



INDEX

Click on the topic to access the relevant article

- Huge demand for affordable housing - continued on Page 2
- Housing institutions struggle
- Emalahleni Local Municipality Mayor is nominated as a Champion for Development Co-operation
- Farewell Kobus....your legacy will live on
- Railway siding to connect manganese corridor line from Hotazel to Port Elizabeth
- Sudoku
- Africa News Round-up

Western Cape wants to up rent collection rate from 40%

The Western Cape Provincial Government is to take a hard line with tenants who don't pay their rent for state social housing and will consider getting social housing institutions and companies to help manage its housing units. The Province is also contemplating handing units over to municipalities.

Human Settlements MEC Bonginkosi Madikizela told the Legislature it was unacceptable that the administration's rent collection rate was between 30 and 40 percent, whereas social housing institutions were able to collect 90 percent. "I am not comfortable to spend money (on maintenance) if the collection rate is (almost) non-existent."

The Western Cape would spend R33m over six years on maintenance. The Province owns 785 rental units in Cape Town, Stellenbosch, Paarl and Worcester, but intends selling 246. Madikizela said the Province would look at two possible solutions - a partnership with social housing institutions or companies, or handing rental units over to municipalities. The Province is also working with municipalities to have more social housing homes built. The areas administered by municipalities include Knysna, Plettenberg Bay, George, Oudtshoorn,

Mossel Bay, Paarl, Wellington, Vredenburg, Saldanha, Worcester and Hermanus. The Department of Human Settlements Director for Affordable Housing, Kahmiela August, said there was a need for social housing, especially in towns like Plettenberg Bay, where there was a big demand for cheaper rental units. "It is essentially about restructuring, looking where the poor live and where in advantaged areas we can build social units to give people better access to work and transport." August said only Cape Town and Oudtshoorn had plans to build new social housing units.

The City of Cape Town manages 43 000 units. Norah Walker, the City's Director for Strategic Development, said the major challenge was maintenance. The City was refurbishing 7 665 flats and the work would be complete by mid-2015. "It is very difficult to estimate the cost of these projects because you don't know what is wrong in the flats," she said.

The City was building new rental units in Scottsdene, near Kraaifontein, and would start doing so this year in Hangberg, Hout Bay, said Walker. In Hangberg it would cost about R400 000 to build a unit.

Source: IOL Property - 17/1/2014

Huge demand for affordable housing



FNB's Housing Finance division is going strong with around 20 percent growth in the market over the last financial year and a good outlook. The business division, which is 10 years old, has grown its loan book to close to R13 billion and recently reached its 10 year target of over a 100 000 units financed.

homes still needed and an average of only 20 000 units developed a year without taking into account future demand. The business unit plans to finance the next 100 000 homes in half the time, by 2018, and has made over the last financial a commitment to fund approximately 6 000 new housing units to the value of R2 billion over the next two years. These units will come from 40 developments that the bank has approved, consisting of a total of 12 000 units. Marais says the affordable housing market in South Africa is defined as households earning between R3 500 and R25 000 and this market accounts for about 32 percent of the entire home loan market, requiring cost effective, good quality housing up to R600 000. "We recently analysed the latest Census data and our analysis shows that the entire home loan market comprises of about 14 million households. Of this, 9 million households earn less than R3 500 per month and qualify for fully subsidised housing."

To Page 2

"There is still an enormous amount to do in this market and we are confident that we will see good growth in our business and loan book in the years to come," explains Marius Marais, Chief Executive officer of FNB Housing Finance. He says there is very high demand in the affordable housing sector with an estimated million

The SAHF is the catalyst for networking, conferencing and workshops for Africa, bringing housing professionals together.

The SAHF has international links with Europe, the Americas, the Asian Pacific Region and Australasia. This publication is circulated to over 7 000 organisations.

For further information please contact:

sahousing@sahf.org.za
www.sahf.org.za

Tel: +27 21 987 2585
+27 21 987 7950
Fax: +27 21 988 2742



"Affordable Housing Opportunities for Southern Africa"
SAHF International Housing Conference & Exhibition

September 2014



A NOTE FROM THE EDITOR:
Please forward any items or articles that you would like published.

