leading the pack at 54,6% of the overall demand by buildings). They were also responsible for 38% of the carbon dioxide emissions and 12,2% of national water consumption.

It is in light of these statistics – and Kerswill estimates 40-50% of the world’s energy is consumed through the construction and continued operation of buildings – that the concept of green building has evolved.

In embracing green building practices, architectural design takes advantage of renewable resources such as solar power and natural lighting or planting rooftop gardens that both reduce the rainwater run-off and act as a natural cooling system in summer and heating system in winter.

The website www.greenroofs.org defines green roofs as the creation of contained green space on top of a human-made structure.

In this regard, Germany has been responsible for a significant portion of green roof development with the German Green

GOING GREEN (CONTN.)

NICOLA JENVEY

Roof Standards considering the vegetation best suited to the environment, the waterproofing issues and the weight of the garden and its effects on the roof.

Although the most expensive feature of a green building, on-site power generation – solar, wind, hydro or biomass – substantially reduces the environmental impact. Other techniques such as using packed gravel for parking lots instead of concrete or asphalt replenishes the ground water.

In a residential context, architects may orient windows and walls and place awnings, porches and trees to shade windows and roofs during summer while maximising the sun in winter. Considering natural light and including solar water heating systems reduces electricity demand.

Geysers blankets, insulated hot water pipes and roofing, the efficient use of appliances and electrical devices as well as fluorescent rather than incandescent lighting all contribute to lowering electricity consumption.

Well-designed green buildings also reduce the waste levels through the use of compost bins and the recycling of grey water (dishwashing and washing machine effluent) or the capture of rainwater to flush toilets and water gardens.

However, a recent survey by the World Business Council for Sustainable Development (www.wbcd.org) reflected that the environmental impact of buildings is often underestimated and the perceived costs overestimated. The survey established that green costs are over-stated by 300% as key real estate and construction industry players estimate the additional cost at 17% above conventional methods rather than the 5% average cost differential actually experienced.

Green Buildings for Africa (GBA) was a Centre for Scientific and Industrial Research (CSIR) initiative established in the 1990s that enabled property owners to access CSIR expertise in environmental building management.

“Effective green buildings are more than just a random collection of environmentally-friendly technologies, but rather a systemic consideration of the resources consumed and pollution emitted during the building’s life-cycle. The system contributes to reduced operating overheads, increased property values and higher returns on investments,” says Neil Oliver, who headed the organisation.

Echoing the World Business Council findings, he says contrary to popular myth, the environmentally-responsible use of facilities does not detract from the bottom line. Investments in efficient resource management yield high returns within “reasonable payback periods” – and the added benefit is healthier and safer working environments conducive to higher

productivity and fewer man-hours lost to illness. US studies cited on www.greenbuildings.com highlighted that greener buildings can boost productivity around 20%.

Pilot studies conducted at Eskom’s Megawatt Park, Anglo American’s headquarters, Rand Water, Sanlam’s Sancardia Centre, the CSIR Conference Centre, the Old Mutual Centre and Mutual Park each demonstrated green building effectiveness.

If there was doubt about the need for South Africa to concentrate on green building practices, the electricity crisis earlier this year and the constant demand from national electricity parastatal Eskom that business and residential consumers reduce their energy consumption or face long-term load-shedding should have dispelled it.

Recent policy and strategy developments such as the energy efficiency strategy published by the Department of Minerals and Energy and the national Treasury’s draft framework for environmental fiscal reform also highlight national efforts to improve the country’s energy efficiency and environmental status.

Former CSIR head of built environment Dr Sidney Parsons says in devising these strategies, the government has issued a clear signal for promoting a well-developed national approach to reduce the environmental impact of energy consumption.

Internationally, governments have developed their own energy efficiency standards. Australia has emerged as a leading protagonist with the Green Building Council of Australia (www.gbca.org.au) developing the Green Star standard.

The US Green Building Council (www.usgbc.org) has developed the Leadership in Energy and Environmental Design rating system as a national benchmark for the design, construction and operation of high-performance buildings.

