

Gauteng project raises bar for housing development

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A massive affordable housing development between Roodepoort and Soweto is emerging as a model for addressing South Africa's chronic housing shortage.

The Fleurhof development, which is located on 440 hectares of land, was deliberately designed to address the legacy of apartheid-style town planning by connecting the suburb of Roodepoort with the burgeoning township of Soweto.

Key to the development, which upon completion will consist of 8 604 units, is the focus on ensuring the integration of sites and services necessary for a vibrant, economically progressive community. For this reason, provision has been made for 7 pre-schools, 3 schools, 38 sites which will house community amenities and parks, 5 sites for religious purposes, and 6 sites for business and industry.

Soula Proxenos, Managing Partner at International Housing Solutions (IHS), which has invested R100 million in the project, says Fleurhof is a shining example of the value of investing in affordable housing.

"Government has been highly supportive of private sector developments at the lower end of the market, because of their potential to make a dent in the housing backlog. There is a huge need for affordable housing in the country, and it will likely be decades before the available supply will start satisfying demand," she says.

The affordable housing sector caters to people earning too much to qualify for a state-subsidised home, yet too little to qualify for a mortgage bond on a home in the existing mid-to-high income market. These people are often professionals such as nurses, policemen and teachers who earn a living wage but for whom it is close to impossible to get a foot on the property ladder.

"IHS has been at the forefront of investing in gap housing since 2006, and we have already committed R1 billion of the R1.9 billion we intend to invest in coming years. We have so far financed 25 000 units and thousands more are in the pipeline across the country," says Proxenos.

She adds that Fleurhof is a classic example of how an investment that is good for the country and good for addressing the housing backlog can also be a great financial investment. With projected returns of more than 20%, the South African Workforce Housing Fund allows investors to invest responsibly with positive social outcomes while not compromising on returns.

"In the past five years, we have seen first-hand the ability of affordable housing development to address some of South Africa's most serious challenges, by creating wealth through property ownership historically denied to the majority of our people, by providing safe and dignified accommodation, and by creating jobs through employment-intensive construction," Proxenos says.

"And all of this can be achieved without relying on state hand-outs. Furthermore, even though investment in the gap market can be viewed as a philanthropic endeavour, it is notable that these investments currently provide some of the most solid niche opportunities

for investors.

This is borne out by the findings of the latest Lightstone Review of the property market, which confirmed that the best growth this year was recorded in the affordable housing market segment.”

Proxenos says that with units selling rapidly, the Fleurhof development is the perfect example of a development that is systematically building the kind of affordable, integrated communities envisioned for South Africa.

“At IHS, we believe that Fleurhof is a model of the way forward in terms of the private sector working with government, as Housing Minister Tokyo Sexwale recently urged, to ensure the sustainable growth of the country and the economy while fulfilling our responsibilities towards our investors,” Proxenos says.