The views & comments stated herein are not necessarily that of the SAHF and although every effort has been taken to ensure accuracy of information the SAHF cannot be held liable for the views expressed or information disseminated.



Housing institutions struggle

Social housing institutions in South Africa are facing enormous challenges in meeting tenants' demands.

First, the demands for adequate, habitable and affordable rental accommodation and, after tenants have settled in, demands for disclosure of the actual money the institutions receive from the government, for transparency and accountability.

The institutions receive a subsidy for the building they own so that they can provide reasonable rental for upper-end low-income earners.

Most institutions are thorough in providing detailed information to the prospective tenants about the rental accommodation they offer and the implications of the lease contract. They explain the processes between tenant and landlord in the event that maintenance and repairs become necessary, what happens in the event of rental disputes or failure to pay rental, management procedure and other tenancy related matters. A new tenant is taken through all the requirements, including the lease agreement, and signs off a check list.

Social housing institutions are fairly new when compared to similar institutions in other countries, but these are becoming unpopular over mass evictions in South Africa. Often, the tenants withhold rentals declaring a dispute about maintenance, subsidy and ownership rights.

As for subsidy, despite the introductory workshops with new tenants and information leaflets clarifying the institutional subsidy, tenants eventually claim that they were promised ownership of their flats. Others believe that the rental paid should result in them taking ownership.

Social housing institutions are struggling to sustain their projects and to pay staff and creditors because of mounting legal costs and rental boycotts. The courts have taken due notice of the predicament of the institutions, and they ought to.

Continued from Page 1 - Huge demand for affordable housing

Above this layer lies the affordable housing market, which according to our research comprises of around 4.5 million households of which there is a demand for around a million new homes, according to Marais.

On the demand side, there is a major need for innovation in financial products in this market as the traditional mortgage loan financial product cannot be the only solution as it is in the higher end market. "There is a strong need for more innovation and a holistic approach around alternative loan structures such as pension backed loans, and unsecured home improvement loans as well as government subsidies and employer support. We are looking into developing different ways of financing this market combining a mix of these different financial options that can really serve this market's housing needs," says Marais.

FNB's Housing Finance market, of which 96 percent are first-time homeowners, is most affected by issues of affordability and economic risks such as interest rate increases, inflationary pressures and unemployment. On the supply side, it is essential to start building more units at the right price level to meet the market demand, Marais says. Currently there is no supply of houses to a household earning between R3 500 and R9 000. "We are in the process of doing work around building specifications with players in the supply chain with a view of finding a lower priced design and this may also mean reducing the starter home size to below 40 square metres." FNB's Housing Finance market, of which 96 percent are first-time homeowners, is most affected by issues of affordability and economic risks such as interest rate increases, inflationary pressures and unemployment.

"The bank can help with some of these risks and about 40 percent of their new loans are on a fixed rate basis. "We would like to see the whole market moving onto a fixed rate mechanism, which will protect the customer from rate increases in the future. Noteworthy to this market, the default rate is more stable than that of the traditional mortgage segment where household income is higher than R300 000 per annum," says Marais. Over the last 10 years the business has been looking at alternative building technologies that can potentially assist with

On the other hand, the plight of the evictees genuinely in need of housing and their financial circumstances are relegated to the fringes of society.

Source: IOL Property - 29/1/2014

Emalahleni Local Municipality Mayor is nominated as a Champion for Development Co-operation



Honourable Nomveliso Nyukwana, Emalahleni Local Municipality Mayor

Emalahleni Local Municipality Mayor, the Honourable Nomveliso Nyukwana was part of the developments of the engagements during the Conference of United Cities and Local Government which was held in Rabat, Morocco last year. She was nominated as one of the Champions for Development Cooperation of a global organization of United Cities and Local Governments (UCLG).

She will be working with those responsible for leading the work of the UCLG Champions on behalf of the Committee on Development Cooperation and City Diplomacy. This immense task necessitate that all the role players/champions are trained to be equal to their expected responsibilities, training took place on the 16 & 17 January 2014 in The Hague, Netherlands. The main aim of the training is to give Champions insight in the developments in international development agenda, to explain the tools developed and to define their involvement in the advocacy work agenda.