Canada has implemented the R2000 guidelines for buildings constructed in the new millennium. Incentives are offered to builders meeting these standards in a bid to increase energy efficiency and promote sustainability. In June this year, the City of Calgary Water Centre was officially opened – a building that is 95% lit by daylight, conserves energy and water and fosters a productive, healthy environment for visitors and employees.

The Standards and Industrial Research Institute of Malaysia and the UK Building Regulations both promote green techniques and set various requirements for construction.

What then are the practical solutions?

According to www.greenbuilding.com, installing a radiant

GOING GREEN (CONTN.)
NICOLA JENVEY

barrier (a sheet of aluminium foil with paper backing) on the underside of the roof reduces the heat gained via the ceiling by 95%. A family of four each showering for five minutes a day will consume 2,650 litres of water a week – equivalent to a three-year drinking supply for one person. Installing high-performance shower heads reduces water consumption by 60%.

Plan My Power marketing director Steve Parry (www.solarpanel.co.za) recognises that converting to solar power may appear daunting given the cost involved. He estimated the wholesale conversion of an average South African home to solar power would touch R300,000 with a realistic return on investment – taking into account Eskom’s anticipated tariff and inflation-linked hikes – of around five years.

“Yet, what is overlooked is the highly-modular nature of renewable energy installation. You can put your toe into the water to get it wet and grow your independence from the national grid at your own pace and financial limitations,” he says.

Converting the home to solar power requires some energy consumption changes. Initially, consumers must replace incandescent globes with low-wattage fluorescent bulbs or LED (light-emitting diodes) lighting. Hot water solar geysers are separate entities that utilise the sun’s heat to warm the water circulating through specifically-designed heating panels.

THE COMPLETE SOLAR-POWERED SYSTEM

Appliance	Average daily usage
20x11W globes	5 hours
Vacuum cleaner	30 mins
Hairdryer	20 mins
Toaster	30 mins
54cm colour television	5 hours
Hand-drill	20 mins
Food processor	40 mins
Microwave	10 mins

Providing lighting and utilising the common household appliances listed above would require:

Solar System Component	Estimated Cost
8x80WP PV solar panels	R35,000
6x102A 12V batteries	R6,000 - R7,000
4x20A solar regulators	R3,000
1x6000VA power inverter	R25,000 - R35,000
Cables and connectors	R2,000 - R3,000
Bracket mountings	R3,000
Total	R74,000 - R86,000

Source: Plan My Power www.solarpanel.co.za

Parry says a refrigerator and freezer that demand constant power would require another four 80W panels; two 102A batteries and two regulators. Converting a geyser to solar heating costs around R8,000 while fitting and installing a new solar geyser would be R15,000. These costs are recouped within two to three years given the geyser typically accounts for 40% of the electricity bill.

Stoves need to be converted to gas and can be supplemented with a solar cooker (R3,000).

Parsons says labelling programmes that provide owners and tenants with information about the energy and environmental performance of the building are valuable tools for creating awareness and energy efficiency. He believes South African municipalities have substantial opportunities to engage in green building initiatives.

“Among others, they can show leadership and vision by integrating green building issues in their policies for municipal procurement contract specifications as well as via training and education programmes,” he says.

In this vein, the government’s announcement to retrofit more than 106,000 buildings used by national public offices demonstrates a willingness to “lead by example”. Currently more than 100 buildings in Tshwane, Western Cape and the Free State have already been completed.

Although constructing new sustainable green buildings is a priority, research has shown that retrofitting existing buildings can yield substantial energy and resource savings – improving energy efficiency up to 70%, decreasing piped water use by 80% and lowering the discharge-to-sewer by 70%.

In July, the Green Building Council of South Africa launched for public comment a pilot green star rating system (based on the Australian one) for offices and aims to implement the system by October.

GOING GREEN (CONTN.)

NICOLA JENVEY

The system will rate buildings in various categories and award stars according to its green elements. Initially geared towards upper-end buildings, Kerswill hopes these players can “pull the rest of the market along with them”.

In conclusion, Parry says South Africans benefited from among the cheapest electricity in the world. As that scenario changes, an increasing number of people will shift to renewable energy sources and a greener thinking.

“Initially, there was a resistance to having solar panels on the roof. That is changing as people are keen to be seen to go green,” he says.