*Issued by Strategic Management Directorate, Communications Section Emalahleni
047 878 0020/074 190 5196/078 286 7769*

affordability issues as well as ease the housing backlog and also ensure buildings are completed quicker. FNB Housing Finance is also currently looking at projects that will release capital into the market such as ways of using tribal land. It recently completed a pilot project, the first of its kind, with the Free Market Foundation and the Ngwatha Municipality in the Free State to provide 100 households in the municipality with fully tradable title deeds, which enables the owners to use these homes as a vehicle to create wealth.

"We are invested in the communities in South Africa to find non-traditional ways of providing for this market in new technologies, energy and ways of utilising land and homes as an asset," says Marais. The affordable housing market has been identified in the rest of Africa as a growing market. FNB Housing Finance is starting to look at markets in countries it has operations in to begin expanding its footprint. "After 10 years FNB Housing Finance business is playing a leading role in the sector and we are looking forward to growing our business in South Africa and the rest of Africa in the near future," says Marais.

Success stories:

- Cosmo City in Gauteng is a case where the team really had an opportunity to work in multiple markets all in one place. The project included 15 000 units ranging from RDP to high-end homes. Cosmo City is one of the reference points in the country that proves that integrated developments can work. FNB Housing Finance roughly estimated that the first 1 000 families in Cosmo City who received finance have accumulated R100 million worth of wealth over the years.

- Glenridge in Protea Glen, with more than 3 000 units, is another success story that proved market demand and the area continues to grow.

- The business unit's work with Calgro in Fleurhof and Jabulani has indicated that high density housing developments are also viable. Together with developers FNB Housing Finance is creating more options for the market all the time.

Source: Property24.com - 16/1/2014

Farewell Kobus..... your legacy will live on

"We have a responsibility to manage life on earth. We trust this degree will make a difference in the lives of our people ..." Prof Kobus van Wyk, March 2013.

We know so, Prof. We know that your contribution, your 20-year dream of providing skills to tackle one of the country's most pressing challenges – sustainable communities – will live on in the new degree and discipline that you forged.



Sadly, your untimely death of a heart attack during the Herald Mountain Bike race at Addo on Saturday, 1 February, means you will not personally see the fruits of your labour. But rest assured, your foresight, commitment and hard

work in establishing a new Human Settlements Development degree and accompanying education chair in hand with the government will live on in improving the lives of so many South Africans.

The first students start your four-year degree on 3 February - a degree that brings together the likes of Administration, Economics, Sociology, Local Government law, House Design and Services, Commercial Law, Business Management, Statistics and Construction Management to ensure an integrated approach to the establishment of sustainable human settlements. With more than 1.2 billion people living in slums, eight million of whom are from South Africa, the challenges of developing

human settlements that are socially acceptable, economically viable and environmentally friendly are huge. Kobus, 58, knew this and dedicated the last 20 years of his academic life to seeking a solution because that's the kind of person he was. He wanted, among other things, to try to help restore the dignity of so many people forced to live in slums. His doctoral research was on the formulation of a housing management model for developing countries, but particularly in South Africa. He graduated with a DPhil in Public Administration in 2009.

That was a great moment for him, but greater still was the culmination of his efforts to introduce a discipline that would cover all aspects of human settlements. Previous Minister of Human Settlements Tokyo Sexwale lauded Kobus's efforts at the launch in March last year. NMMU is the only university in South Africa to offer the new degree, but plans are already underway for other institutions to follow suit. Former colleagues paid tribute to the former Dean at NMMU's predecessor, PE Technikon, as a man who was committed to serving others; always kind and friendly, ever obliging, hard-working and gentle.

He was a great family man, husband to Alta, and father to four daughters, three of them triplets. He'd been at the institution for at least 20 years, more recently in the Faculty of Engineering, the Built Environment and IT. He's going to leave a large void, but we're grateful his legacy will live on in a degree that will make a difference in the future lives of South Africans.

Source:

Debbie Derry

Senior Manager: Communication in the department of Marketing & Corporate Relations at NMMU

Railway siding to connect manganese corridor line from Hotazel to Port Elizabeth

Leading consulting engineering firm, GIBB, has been appointed as the engineering and construction monitoring contractor for the 20km Kalagadi Manganese railway siding, connecting to the main manganese corridor from Hotazel in the Northern Cape to Port Elizabeth.

The railway siding will serve Kalagadi's mine to export manganese ore (sinter) through the Port of Coega in the Eastern Cape. The railway line will also be used to import coke for the beneficiation process. The mine will produce 2.4million tons of sinter products of which 71% will be sold to the export market through the Port of Coega. The remaining 29% will be beneficiated in Coega IDZ to produce ferromanganese. The mine will create approximately 1000 permanent jobs in Hotazel and 300 in Coega. The project in its entirety will support approximately 8800 jobs in the Northern Cape and 5500 jobs in the Eastern Cape if the direct and indirect effects are considered. These are some of the most poverty stricken areas in South Africa.

"GIBB was appointed by Kalagadi Manganese for the design and construction monitoring of the Kalagadi Manganese railway siding. The railway siding consists of an electrified and signalled running line with a balloon configuration of 12 km. The yard 1 consist of a 3,4km electrified lines and yard 2 of 4.1km of un-electrified lines. The yard layout consists of a balloon for the rapid loading of the sinter product, a linear yard for the tippler off-loading of coke, a yard for shunting movements and a locomotive shed for light maintenance," said Technical Executive: Rail at GIBB, Wimpie Oosthuizen.

Oosthuizen added that three design issues relating to the site conditions were solved by innovative use of material. Due to the challenge of obtaining construction material, one of the pavement layers that required material from a commercial source was changed to utilise the abundant calcrete material. The calcrete material was processed with



Manganese Kalagadi

3% of cement to provide the same structural requirement than the imported material. Oosthuizen explained the second design element, "Kalahari sand is highly collapsible when loading is increased and water is added. The predicted subsidence was more than the allowable specification. The design to mitigate the potential

collapse/subsidence of the soils was to excavate the material by 500mm and wetting and compacting the in-situ material with a 3-sided impact roller. The in-situ material was then strengthened by placing a 500mm thick pioneer layer on top of the in-situ material which formed the foundation for the bulk fills."

The third design element was that the traction substation was changed from a traditional brick building to a containerised solution. This provided a total off-site design, supply and assembly solution. The completed containerised substation will then require minor installation works on site and in its installation will realise cost savings compared to the original planned substation. Oosthuizen added that one of the major challenges on the project was to find suitable construction material for the bulk earthworks (fills, pavement layer works and service road). "The importing of calcrete material from the neighbouring mine and utilising discarded rock material from the mining activities solved the major challenge of obtaining good construction material."

The project will be completed by the first quarter of 2014.

Building sustainable solutions for the future...



People • Expertise • Excellence

www.gibb.co.za | +27 21 469 9100

SUDOKU

				6	8	5		
	1						2	
		2						8
			4					9
6				5				1
2					3			
5						3		
	8						6	
		4	9	1				

This is the world's most addictive numbers game. The aim is to fill the grid so that every column, every row and every 3x3 box contains the digits 1 - 9.

You need to reason out where to place the missing numbers by using the numbers given in the grid and a process of elimination.

The answers will appear in next month's publication.

Good luck!!

Please see last month's solution on the right.

7	1	2	9	8	5	6	3	4
6	5	8	2	3	4	1	9	7
9	3	4	7	1	6	5	8	2
8	9	5	3	2	7	4	1	6
3	7	6	4	5	1	9	2	8
4	2	1	8	6	9	3	7	5
1	6	3	5	7	8	2	4	9
2	4	7	6	9	3	8	5	1
5	8	9	1	4	2	7	6	3

Africa News Round-up



LIBERIA - Removal of illegal structures ordered

President Ellen Johnson Sirleaf has ordered the removal of all illegal structures along the Tubman Boulevard, the ELWA-Roberts International Airport Highway and other major routes within the country.

Sirleaf told members of the Legislature during her State of the Nation Address that the measure is intended to enforce the country's zoning laws and ensure that there are no illegal structures within the right of ways of existing and future road corridors. "I have also instructed the Minister of Public Works to demolish all structures on Tubman Boulevard that violate pedestrian movement and the zoning laws and that those who for personal gains have allowed the de-fencing of our prime corridor will face the blunt of their illegal and corrupt practice," Mrs Sirleaf said. She admitted that there has been less than satisfactory progress on the enforcement of the zoning laws here, despite the issuance of hundreds of stop work and removal orders in Monrovia and said developers and builders continue to ignore the rules of engagement, constructing in areas not approved by the government. Mrs Sirleaf told the joint session of the Legislature that the Government's new policy initiative will require that all major road infrastructure projects passing through major cities and county capitals must ensure that primary streets in those cities are also paved. With support from the Government of Japan, President Sirleaf said the Government has commenced an investigatory survey within communities to identify and lay out the auxiliary alleys and roads along the ELWA to RIA Corridor, to ensure proper zoning, planning and laying out of communities. Mrs Sirleaf said the initiative will provide a module action plan template for developing communities, designing and constructing road corridors - thus minimising the potential for citizens to continue building within the right of ways.

As a means of accelerating the government's road construction programme, President Sirleaf added "we will require all concessionaires to deliver on their commitment for road infrastructure as agreed in the individual concession agreements." She, however, complained that maintaining lateral road remains one of the biggest challenges here, saying the situation is largely necessitated by budgetary and capacity limitation, coupled with the continued abuse and misuse of roads by road users' particularly overloaded trucks

Source: The New Dawn - 26/1/2014



KENYA - building plan value up in nine months

The value of building plans approved in Nairobi county has risen by 15.6 per cent in nine months to end of September, fresh data show.

A Kenya National Bureau of Statistics monthly release shows the total value of building plans approved - residential and non-residential - increased to Sh157 billion for the three quarters of 2013 compared to Sh135.84 billion in a similar period a year before. The leap was helped by the residential segment where building plans approved amounted to Sh85.84 billion in value compared to Sh50.36 billion in September 2012, a 70.5 per cent increase. The value of non-residential building plans approved in the period however nose-dived by 16.8 per cent to Sh71.16 billion compared to Sh85.48 billion in a similar period in 2012. Developers have focused on building residential houses in Nairobi where demand for rental units outstrips supply. The rental market outpaced sales in yields last year as high mortgage rates locked many potential owner-occupiers from affording available units. Analysts say some households were forced to move down the property ladder, derailing them from buying houses of their dreams and putting pressure on rents.

The dip in value of non-residential building plans points to a possible wane in developer appetite to target the offices, industrial and retail space market after a five year run that had seen supply outstrip demand in some locations in Nairobi.

Source: The Star - 15/1/2014



ANGOLA - Governor praises works of civil construction firms

The governor of northern Zaire Province, José Joanes André, expressed his satisfaction on the works developed by the civil construction companies that carried out the social and economic works in the region in 2013.

Speaking at the auscultation meeting between the provincial government and civil construction firms in Mbanza Congo, he said that the commitment and dedication of local builders contributed to make the year 2013 positive. According to the Governor the materialization of many social projects of 2013 in northern Zaire Province had taken into account the direct support from President of Republic, José Eduardo dos Santos, who spared no effort in solving the main concerns of population.

Source: Angola Press - 24/1/2014



GHANA - Prefos partners governments to light up Ghana

The government has partnered Prefos Limited, a Building, Road, Civil and Electrical Engineering Contractor, who is also into general merchandise, supplies, import and export, for the implementation of the street lights projects across the country. The Deputy Energy Minister, John Jinapor, noted that lighting system is a challenge to the government and hoped the partnership will help improve upon the street lighting system throughout the country.

Source: The Chronicle - 23/1/2014



PLACE YOUR ADS HERE!!

SUBMIT YOUR LETTERS, ARTICLES AND COMMENTS TO THE EDITOR TO BE PUBLISHED.